



**ANNUAL INFORMATION FORM  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**NOVEMBER 12, 2009**

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## FORWARD LOOKING INFORMATION AND STATEMENTS

Certain statements contained in this Annual Information Form, including statements incorporated by reference herein, constitute forward looking statements and are based on Novus' beliefs and assumptions based on information available at the time the assumption was made. By their nature, such forward looking 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. Novus believes the expectations reflected in those forward looking statements are reasonable insofar as they relate to Novus, but no assurance can be given that these expectations will prove to be correct and such forward looking statements should not be unduly relied upon. These statements are effective only as of the date of this Annual Information Form.

Certain statements contained in this Annual Information Form contain words such as "could", "intend", "should", "can", "estimate", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" and similar expressions and statements relating to matters that are not historical facts constitute "forward looking information" within the meaning of applicable Canadian securities legislation.

The following are examples of references to forward looking information contained in this Annual Information Form and the documents incorporated by reference in the Annual Information Form:

- the views of management of Novus and of Novus' board of directors respecting Novus' business prospects, current and anticipated market conditions, commodity prices and exchange rates;
- the consideration to be received by Ammonite Shareholders as a result of the Ammonite Arrangement is based upon the terms of the Ammonite Arrangement Agreement and the Ammonite Plan of Arrangement. See "*General Development of the Business - The Ammonite Arrangement*";
- certain steps in, and timing of completion of, the Ammonite Arrangement. See "*General Development of the Business - The Ammonite Arrangement*";
- the timing and completion of the Novus Financing;
- the quantity of, and future net revenues from, Novus' reserves;
- the life of Novus' reserves;
- schedules for and timing of certain projects and Novus' strategy for growth;
- volume and product mix of Novus' oil and gas production;
- future oil and gas prices and interest rates in respect of Novus' commodity risk management programs;
- Novus' business strategy and planned acquisition and development strategy;
- the amount and timing of future asset retirement obligations;
- future liquidity, creditworthiness and financial capacity;
- supply and demand for oil, NGLs and natural gas;
- future interest rates;

- future results from operations and operating metrics;
- expectations regarding Novus' ability to raise capital, and to continually add to reserves through acquisitions and developments;
- future development, exploration and other expenditures;
- future costs, expenses and royalty rates; and
- Novus' tax pools, and the time at which Novus may incur certain income or other taxes.

This disclosure contains certain forward looking estimates that involve substantial known and unknown risks and uncertainties, certain of which are beyond Novus' control. Therefore, Novus' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking estimates and if such actual results, performance or achievements transpire or occur, or if any of them do so, there can be no certainty as to what benefits Novus will derive therefrom.

By their nature, such forward looking statements are subject to a number of risks, uncertainties and assumptions, which could cause actual results or other expectations to differ materially from those anticipated, including those material risks discussed in this Annual Information Form under "*Risk Factors*". Novus is exposed to several operational risks inherent in exploiting, developing, producing and marketing crude oil and natural gas. These risks include but are not limited to:

- economic risk of finding and producing reserves at a reasonable cost;
- reliance on reserve estimates for the year as well as for acquisitions;
- financial risk of marketing reserves at an acceptable price given market conditions;
- fluctuations in commodity prices, foreign exchange and interest rates;
- operational matters related to non operated properties;
- delays in business operations, pipeline restrictions, blowouts;
- the continued availability of adequate debt and equity financing and cash flow to fund planned expenditures;
- liabilities and unexpected events inherent in oil and gas operations, including geological, technical, drilling and processing risks;
- cost of capital risk to carry out Novus' operations;
- unforeseen title defects;
- aboriginal land claims;
- increased competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- loss of key personnel;
- uncertainty of government policy changes;

- the risk of carrying out operations with minimal environmental impact;
- operational hazards and availability of insurance;
- industry conditions including changes in laws and regulations including the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced;
- general economic, market and business conditions in Canada, North America, and worldwide;
- competitive action by other companies;
- the ability of suppliers to meet commitments;
- Novus' success at the acquisition, exploration and development of reserves;
- stock market volatility;
- obtaining required approvals of regulatory authorities; and
- creditworthiness of counterparties.

The reader is further cautioned that the preparation of financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect as further information becomes available, and as the economic environment changes. Furthermore, 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 profitable in the future. The assumptions relating to the reserves and resources of Novus are discussed under "*Oil and Natural Gas Reserves and Resources*" and "*Risk Factors – Reserve Estimates*".

With respect to forward looking statements contained in this Annual Information Form, Novus has also made assumptions regarding among other things: no material disruption in production; no material variations in anticipated hydrocarbon sales volumes; future oil and gas prices or cost of products sold; ability to obtain required capital to finance exploration, development and operations; the timely receipt of any required regulatory approvals; ability to obtain drilling success consistent with expectations; the ability of Novus to secure adequate product transportation; no material variations in the current tax and regulatory environments and the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities. Forward-looking statements and other information contained herein concerning the oil and gas industry and Novus' general expectations concerning this industry are based on estimates prepared by management of Novus, using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Novus believes to be reasonable. Although this data is generally indicative of relative market positions, market shares and performance characteristics, it is inherently imprecise. While Novus is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Management has included the above summary of assumptions and risks related to forward looking information provided in this Annual Information Form in order to provide Shareholders with a more complete perspective of Novus' current operations and Novus' future operations and such information may not be appropriate for other purposes.

Additional information on these and other factors that could affect Novus' operations or financial results is included in Novus' reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR

web-site ([www.sedar.com](http://www.sedar.com)). Readers are cautioned not to place undue reliance on this forward looking information, which is given as of the date it is expressed herein or otherwise.

**The factors outlined above should not be construed as exhaustive. Unless required by applicable law, Novus undertakes no any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.**

**Certain of the documents incorporated by reference herein also include forward looking information warnings, which warnings remain applicable to such information.**

## ABBREVIATIONS

In this Annual Information Form, the abbreviations set forth below have the following meanings:

### Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	Thousand barrels
Mmbbls	Million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGLs	natural gas liquids
STB	stock tank barrels

### Natural Gas

Mcf	Thousand cubic feet
MMcf	Million cubic feet
Mcf/d	Thousand cubic feet per day
Mcfe/d	Thousand cubic feet equivalent per day
MMcf/d	Million cubic feet per day
MMcfe/d	Million cubic feet equivalent per day
MMBTU	Million British Thermal Units
Bcf	Billion cubic feet
GJ	Gigajoule

### Other

API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
ARTC	Alberta Royalty Tax Credit
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas
BOE/d	barrel of oil equivalent per day
m <sup>3</sup>	cubic metres
MBOE	1,000 barrels of oil equivalent
MMBOE	1,000,000 barrels of oil equivalent
\$000s	thousands of dollars

## CONVERSION

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

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
bbls	Cubic metres	0.159
Cubic metres	bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

## DEFINITIONS

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

"**affiliate**" when used to indicate a relationship with a person or company, has the same meaning as set forth in the *Securities Act* (Alberta);

"**Ammonite**" means Ammonite Energy Ltd., a corporation amalgamated under the ABCA;

"**Ammonite Arrangement**" means the arrangement pursuant to Section 193 of the ABCA as set forth in the Ammonite Plan of Arrangement;

"**Ammonite Arrangement Agreement**" means the amended and restated arrangement agreement dated November 9, 2009, between Ammonite and Novus, pursuant to which such parties have proposed to implement the Ammonite Arrangement and any amendment thereto;

"**Ammonite Meeting**" means the special meeting of the Ammonite Shareholders to be held on or about December 10, 2009, and any adjournment(s) or postponement(s) thereof, to consider and to vote on the special resolution in respect of the Ammonite Arrangement and other related matters to be considered at the Ammonite Meeting;

"**Ammonite Plan of Arrangement**" means the plan of arrangement among Novus, Ammonite, and the Ammonite Shareholders whereby Novus will acquire all of the issued and outstanding shares of Ammonite, as amended or supplemented from time to time in accordance with Article 6 thereof, as set out in Schedule "A" to the Ammonite Arrangement Agreement;

"**Ammonite Shares**" means the common shares in the capital of Ammonite.

"**Ammonite Shareholders**" means the holders of Ammonite Shares from time to time;

"**Annual Information Form**" or "**AIF**" means this annual information form of Novus for the financial year ended September 30, 2008 and dated November 12, 2009;

"**Applicable Laws**" means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;

"**Board**" or "**Board of Directors**" means the board of directors of Novus;

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

"**Court**" means the Court of Queen's Bench of Alberta;

"**G2**" means G2 Resources Inc., a corporation incorporated under the ABCA;

"**G2 Arrangement**" means the plan of arrangement involving G2, Novus, and 1389787 Alberta Ltd. whereby Novus acquired all of the issued and outstanding shares of G2;

"**G2 Arrangement Agreement**" means the arrangement agreement dated May 1, 2008 among 1389787 Alberta Ltd., Novus and G2;

"**GAAP**" means generally accepted accounting principles, consistently applied in Canada;

"**GLJ**" means GLJ Petroleum Consultants Ltd., independent reserve engineers of Calgary, Alberta;

"**GLJ Reserves Report**" means the independent engineering evaluation dated November 27, 2008 in respect of Novus' oil, NGL and natural gas reserves prepared for Novus by GLJ effective September 30, 2008;

"**Insider**" means any insider as such term is defined in the *Securities Act* R.S.A. 2000, c. S 4, as amended from time to time;

"**Interim Order**" means the order of the Court dated November 12, 2009 concerning the Ammonite Arrangement under Subsection 193(4) of the ABCA, ordering the Meeting and setting out certain declarations and directions in respect of the Ammonite Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Management**" means the executive officers and senior officers of Novus;

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

"**Novus**" means Novus Energy Inc., a corporation amalgamated under the ABCA;

"**Novus Financing**" has the meaning ascribed thereto under the heading "*Three Year History of the Corporation – the Novus Financing*";

"**Novus Liquidity Entitlement**" has the meaning ascribed thereto under the heading "*Three Year History of the Corporation – the Novus Financing*";

"**Person**" includes any individual, partnership, joint venture, venture capital fund, association, firm, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, government, Governmental Entity, agency or instrumentality, unincorporated body of persons or association, syndicate or other entity, whether or not having legal status;

"**Receipt**" means a receipt issued by the securities regulatory authorities of each province of Canada, other than Quebec, evidencing that an issuer is qualified to issue securities on the terms set forth in a short-form prospectus pursuant to *National Instrument 44-101 – Short Form Prospectus Distributions*.

"**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Shareholders**" means the holders of Common Shares from time to time;

"**Subscription Receipts**" means the subscription receipts of Novus expected to be issued pursuant to the Novus Financing;

"**Subsidiary**" means a subsidiary as defined in the ABCA;

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

"**TSXV**" means the TSX Venture Exchange; and

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

## CORPORATE STRUCTURE

### *Name, Address and Incorporation*

The principal and head office of Novus Energy Inc. ("**Novus**" or the "**Corporation**") is located at Suite 310, 333 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3B6. The registered office of Novus is located at 3500, 855 – 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 4J8.

Novus was incorporated pursuant to the *Canada Business Corporations Act* (Canada) on August 7, 1998 as "3519309 Canada Incorporated". On September 4, 1998, the Corporation changed its name to "SiberCore Technologies Incorporated". On September 28, 2002, the Corporation amalgamated with 3548228 Canada Inc., 3548236 Canada Inc., and 3548244 Canada Inc., and the amalgamated entity continued under the name, SiberCore Technologies Incorporated ("**SiberCore**"). SiberCore was a semiconductor company developing high value-added standard chips for intelligent hardware based switching and routing platforms. The shareholders of SiberCore approved a change of business direction on December 17, 2004 that resulted in: (i) the distribution of cash and technology assets to shareholders as a return of capital; (ii) the consolidation of the common shares of SiberCore on the basis of 1 for 30,000; (iii) conversion of the preferred shares of SiberCore on the basis of 0.012 common shares for each preferred share; and (iv) a change in name from SiberCore to Azeri Capital Inc. ("**Azeri**").

On December 31, 2005, Azeri acquired, by way of a plan of arrangement (the "**Azeri Arrangement**"), all of the issued and outstanding shares of Regal Energy Corp. ("**Regal Corp**"), a public company listed on the TSXV, and changed Azeri's name to Regal Energy Ltd. ("**Regal**"). Pursuant to the Azeri Arrangement, Regal reorganized its share capital whereby the issued and issuable shares were split on a 7.37 for one basis. Shareholders of Regal Corp received one share of Regal for each five (5) shares of Regal Corp. previously held. Regal was then continued under the *Business Corporations Act* (Alberta).

On July 10, 2008, Regal acquired all of the common shares of G2 pursuant to a plan of arrangement involving Regal, 1389787 Alberta Ltd. and G2 (the "**G2 Arrangement**"). The companies were amalgamated on October 1, 2008 and the amalgamated entity continued under the name "Regal Energy Ltd."

On August 5, 2009, Regal changed its name to Novus Energy Inc. and consolidated its common shares on the basis of one common share for every ten (10) common shares outstanding.

### *Intercorporate Relationships*

Novus does not currently have any subsidiaries.

## GENERAL DEVELOPMENT OF THE BUSINESS

Novus is engaged in the business of acquiring, exploring for, developing, and producing crude oil and natural gas in Western Canada. The following is a general description of the development of Novus over the past three years.

### **Three-Year History of the Corporation**

On December 15, 2005, the Corporation completed a private placement of 737,000 common shares at a price of \$0.88 per share for gross proceeds of \$650,000. In addition, on December 15, 2005, the Corporation completed a flow-through share financing on a private placement basis of 8,217,550 common shares at a price of \$0.98 per share for gross proceeds of \$8,028,000. In connection with these private placements, the Corporation issued 817,923 warrants that entitled the holder to acquire one common share of the Corporation for each warrant held at a price of \$0.88 until June 30, 2007. These warrants expired unexercised on June 30, 2007.

On December 31, 2005, the Corporation acquired, by way of a plan of arrangement, all of the issued and outstanding shares of Regal Energy Corp., a public company listed on the TSXV, and changed the Corporation's name to Regal Energy Ltd. The Corporation was continued under the ABCA on December 31, 2005.

On January 13, 2006, the Corporation executed a multi-well farm-in and option agreement with a public company encompassing over 30 sections in the Garrington area of west central Alberta. Under the terms of the agreement, the Corporation committed to drill and complete (or abandon) a minimum of six wells by August 1, 2006. This time frame was extended and the Corporation completed the six well program and fulfilled this commitment by the end of December 2006. Pursuant to the farm-in agreement, the Corporation paid 100% of the farmor's share of drilling and completion costs to earn 50% of the farmor's working interest. Following completion of the first six wells the farmor elected to convert its interest in these wells to a non-convertible gross overriding royalty of 15% on the farmor's prefarmout working interest. The Corporation agreed to utilize the farmor's facility infrastructure to gather and process its gas on a custom process fee basis whenever possible and to utilize the farmor's field operators to contract operate the Corporation's wells.

On March 6, 2006, the Corporation executed a second farm-in agreement encompassing four sections of land at Garrington. This farm-in agreement included partial interests in four sections that were also included under the Corporation's initial farm-in and option agreement. The terms of this farm-in agreement allow for the farmor to receive an overriding royalty of 12% on production on a well by well basis until payout, at which time the farmor converts to a working interest equivalent to 50% of their pre-farmout working interest. The Corporation satisfied its commitment under this agreement through the drilling of four Edmonton zone gas wells during March and June of 2006.

On March 10, 2006, the Corporation executed a third farm-in and option agreement in the Garrington area. Under the terms of the agreement, the Corporation committed to drill and complete (or abandon) one well. The terms of this farm-in agreement allow for the farmor to receive an overriding royalty of 12% on production from the well until payout, at which time the farmor converts to a working interest equivalent to 50% of their pre-farmout working interest. The Corporation satisfied its commitment under this agreement through the drilling of a gas well in November 2006.

On March 16, 2006, the Corporation announced a new gas well at Kaybob, Alberta in which the Corporation holds a 61.5% working interest. The well commenced natural gas and NGLs production in June 2006 through third party processing facilities.

Effective August 1, 2006, the Corporation sold its minor working interest in a property located in Morinville, Alberta for a price of \$408,910. The Morinville property was producing approximately 8 Bbls/d of crude oil net to the Corporation.

On October 5, 2006, the Corporation purchased certain developed and undeveloped lands in the Garrington area for \$541,130. The acquisition was effective September 1, 2006 and included a 100% interest in two producing gas wells and varying interests in 5.25 sections of land.

On October 12, 2006, the Corporation agreed to participate in a natural gas prospect located in northeast British Columbia by way of farm-in. The Corporation entered into an area of mutual interest ("**AMI**") covering 35 square miles of land, located south of Fort St. John, called the Eight Mile Prospect. The Corporation drilled and completed the initial two commitment wells plus one option well. The two commitment wells were drilled and cased in November and December 2006.

On November 28, 2006 the Corporation commenced a rights offering (the "**Rights Offering**") whereby shareholders of the Corporation were granted rights (the "**Rights**") to purchase up to 5,677,294 common shares of the Corporation. On December 21, 2006, the Corporation closed the Rights Offering after completing the sale of 1,660,078 common shares at \$0.20 per share for gross proceeds of \$332,015.

On November 30, 2006, the Corporation completed the sale of 4,583,333 "flow-through" common shares at \$0.24 per share and 5,000,000 common shares at \$0.20 per share for gross proceeds of \$2,100,000 under a private placement. In connection with the private placement, the Corporation also issued 916,666 warrants that entitled the holder to acquire one common share of the Corporation for each warrant held at a price of \$0.20 until such warrants expired on May 30, 2008. Concurrent with this financing, the Corporation restructured its board of directors by adding Richard M. Wlodarczak to the board as Chairman. Mr. Douglas M. Stuve and Mr. Owen C. Pinnell also resigned from the board effective November 30, 2006. This transaction was considered to be a related party

transaction as Mr. Richard M. Wlodarczak and Mr. Harry L. Knutson, as directors of Regal at that time were also directors, officers and shareholders of Nova Bancorp Securities Ltd., the agent for the private placement.

On February 1, 2007, the Corporation completed a private placement for the sale of 3,335,000 common shares at \$0.20 per share for gross proceeds of \$667,000. Nova Bancorp Securities Ltd. acted as agent in connection with the private placement and exercised its over allotment option to sell up to an additional 3,339,922 common shares at a price of \$0.20 per share, representing the difference between \$1,000,000 and the amount of gross proceeds raised through the Rights Offering to shareholders. Nova Bancorp Securities Ltd. was paid a cash commission of \$46,690 and was granted 333,500 warrants that entitled the holder to acquire one common share of the Corporation for each warrant held at a price of \$0.20 per share until such warrants expired on August 1, 2008. This transaction was considered to be a related party transaction as two directors of the Corporation, Mr. Richard M. Wlodarczak and Mr. Harry L. Knutson, were also directors, officers and shareholders of Nova Bancorp Securities Ltd, the agent for the private placement. Insiders of the Corporation subscribed for a total of 425,000 common shares for gross proceeds of \$85,000.

On March 19, 2007, Regal announced a new natural gas discovery in the Doig formation at Eight Mile, British Columbia. The well was tied-in and placed on production in April of 2008 and is currently producing 750 Mcf/d (300 Mcf/d net) of gas and 3 Bbls/d (12 Bbls/d net) of condensate. Regal holds a 24% working interest in the well.

On June 4, 2007, the Corporation announced its intention to issue up to 7,000,000 "flow-through" common shares at \$0.30 per "flow-through" common share through a private placement for gross proceeds of up to \$2,100,000. Acumen Capital Finance Partners Limited agreed to act as agent in connection with the offering and also agreed to the appointment of Nova Bancorp Securities Ltd. as a 25% co-agent for the offering. The Corporation agreed to pay the agents a cash commission of 7% of the gross proceeds of the offering. In this regard, Harry Knutson and Richard Wlodarczak, being at that time directors of the Corporation, as well as directors and officers of Nova Bancorp Securities Ltd., abstained from the approval process for the private placement. On June 28, 2007, the Corporation closed a portion of the private placement for a total of 3,234,200 "flow-through" common shares issued at \$0.30 per share for total gross proceeds of \$970,260. On July 16, 2007, the Corporation closed the remainder of the private placement issuing an additional 3,765,800 "flow-through" common shares at a price of \$0.30 per share for gross proceeds of \$1,129,740. Insiders of the Corporation subscribed for a total of 666,666 "flow-through" common shares for gross proceeds of \$200,000.

On July 16, 2007, the Corporation closed a private placement of 3,850,000 units of the Corporation at a price of \$0.26 per unit for gross proceeds of \$1,001,000. Each unit consisted of one common share and one share purchase warrant which entitled the holder to purchase one common share of Regal at a price of \$0.35 per share until such warrants expired on July 16, 2009. The Corporation also agreed to pay a finder's fee of 6% in connection with this private placement.

During the month of December 2007, another well in the Eight Mile area of British Columbia was drilled, cased and completed. After fracture stimulation the final test rate was 250 Mcf/d gas, 38 Bbls/d condensate and 69 Bbls/d of formation water. The well is currently standing waiting for improved economics before tying the well in. As a result of drilling the 14-5 well, the Corporation earned an interest in two additional sections of land.

On February 29, 2008, Novus entered into agreements with Pellinore Holdings Inc. and with Nova Bancorp Investments Ltd. to provide bridge financing in an amount of \$400,000 to fund short term working capital needs. As Pellinore Holdings Inc. was a company wholly-owned by a director of Novus, Al Kroontje, and as two directors of Novus at that time, Harry Knutson and Richard Wlodarczak, were also directors and shareholders of Nova Bancorp Investments Ltd., Mr. Knutson, Mr. Kroontje, and Mr. Wlodarczak abstained from voting on the transaction. The bridge financing was repaid in full on July, 10, 2008, concurrent with completion of the G2 Arrangement. The total interest and renewal fees paid by Novus for the bridge financing during the year ended September 30, 2008 was \$36,914.

Effective May 1, 2008, the Corporation sold its entire interest in properties located in the Atlee Buffalo area for gross proceeds of \$267,600. Additionally, on February 14, 2008, the Corporation sold a portion of its interests in the Garrington area for gross proceeds of \$250,000.

On June 27, 2008, the Corporation completed a private placement of 27,500,000 subscription receipts issued at a price of \$0.20 per subscription receipt, for aggregate gross proceeds of \$5,500,000 (the "**June 2008 Private Placement**"). Each subscription receipt entitled the holder thereof to receive one unit of the Corporation consisting of one common share and one common share purchase warrant (the "**June 2008 Warrants**"). See "*Description of Capital Structure*" for a description of the June 2008 Warrants.

On July 10, 2008, the Corporation acquired all of the Class A common shares of G2 pursuant to the G2 Arrangement. Pursuant to the G2 Arrangement, the Class A common shares of G2 were exchanged for Common Shares on the basis of two Novus Shares for each three outstanding Class A common shares of G2. The Corporation also acquired all of the outstanding warrants of G2, which were exchanged for warrants of the Corporation on the basis of two new Corporation warrants for each three outstanding G2 warrants. The G2 Arrangement Agreement was originally signed on May 1, 2008. The G2 Arrangement was approved on July 9, 2008 at a special meeting of the G2 shareholders with 99.01% of the votes cast in favour of the G2 Arrangement. The Corporation, 1389787 Alberta Ltd., and G2 were subsequently amalgamated on October 1, 2008. As a result of the G2 Arrangement, the Corporation acquired G2's principal properties in the areas of Windfall, Wapiti, and Kaybob in Alberta, and Luseland, Onward, and Roncott in Saskatchewan. The warrants issued by the Corporation to former holders of G2 warrants expired on March 19, 2009.

As a result of the completion of the G2 Arrangement, the Corporation's lender agreed to increase the revolving operating demand facility of the Corporation to \$7,500,000. This facility was subsequently reduced to \$4,300,000 on December 22, 2008.

During the last week of January 2009, two additional wells were placed on production at Wapiti. These wells currently produce at a combined rate of 150 Mcf/d resulting in 130 Mcf/d net to Novus (22 BOE/d).

On March 31, 2009, the Corporation closed a private placement (the "**March 2009 Private Placement**") of 277,500,000 units at a price of \$0.05 per unit for gross proceeds of \$13,875,000. Each unit consisted of one common share and one common share purchase warrant (a "**March 2009 Warrant**") entitling the holder thereof to receive one common share of the Corporation. Each March 2009 Warrant issued pursuant to the March 2009 Private Placement has a term of 36 months. Pursuant to the March 2009 Private Placement, Novus paid a fee of 1% of the gross proceeds of the financing, or \$138,750, to Nova Bancorp Securities Ltd for the provision of certain advisory services in connection with the March 2009 Private Placement. Harry Knutson and Richard Wlodarczak, who were both directors of Novus at the time of the March 2009 Private Placement, and were also directors, officers, and shareholders of Nova Bancorp Securities Ltd. The March 2009 Private Placement was in the normal course of business and has been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In conjunction with the March 2009 Private Placement, the following individuals were appointed as officers of the Corporation: Hugh G. Ross as President and Chief Executive Officer, Ketan Panchmatia as Chief Financial Officer, Vice President Finance and Corporate Secretary, Greg Groten as Vice President Exploration, and Jack M. Lane as Vice President Operations (collectively, the "**New Management**") and on April 23, 2009, Julian Din was appointed as Vice President, Business Development of Novus. In conjunction with the March 2009 Private Placement, Hugh G. Ross and Michael Halvorson were also appointed to the Board.

On May 15, 2009, the Corporation announced that it had changed its financial year-end from September 30 to December 31 with such change to be effective as of October 1, 2008.

#### *Recent Developments*

In connection with the previously-mentioned consolidation of the Common Shares on a ten-for-one basis, the Common Shares stopped trading on the TSXV under the symbol "REG" at the close of business on August 4, 2009 and began trading on the TSXV under the new symbol "NVS" at the opening of business on August 5, 2009.

On September 4, 2009, Novus granted a total of 4,275,000 performance warrants ("**Novus Performance Warrants**") as a one-time grant only to the members of New Management and to Julian Din and to one employee of

Novus (the "**Performance Warrant Grant**"). Of the 4,275,000 Novus Performance Warrants granted, 4,200,000 Novus Performance Warrants were granted to insiders of Novus. See "*Description of Capital Structure – Novus Performance Warrants*" for a description of the Novus Performance Warrants. Additionally, on September 4, 2009, Novus granted 3,075,000 options to purchase Common Shares pursuant to the Novus Stock Option Plan (as defined herein), including 2,850,000 options granted to certain insiders of Novus. Each such option entitles the holder the right to acquire one Common Share at an exercise price of \$0.60 per share and will expire five years from the date of issue. One quarter of the options vest every six months, with the first tranche vesting six months from the date of grant.

On November 5, 2009, Novus purchased interests in certain oil and gas properties currently producing approximately 55 BOE/d of light oil production as well as 9,123 net undeveloped acres of land for total consideration of \$3.75 million. A significant portion of these lands are located in the Kindersley Viking area.

#### *The Ammonite Arrangement*

On October 14, 2009, Novus and Ammonite announced that they entered into an agreement (the "**Original Ammonite Arrangement Agreement**") whereby, subject to certain conditions, it is expected that Novus will acquire all of the issued and outstanding common shares (the "**Ammonite Shares**") of Ammonite and thereafter, Novus and Ammonite will be amalgamated under the ABCA. The Original Ammonite Arrangement Agreement was subsequently amended and restated on November 9, 2009 to incorporate the terms of the Ammonite Plan of Arrangement (collectively, the "**Ammonite Arrangement Agreement**").

The Ammonite Arrangement is expected to be completed by way of a Plan of Arrangement and is subject to normal TSXV, court and regulatory approvals and the requisite approval of 66 2/3% of votes cast by the shareholders of Ammonite at a shareholder meeting as well as the completion or waiver of several conditions set forth in the Ammonite Arrangement Agreement. A copy of the Ammonite Arrangement Agreement has been filed on SEDAR and is available at [www.sedar.com](http://www.sedar.com). An information circular was mailed to Ammonite shareholders on November 13, 2009, and the Ammonite shareholder meeting is expected to occur on December 10, 2009. An Interim Order respecting the Ammonite Arrangement was obtained by Ammonite from the Court on November 12, 2009.

Further details regarding Ammonite and the Ammonite Arrangement as well as a summary of the terms of the Ammonite Arrangement Agreement are disclosed in the material change report of the Corporation dated October 24, 2009 regarding the Ammonite Arrangement (the "**Arrangement Material Change Report**") which has been filed under the Novus profile on the SEDAR web-site and is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Arrangement Material Change Report is specifically incorporated by reference in, and forms and integral part of, this Annual Information Form.

There is no certainty that the Ammonite Arrangement will be completed. See "*Risk Factors – Failure to Obtain Necessary Approvals for Completion of the Ammonite Arrangement*", "*Risk Factors – Possible Failure to Realize Anticipated Benefits of the Ammonite Arrangement*", and "*Risk Factors – Dilution*" for further details regarding some of the risks associated with the Ammonite Arrangement which may be of interest to holders of Common Shares.

#### *The Novus Financing*

On November 6, 2009, Novus engaged Cormark Securities Inc., on behalf of itself and on behalf of GMP Securities L.P., Canaccord Capital Corporation, Clarus Securities Inc., CIBC World Markets Inc., Acumen Capital Partners Limited, National Bank Financial Inc. and Toll Cross Securities Inc. (collectively, the "**Underwriters**") for the private placement, on a "bought deal" basis, of up to 46,200,000 Subscription Receipts at a price of \$0.65 per Subscription Receipt for aggregate gross proceeds of CAD\$30,030,000 (the "**Novus Financing**"). The Novus Financing is expected to close on or about November 24, 2009.

Novus filed two press releases both dated November 6, 2009 describing the Novus Financing under Novus' profile on the SEDAR web-site on November 6, 2009, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The two

press releases of Novus dated November 6, 2009 are both specifically incorporated by reference in, and form an integral part of, this Annual Information Form.

Additionally, further details regarding the Ammonite Arrangement and the Novus Financing are available in the management information circular of Ammonite dated November 12, 2009 which was mailed to the Ammonite Shareholders on November 13, 2009, and is available on the SEDAR web-site under Ammonite's profile at [www.sedar.com](http://www.sedar.com).

#### *Significant Acquisitions*

Other than the G2 Arrangement (as defined herein) for which a Form 51-102F4 business acquisition report was filed on SEDAR on August 27, 2008, there are no acquisitions that Novus completed during its financial year ended September 30, 2008 that is a significant acquisition for the purposes of Part 8 of National Instrument 51-102. See "*General Development of the Business – Three Year History of the Corporation*" for a summary of the G2 Arrangement.

### **BUSINESS OF THE CORPORATION**

#### *General*

Novus is a Calgary-based oil and gas company engaged in the acquisition, exploration, development and production of crude oil and natural gas within its primary core areas of southern and central Alberta, northeastern British Columbia, and southern Saskatchewan. As of the date hereof, Novus has approximately 350 BOE/d of production, weighted and 70% to natural gas and 30% to oil and natural gas liquids, and approximately 22,000 net acres of undeveloped land. Novus' principal areas of operation are the Garrington natural gas property located in the west central region in the province of Alberta, the Windfall property located in the central region in the Province of Alberta, the Eight Mile natural gas property located in the northeast region of the Province of British Columbia, the Roncott Bakken oil play located in the southeast region of the Province of Saskatchewan, and the Viking oil play located in the southwest region of the Province of Saskatchewan.

#### *Stated Business Objective*

The business plan of Novus is to create value on a production and reserve per share basis in the oil and gas industry in Western Canada. To accomplish this, Novus has pursued an integrated growth strategy including focused exploration, exploitation and strategic acquisitions within its geographic areas in the Western Canadian Sedimentary Basin, where it has assembled large land blocks close to gas infrastructure and crude oil processing facilities.

#### *Competitive Conditions in the Marketplace*

The petroleum and natural gas industry is competitive in all its phases. Novus must compete in all aspects of its operations with a substantial number of other corporations, many of which have greater technical and financial resources. However, Novus is staffed with a technical team who are experienced at competing in this environment. Participants in the petroleum industry must also manage risks beyond their direct control. Among these are risks associated with exploration, environment, commodity prices, foreign exchange and interest rates. See "*Risk Factors*".

#### *Specialized Skill and Knowledge*

Operations in the oil and natural gas industry mean that Novus requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and production, Novus utilizes the expertise of geophysicists, geologists, petroleum engineers and landmen. Novus is based in Calgary, Alberta, which is the center of Canada's energy industry and, as such, is a costly labour market. Novus faces the challenge of attracting and retaining sufficient employees to meet its needs. See "*Risk Factors*".

### *Personnel*

As at the financial year ended September 30, 2008, Novus had 6 employees and 6 consultants. As of November 12, 2009, Novus has 9 employees and 4 consultants.

### *Seasonal Factors*

The exploration for, and development of, oil and natural gas reserves is dependent on access to areas where exploration and production activities are to be conducted. Seasonal weather variations, including freeze-up and break-up, affect access in certain circumstances. See "*Risk Factors*".

### *Environmental Protection and Regulation*

Additional provincial and federal environmental legislation has recently come into effect for the oil and natural gas industry. Compliance with such legislation can require significant expenditures and operational restrictions. Breach of such requirements may result in the suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which have the potential for negatively impacting earnings and corporate growth. Additionally, certain of Novus' wells in Windfall, Alberta are located in wildlife-protected areas which restrict major drilling activity from mid-January until mid-April. See "*Risk Factors*".

### **Industry Conditions**

In addition to the risk factors mentioned in the "*Risk Factors*" section of this Annual Information Form, there are other risks inherent to the natural gas and oil industry, which is subject to extensive controls and regulations imposed by various levels of government. Outlined below are some of the more significant aspects of the legislation, regulations and agreements governing the natural gas and oil industry. All current legislation is a matter of public record and Novus is unable to predict what additional legislation or amendments may be enacted.

#### *Canadian Government Regulation*

The natural gas and oil industry is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of Novus in a manner materially different than they would affect other natural gas and oil companies of similar size.

#### *Pricing and Marketing of Oil*

In Canada, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products and the supply/demand balance. Oil exports may be made pursuant to export contracts with terms not exceeding one year in the case of light crude, and not exceeding two years in the case of heavy crude, provided that an order approving any such export has been obtained from 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 the approval of the Governor in Council.

#### *Pricing and Marketing of Natural Gas*

In Canada, the price of natural gas sold in interprovincial and international trade is determined by 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 continue to meet certain criteria prescribed by the NEB and the Government of Canada. Natural gas 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 a NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or a larger quantity requires an exporter to obtain an export licence from the NEB and the issue of such a licence requires the approval of the Governor in Council. The Government of Alberta

also regulates the volume of natural gas that may be removed from the province for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

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

On January 1, 1994, NAFTA became effective among the Governments of Canada, the U.S. and Mexico. NAFTA carries forward most of the material energy terms contained in the Canada U.S. Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports to the U.S. or Mexico will be allowed provided that any export restrictions do not: (i) reduce the proportion of energy resource exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period), (ii) impose an export price higher than the domestic price, and (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum export or import price requirements.

NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. NAFTA also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports.

#### *Royalties and Incentives*

##### (i) General

In addition to federal regulation, each province has legislation and regulations that govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of natural gas and oil production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced.

From time to time the Governments of Canada and of the western provinces have established incentive programs which have included royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging natural gas and oil exploration or enhanced planning projects.

##### (ii) Alberta

In Alberta, companies are granted the right to explore, produce and develop petroleum and natural gas resources in exchange for royalties, bonus bid payments and rents. On October 25, 2007, the Government of Alberta released a report entitled "The New Royalty Framework" (the "**NRF**") containing the Government's proposals for Alberta's new royalty regime, which was followed by the *Mines and Minerals (New Royalty Framework) Amendment Act, 2008 (Alberta)*, which was given Royal Assent on December 2, 2008. The NRF and the applicable new legislation became effective on January 1, 2009. The NRF establishes new royalty rates for conventional oil, natural gas and oil sands. The new royalty rates for conventional oil are set by a single sliding rate formula which is applied monthly and increases the old royalty from 30% to 35% applied to the old and new tiers, to up to 50% and with rate caps once the price of conventional oil reaches \$120 per barrel. The sliding rate formula includes in its calculation the price of oil and well production.

With respect to natural gas, and similar to the conventional oil framework, the royalties outlined in the NRF are set by a single sliding rate formula ranging from 5% to 50% with a rate cap once the price of natural gas reaches \$16.59/GJ. Prior to the NRF, the royalty reserved to the Crown in respect of natural gas production, subject to various incentives, was between 15% and 30%, in the case of new natural gas, and between 15% and 35%, in the case of old natural gas, depending upon a prescribed or corporate average reference price. In response to the drop in commodity prices experienced during the second half of 2008, the Government of Alberta announced on November 19, 2008, the introduction of a five year program of transitional royalty rates with the intent of promoting new drilling. Under this new program companies drilling new natural gas or conventional oil deep wells (between 1,000

and 3,500 metres) will be 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. In order to qualify for this program wells must be drilled during the period starting on November 19, 2008 and ending on December 31, 2013. Following this period all new wells drilled will automatically be subject to the NRF.

Oil sands projects are now subject to the NRF, and regulated, among others, by the *Oil Sands Royalty Regulation, 2009 Oil Sands Allowed Costs (Ministerial) Regulation and the Bitumen Valuation Methodology (Ministerial) Regulation, 2009*, all approved by the Government of Alberta on December 10, 2008.

On April 10, 2008, the Government of Alberta introduced two new royalty programs that will encourage the development of deep oil and gas reserves, and these are: (a) a five year oil program for exploration wells over 2,000 metres that will provide royalty adjustments to offset higher drilling costs and provide a greater incentive for producers to continue to pursue new, deeper oil plays (these oil wells will qualify for up to a \$1 million or 12 months of royalty offsets, whichever comes first); and (b) a five year natural gas deep drilling program that will replace the existing program in order to encourage continued deep gas exploration for wells deeper than 2,500 metres (the program will create a sliding scale of royalty credit according to depth, of up to \$3,750 per metre). These new programs are to be implemented along with the NRF.

The NRF includes a policy of "shallow rights reversion". The Government of Alberta started to implement this policy on January 1, 2009, and its intent is to maximize the development of currently undeveloped resources that is consistent with the Government of Alberta's objective of maximizing recovery of known gas resources, while increasing royalty revenues. The policy's stated objective is for the mineral rights to shallow gas geological formations that are not being developed to revert back to the Government and be made available for resale, and in the event of non productive shallow wells, to sever the rights from shallow zones and encourage increased production from up hole zones. The shallow rights reversion policy affects all petroleum and natural gas agreements; however, the timing of the reversion will differ depending on whether the leases and licenses were acquired prior to January 1, 2009 or subsequent to January 1, 2009. Leases granted after January 1, 2009 will be subject to shallow rights reversion at the expiry of the primary term, and in the event of a licence the policy will apply at the expiry of the intermediate term. 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 lease or licence holder can make a request to extend this period. The order in which these agreements will receive the reversion notice will depend on the vintage of their term, with the older leases and licenses receiving a reversion notice first. Leases or licences that were granted prior January 1, 2009 but have not yet been continued will have a grace period until they are continued under section 15 of the *P&G Tenure Regulation* and be subject to deeper rights reversion prior to receiving a shallow rights reversion notice.

On March 3, 2009, the Government of Alberta announced a three-point incentive program to stimulate new and continued economic activity in Alberta which included a drilling royalty credit for new conventional oil and natural gas wells and a new well royalty incentive program. Under the drilling royalty credit program a \$200 per meter royalty credit will be available on new conventional oil and natural gas wells drilled between April 1, 2009 and March 31, 2010, subject to certain maximum amounts. The maximum credits available will be determined by the company's production level in 2008 and its drilling activity between April 1, 2009 and March 31, 2010. The new well incentive program will apply to wells beginning production of conventional oil and natural gas between April 1, 2009 and March 31, 2010 and provides for a maximum 5% royalty rate for the first 12 months of production, up to a maximum of 50,000 barrels or 500 Mmcf of natural gas.

### (iii) Saskatchewan

In Saskatchewan, the amount payable as a royalty in respect of oil depends on the vintage of the oil, the type of oil, the quantity of oil produced in a month, and the value of the oil. For Crown royalty and freehold production tax purposes, crude oil is considered "heavy oil", "southwest designated oil", or "non-heavy oil other than southwest designated oil". The conventional royalty and production tax classifications ("fourth tier oil" introduced October 1, 2002, "third tier oil", "new oil" and "old oil") of oil production are applicable to each of the three crude oil types. The Crown royalty and freehold production tax structure for crude oil is price sensitive and varies between the base

royalty rates of 5% for all "fourth tier oil" to 20% for "old oil". Marginal royalty rates are 30% for all "fourth tier oil" to 45% for "old oil".

The amount payable as a royalty in respect of natural gas 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. 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. The royalty and production tax classifications of gas production are "fourth tier gas" introduced October 1, 2002, "third tier gas", "new gas", and "old gas". The Crown royalty and freehold production tax for gas is price sensitive and varies between the base royalty rate of 5% for "fourth tier gas" and 20% for "old gas". The marginal royalty rates are between 30% for "fourth tier gas" and 45% for "old gas".

On October 1, 2002, the following changes were made to the royalty and tax regime in Saskatchewan:

- A new Crown royalty and freehold production tax regime applicable to associated natural gas (gas produced from oil wells) that is gathered for use or sale. The royalty/tax is payable on associated natural gas produced from an oil well that exceeds approximately 65 thousand cubic meters in a month.
- A modified system of incentive volumes and maximum royalty/tax rates applicable to the initial production from oil wells and gas wells with a finished drilling date on or after October 1, 2002, was introduced. The incentive volumes are applicable to various well types and are subject to a maximum royalty rate of 2.5% and a freehold production tax rate of zero per cent.
- The elimination of the re-entry and short section horizontal oil well royalty/tax categories. All horizontal oil wells with a finished drilling date on or after October 1, 2002, will receive the "fourth tier" royalty/ tax rates and new incentive volumes.

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.

#### *Land Tenure*

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

#### *Canadian Environmental Regulation*

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. 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. 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.

Environmental legislation in Alberta has been consolidated into the *Environmental Protection and Enhancement Act* (Alberta) (the "**EPEA**"), which came into force on September 1, 1993, and the *Oil and Gas Conservation Act*

(Alberta) (the "**OGCA**"). The EPEA and OGCA impose stricter environmental standards, require more stringent compliance, reporting and monitoring obligations, and significantly increased penalties. In 2006, the Alberta Government enacted regulations pursuant to the EPEA to specifically target sulphur oxide and nitrous oxide emissions from industrial operations including the oil and gas industry. In addition, the reduction emission guidelines outlined in the *Climate Change and Emissions Management Amendment Act* came into effect on July 1, 2007 ("**CCEMAA**"). Under this legislation, Alberta facilities emitting more than 100,000 tonnes of greenhouse gases a year must reduce their emissions intensity by 12%. Industries have three options to choose from in order to meet the reduction requirements outlined in this legislation, and these are: (i) by making improvement to operations that result in reductions; (ii) by purchasing emission credits from other sectors or facilities that have emissions below the 100,000 tonne threshold and are voluntarily reducing their emission; or (iii) by contributing to the Climate Change and Emissions Management Fund (the "**Fund**"). Industries can either choose one of these options or a combination thereof. Pursuant to CCEMAA and the Specified Gas Emitters Regulation, companies were obliged to reduce their emission intensity by 12% by March 31, 2008. Alberta industries have achieved 2.6 million tonnes of actual reduction, due to changes in operations and investing on verified offset projects. In addition, certain companies contributed \$40 million to the Fund. It is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue.

On January 24, 2008, the Alberta Government announced a new climate change action plan that will cut Alberta's projected 400 million tonnes of emissions in half by 2050. This plan is based on three areas: (i) carbon capture and storage, which will be mandatory for in situ oil sand facilities that use heavy fuels for steam generation; (ii) energy conservation and efficiency; and (iii) greening production through increased investment in clean energy technology, including supporting research on new oil sands extraction processes, as well as the funding of projects that reduce the cost of separating carbon dioxide from other emissions supporting carbon capture and storage. In addition to this action plan, the Provincial Energy Strategy unveiled on December 11, 2008 is expected to, among other things, support the upgrading, refining and petrochemical clusters existing in the Province, market Alberta's energy internationally, review the emission targets and carbon charges applied to large facilities, and promote the innovation of energy technology by encouraging investment in research and development.

In December 2002, the Government of Canada ratified the Kyoto Protocol ("**Kyoto Protocol**"). The Kyoto Protocol calls for Canada to reduce its greenhouse gas emissions to 6% below 1990 "business as usual" levels between 2008 and 2012. Given revised estimates of Canada's normal emissions levels, this target translates into an approximately 40% gross reduction in Canada's current emissions. It is questionable, based on the Updated Action Plan announced by the Federal Government (see below), that the Kyoto Protocol target of 6% below 1990 emission levels will be enforced in Canada. Bill C 288, which is intended to ensure that Canada meets its global climate change obligations under the Kyoto Protocol, was passed by the House of Commons on February 14, 2007. On April 26, 2007, the Federal Government released its Action Plan to Reduce Greenhouse Gases and Air Pollution (the "**Action Plan**") also known as ecoACTION which includes the regulatory framework for air emissions. This Action Plan covers not only large industry, but regulates the fuel efficiency of vehicles and the strengthening of energy standards for a number of energy using products.

The Government of Canada and the Province of Alberta released on January 31, 2008 the final report of the Canada Alberta ecoENERGY Carbon Capture and Storage Task Force, which recommends among others: (i) incorporating carbon capture and storage into Canada's clean air regulations; (ii) allocating new funding into projects through competitive process; and (iii) targeting research to lower the cost of technology.

In order to strengthen the Action Plan, on March 10, 2008, the Government of Canada released "Turning the Corner – Taking Action to Fight Climate Change" (the "**Updated Action Plan**") which provides some additional guidance with respect to the Government's plan to reduce greenhouse gas emissions by 20% by 2020 and by 60% to 70% by 2050.

The Updated Action Plan is primarily directed towards industrial emissions from certain specified industries including the oil sands, oil and gas and refining. The Updated Action Plan is intended to create a carbon emissions trading market, including an offset system, to provide incentive to reduce greenhouse gas emission and establish a market price for carbon. There are mandatory reductions of 18% from the 2006 baseline starting in 2010 and an additional 2% in subsequent years for existing facilities. This target will be applied to regulated sectors on a facility specific, sector wide or corporate basis; in the case of oil sands production, petroleum refining, natural gas pipelines

and upstream oil and gas the target will be considered facility specific (sectors in which the facilities are complex and diverse, or where emissions are affected by factors beyond the control of the facility operator). Emissions from new facilities, which are those built between 2004 and 2011, will be based on a cleaner fuel standard to encourage continuous emissions intensity reductions over time, and will be granted a 3 year grace period during which no emissions intensity targets will apply. Targets will begin to apply on the fourth year of commercial operation and the baseline will be the third year's emissions intensity, with a 2% continuous annual emission intensity improvement required. The definition of new facility also includes greenfield facilities, major expansions constituting more than a 25% increase in a facility's physical capacity, as well as transformations to a facility that involve significant changes to its processes. For upstream oil and gas and natural gas pipelines, it will be applied using a sector specific approach. For the oil sands, its application will be process specific, oil sands plants built in 2012 and later, those which use heavier hydrocarbons, up graders and in situ production will have mandatory standards in 2018 that will be based on carbon capture and storage.

In the following regulated sectors, the Updated Action Plan will apply only to facilities exceeding a minimum annual emissions threshold: (i) 50,000 tonnes of CO<sub>2</sub> equivalent per year for natural gas pipelines; (ii) 3,000 tonnes of CO<sub>2</sub> equivalent per upstream oil and gas facility; and (iii) 10,000 BOE/d/company. These proposed thresholds are significantly stricter than the current Alberta regulatory threshold of 100,000 tonnes of CO<sub>2</sub> equivalent per year per facility.

Four separate compliance mechanisms are provided in respect of the above targets: Technology Fund contributions, offset credits, clean development credits and credits for early action. The most significant of these compliance mechanisms, at least initially, will be the Technology Fund and for which regulated entities will be able to contribute in order to comply with emissions intensity reductions. The contribution rate will increase over time, beginning at \$15 per tonne for the 2010-12 period, rising to \$20 per tonne in 2013, and thereafter increasing at the nominal rate of GDP growth. Contribution limits will correspondingly 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 mentioned 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 cancel the offset credits or bank them 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. 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.

Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not currently possible to predict either the nature of those requirements or the impact on Novus and its operations and financial condition at this time.

## **Trends**

There are a number of trends that have been developing in the oil and gas industry during the past several years that appear to be shaping the near future of the business.

The first trend currently affecting the oil and gas industry, as well as many other industries, is the impact on capital markets caused by investor uncertainty in the credit markets and the global economy. Global economics ultimately dictate commodity demand and therefore prices. Novus realizes that it is a price taker and therefore must maintain financial flexibility to deal with uncertain commodity prices. The competitive nature of the oil and gas industry will cause opportunities for equity financings to be selective. Some companies will have to rely on internally generated funds to conduct their exploration and developmental programs. Novus is unable to estimate the timing or magnitude of stock market corrections in the context of the current global economic situation.

A second trend is the volatility of commodity prices. Natural gas is a commodity increasingly influenced by liquified natural gas coming from outside of North America and intensive shale gas drilling within North America. In addition, North American fluctuations in supply, influenced by drilling activity, natural gas storage levels, imports and demand (which is impacted both by weather and by economic factors) has resulted in significant volatility in the price of natural gas in Canada and the United States.

Crude oil is influenced by the world economy and OPEC's ability to adjust supply to world demand. Recently crude oil prices have been kept high by increased demand from growing economies in China and India as well as the ongoing political events causing disruptions in the supply of oil, and concern over potential supply disruptions triggered by unrest in the Middle East. More recently, volatility has increased over short term demand concerns as a result of the slowing economy in the United States as well as globally.

The impact on the oil and gas industry from commodity price volatility is significant. Historically, during periods of high prices, producers generated higher cash flows and conducted active exploration programs without external capital. Higher commodity prices frequently translate into very busy periods for service suppliers triggering premium costs for their services. Purchasing land and properties similarly increase in price during these periods. More recently the significant negative impact of regulatory changes combined with a period of lower natural gas prices and oil prices has dramatically reduced activity as all producers have little or no access to capital. With decreased activity, the prices charged by the various service suppliers has and will continue to decline.

A third trend has been the pronounced lack of equity capital available to the sector partially as a result of the Province of Alberta's continued alteration of the provincial royalty program. These drilling incentive programs are aimed at stimulating drilling activity not on reducing royalties imposed on existing production. Any new wells drilled will lose their reduced royalties and be subject to the new royalty framework rates after their related adjustment program periods end. It is expected that equity capital will continue to be volatile as details surrounding these announcements are cleared up and the market fully corrects for the potentially significant future implications of the increased, modified and future anticipated and unanticipated modifications to the Alberta royalty system. As a result of proposed changes and the instability related to risks of numerous future modifications, it may be more difficult for junior oil and gas companies to find equity financing which may continue to impact the liquidity and valuation of securities of such companies.

A fourth trend has been the Government of Canada's alteration of the taxation of publicly traded royalty trusts. On October 31, 2006, the Government of Canada announced its intention to begin taxing income trusts, including trusts that hold oil and gas properties. This announcement has caused significant volatility in the unit prices of these trusts as the market corrected for this announcement and as the clarification of the rules surrounding the implementation of trust taxation continues to unfold. As oil and gas trusts have been significant acquirers of junior exploration and production companies, the volatility of the trust market has been mirrored by junior exploration and production companies. Prior to the announcement regarding the new legislation, many junior oil and gas companies were able to divest themselves to the larger income trusts entities when there was a business advantage to do so. As a result of the proposed changes, it may be more difficult for junior oil and gas companies to find an efficient route for divestment which may impact the liquidity and valuation of securities of such companies.

A fifth trend, and one that will continue to garner heightened attention and consequently increased governmental intervention, is an increasing call for carbon capture due to greenhouse gas emissions. Capital requirements to meet emission standards could be enormous and is directly impacted by events such as the Kyoto Protocol. Novus realizes that it will be required to meet governmental standards as they are introduced and must maintain the financial flexibility to do so.

## OIL AND NATURAL GAS RESERVES AND RESOURCES

In accordance with NI 51-101 - *Standards of Disclosure for Oil and Gas Activities*, GLJ prepared the GLJ Reserves Report dated November 27, 2008. The GLJ Reserves Report evaluated, as at September 30, 2008, Novus' oil, NGL and natural gas reserves. Reference is made to Form 51-101F1 - *Statement of Reserves Data and other Oil and Gas Information*, Form 51-101F2 - *Report on Reserves Data* and Form 51-101F3 - *Report of Management and Directors on Reserves Data and Other Information*, filed under the Novus profile on the SEDAR web site at [www.sedar.com](http://www.sedar.com) by Novus on January 28, 2009, which information is incorporated herein by reference.

### DIRECTORS AND OFFICERS

As of the date of this Annual Information Form the name, municipality of residence, positions held with Novus and principal occupation during the preceding five years of each of the directors and officers of Novus are as follows:

Name and Municipally of Residence	Office / Date Appointed	Principal Occupation During the Past 5 Years
Hugh G. Ross Calgary, Alberta, Canada	President & CEO Director March 31, 2009	President & CEO of Gentry Resources Ltd. until August 2008.
Michael H. Halvorson Edmonton, Alberta, Canada	Director March 31, 2009	President of Halcorp Capital Ltd., a private investment corporation, and director of several other TSX listed companies.
Harry L. Knutson Vancouver, British Columbia Canada	Director January 1, 2006	Chairman of Nova Bancorp Group (Canada) Ltd. since 1991 and certain other Nova Bancorp Group companies since 1982. Director of TSX listed Bonavista Energy Trust, Pure Energy Services Ltd. and certain other TSX and TSX Venture listed companies.
Al J. Kroontje Calgary, Alberta Canada	Director December 22, 2004	President of Pellinore Holdings Inc., a private investment corporation. Mr. Kroontje has also been involved in numerous private and public companies with respect to acting as an officer and/or director for the purpose of starting up, restructuring and capitalizing companies.
Larry C. Mah Calgary, Alberta, Canada	Director June 11, 2009	President of Lawrence C. Mah Professional Corporation. Senior partner of Collins Barrow Calgary LLP, Chartered Accountants until January 1, 2008.
A. Bruce Macdonald Calgary, Alberta, Canada	Director June 11, 2009	Director of Gentry Resources Ltd. until August 2008. Chairman of Jayhawk Resources Ltd, a private oil and gas exploration and production company. Chairmain of Jayhawk Frontier Exploration Ltd., a private exploration company involved in the Northwest Territories.
Ketan Panchmatia Calgary, Alberta, Canada	Chief Financial Officer, Vice President Finance, and Corporate Secretary March 31, 2009	Chief Financial Officer, Vice-President, Finance, and Secretary/Treasurer of Gentry Resources Ltd. until August 2008.
Julian Din Calgary, Alberta, Canada	Vice President, Business Development April 23, 2009	Associate Director, Wealth Management and Senior Wealth Advisor, Scotia McLeod until March 2009.
Greg Groten Calgary, Alberta, Canada	Vice President, Exploration March 31, 2009	Vice-President, Exploration of Gentry Resources Ltd. until August 2008.

<b>Name and Municipally of Residence</b>	<b>Office / Date Appointed</b>	<b>Principal Occupation During the Past 5 Years</b>
Jack M. Lane Calgary, Alberta, Canada	Vice President, Operations March 31, 2009	Vice-President, Operations of West Energy Ltd. until January 2008

As of the date hereof, the directors and executive officers of Novus, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 4,946,508 Common Shares constituting approximately 11.6 percent of the issued and outstanding Common Shares.

The Board currently has in place an audit committee, reserves committee, corporate governance committee and compensation committee. The audit committee of the Corporation currently consists of Larry Mah, Harry Knutson, and Michael Halvorson. The reserves committee of the Corporation currently consists of Bruce Macdonald and Al Kroontje. The corporate governance committee currently consists of Michael Halvorson and Al Kroontje. The compensation committee currently consists of Harry Knutson and Larry Mah.

No director, officer or shareholder holding a number of securities of Novus sufficient to materially affect the control of Novus, a personal holding company of any such person, or a company for which such person is or has acted as a director or executive officer that while such person was acting in that capacity, or within a year of the person ceasing to act in that capacity is or has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person, except as hereinafter set forth. See "*Corporate Cease Trade Orders or Bankruptcies*" and "*Personal Bankruptcies*".

#### **AUDIT COMMITTEE**

The audit committee (the "**Audit Committee**") is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of Novus and annual external audits of the financial statements. The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to Novus' internal accounting standards and practices, financial information, accounting systems and procedures, which procedures are set out below in Novus' audit committee mandate.

The Board has developed a written audit committee charter (the "**Charter**"). A copy of the Charter is attached hereto as Schedule "A" to this Annual Information Form.

#### **Composition of the Audit Committee**

The Audit Committee currently consists of Larry Mah, Harry Knutson, and Michael Halvorson. All Audit Committee members are considered to be financially literate within the meaning of Multilateral Instrument 52-110 ("**MI 52-110**") of the CSA. All members of the Audit Committee are considered to be independent with the meaning of MI 52-110.

#### **Relevant Education and Experience of Audit Committee Members**

##### ***Harry Knutson, Director***

Mr. Knutson has been a director of Novus since January 2006. Mr. Knutson has been Chairman and Chief Executive Officer of Nova Bancorp Group (Canada) Ltd. since 1982. Mr. Knutson is a Canadian Chartered Director (2006 from The Directors College, McMaster University). He is currently a director of Bonavista Energy Trust, Pure Energy Services Ltd., Canadian Phoenix Resources Corp., Serrano Energy Ltd., Marble Point Energy Ltd. and AgriMarine Holdings Inc. From August 2005 to November 2006, he was President, Chief Executive Officer and Chairman of Donner Petroleum Ltd. From July 2004 to September 2008, he was Chairman of Velo Energy Inc. From October 2003 to February 2006 he was Chairman and Chief Executive Officer of Canadian Sub-Surface

Energy Services Corp. (now Pure Energy Services Ltd.). From April 2005 to May 2006, he was a director of Drilcorp Energy Ltd. From February 2004 to February 2006, he was Secretary and a director of Twin Butte Energy Ltd. From 1998 to 2002, he was Chairman, Chief Executive Officer and President of StrategicNova Inc. Prior to 1982, Mr. Knutson was President of a mid-sized trust company, Chief Executive Officer and Director of a real estate investment trust and a President of a conglomerate active in food, sports and real estate industries. Mr. Knutson's experience has afforded him the opportunity to become knowledgeable with respect to financial and accounting matters in the oil and gas industry.

***Larry C. Mah, Director***

Mr. Mah is a chartered accountant and formerly a senior partner with Collins Barrow Calgary LLP, Chartered Accountants, where he was the partner in charge of the oil and gas practice group. Mr. Mah has served on the audit committee of Gentry Resources Ltd., a former TSX listed company, and currently serves as a director and member of the audit committee of Twoco Petroleum Ltd., a TSXV listed company, and as a member of the audit committee of the Heritage Park Society.

***Michael Halvorson***

Mr. Halvorson is President of Halcorp. Capital Ltd., a private investment company. Mr. Halvorson is also a director of Strathmore Minerals Corp., Esperanza Silver Corporation, Orezone Gold Corporation ("**Orezone**"), Pediment Gold Corp., Fission Energy Corp., and Galena International Resources Ltd. Mr. Halvorson currently sits on the audit committee of Orezone.

**Audit Committee Oversight**

At no time since the commencement of Novus' fiscal year ended September 30, 2008 was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

**External Auditor Service Fees (By Category)**

The following table provides information about the fees billed to Novus for professional services rendered by its auditors, during fiscal 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Audit Fees	\$ 123,443	\$ 118,930
Audit-Related Fees	-	8,091
Tax Fees	28,322	901
All other Fees <sup>(1)</sup>	70,080	30,070
<b>Total:</b>	<u>\$ 221,845</u>	<u>\$ 157,992</u>

**Note:**

(1) Fees pursuant to services rendered in conjunction with the G2 Arrangement.

**Reliance on Certain Exemptions**

As Novus is a TSXV issuer, it relies on the exemptions provided by section 6.1 of MI 52-110 with respect to certain audit committee matters.

**DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Novus Preferred Shares. A brief summary of the characteristics of the Common Shares and the Novus Preferred Shares is given below. Additionally, the Corporation has outstanding certain convertible securities to purchase Common Shares, a brief summary of which is also given below.

## Common Shares

Novus is authorized to issue an unlimited number of Common Shares. The holders of the Common Shares are entitled to dividends, if, as and when declared by the board of directors of Novus, to one vote per share at meetings of the shareholders and, upon liquidation, to receive such assets of Novus as are distributable to the holders of the Common Shares. As at the date of this Annual Information Form, there are 42,754,968 Common Shares of Novus outstanding. To the best of the knowledge of the directors and executive officers of Novus, as of the date of this Annual Information Form, no person or company beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of the voting rights attached to the outstanding Common Shares except as stated below.

Name and Municipality of Residence	Number of Common Shares	Percentage of Common Shares
The Rule Family Trust UAD 12/17/98 <sup>(1)</sup>	4,574,381	10.7%

**Note:**

- (1) The Rule Family Trust UAD 12/17/98 also has ownership or control over 2,983,000 warrants to purchase 2,983,000 Common Shares exercisable at a price of \$0.75 per Common Share expiring March 31, 2012.

## Preferred Shares

Novus is authorized to issue an unlimited number of preferred shares (the "**Novus Preferred Shares**"). The Novus Preferred Shares may be issued from time to time in series and the board of directors of Novus may fix the number of Novus Preferred Shares which comprise each series and the designations, rights, privileges, restrictions and conditions attached to the shares of each series of Novus Preferred Shares. The Novus Preferred Shares of each series shall, with respect to dividends, liquidation, dissolution or winding-up of Novus, whether voluntary or involuntary, or any other distribution of the assets of Novus among its shareholders for the purpose of winding up its affairs, rank on parity with the Novus Preferred Shares of every other series, and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Novus Preferred Shares. As at the date of this Annual Information Form, there are no Novus Preferred Shares issued and outstanding.

## Novus Stock Options

On June 11, 2009, the Shareholders adopted a new stock option plan (the "**New Stock Option Plan**") to allow Novus to issue options to purchase Common Shares to directors, officers, employees, and consultants of the Corporation. The New Stock Option Plan replaced the Corporation's then-existing stock option plan which was dated and effective February 15, 2008 (the "**Prior Stock Option Plan**"). All of the Corporation's currently outstanding options to purchase Common Shares are governed by either the Prior Stock Option Plan or the New Stock Option Plan. Like the Prior Stock Option Plan, the purpose of the New Stock Option Plan is to assist directors, officers, employees and consultants of Novus and any of its subsidiaries to participate in the growth and development of the Corporation. Pursuant to the New Stock Option Plan (as in the Prior Stock Option Plan), the aggregate number of Common Shares reserved for issuance shall not exceed 10% of Novus' then total issued and outstanding Common Shares. Novus currently intends to seek the consent of optionholders granted options pursuant to the Prior Stock Option Plan to have such options governed by the New Stock Option Plan.

The New Stock Option Plan is administered by the Board, subject to the policies of the TSXV. The Board (or a committee thereof) have the discretion to determine to whom options will be granted, the number of such options, the exercise price of such options (which shall not be less than the Market Price as defined in the New Stock Option Plan), and the terms and time frames in which the options will be exercisable, provided that options will be exercisable for a maximum of ten years from the date of grant. A full copy of the New Stock Option Plan is attached as Schedule "D" to the management information circular of the Corporation dated May 7, 2009, a copy of which was been filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## Novus Warrants

Novus has the following warrants issued and outstanding as at November 12, 2009:

*(i) June 2008 Warrants*

Each June 2008 Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.26 per share for a period of twenty-four months from the closing date, provided that if the Common Shares close at or above \$0.52 (now adjusted to \$5.20 as a result of Novus' ten-for-one share consolidation) per share for 20 consecutive trading days after the end of such 20 day period, the expiry date will automatically be reduced to 30 days (including non-trading days) after the date Novus provides written notice of the new expiry date. As a result of Novus' ten-for-one share consolidation on August 5, 2009, the exercise price of the June 2008 Warrants has been adjusted to \$2.60 and the number of Common Shares issuable upon exercise of a June 2008 Warrant certificate shall also adjusted on a ten-for-one basis in accordance with the terms of the warrant certificates governing the warrants. Subsequent to the June 2008 Private Placement, 5,199,000 June 2008 Warrants were voluntarily surrendered by a warrant holder. As a result, after accounting for Novus' share consolidation, there are currently 2,230,100 June 2008 Warrants outstanding as of November 12, 2009.

*(ii) March 2009 Warrants*

Each March 2009 Warrant has a term of 36 months, provided however, that if at any time from four months after closing, the daily volume-weighted average trading price of the Common Shares on the TSXV exceeds \$0.12 (now adjusted to \$1.20 as a result of Novus' ten-for-one share consolidation) for 25 consecutive trading days and Novus gives written notice to the warrant holders within ten trading days of the end of such period, the expiry date of such warrants will be reduced to 30 days from the date of giving of the notice. As a result of Novus' ten-for-one share consolidation on August 5, 2009, the exercise price of the March 2009 Warrants has been adjusted to \$0.75 and the number of Common Shares issuable upon exercise by a holder of a warrant certificate shall also be adjusted on a ten-for-one basis in accordance with the terms of the warrant certificates governing the March 2009 Warrants. See "*General Development of the Business – Three Year History*" for information regarding the currently issued and outstanding March 2009 Warrants.

**Novus Performance Warrants**

Each Novus Performance Warrant entitles the holder thereof to receive one Common Share, subject to the completion of certain performance criteria, and has an exercise price of \$0.56. Each Novus Performance Warrant has an expiry date of three years from the date of grant. All Novus Performance Warrants are non-transferable and non-assignable.

The Novus Performance Warrants will vest upon Novus achieving certain targets for growth in net asset value per fully diluted share outstanding ("**NAV per share**"). With reference to the initial NAV per share calculated as \$1.10, 1/3 of the Novus Performance Warrants granted shall vest upon an increase in NAV per share of 25%, 2/3 of the Novus Performance Warrants granted shall vest upon an increase in NAV per share of 33 $\frac{1}{3}$ %, and all of the Novus Performance Warrants granted shall vest upon an increase in NAV per share of 50%. For this purpose, NAV per share is calculated as:

- (a) the net present value of the total proved (developed producing, developed non-producing and undeveloped) plus probable reserves of Novus (before income taxes) discounted at 10% per year using forecast prices and costs as shown in the applicable Reserve Report (as defined below); plus
- (b) the value of the net acres of all lands in which Novus has an interest except the spacing units on which a well has been drilled and not abandoned, valued at \$150 per net acre; plus
- (c) Novus' current assets as set forth in the applicable annual financial statements, calculated in accordance with GAAP; less
- (d) long term debt of Novus plus its current liabilities as set forth in the applicable annual financial statements, calculated in accordance with GAAP;

divided by:

- (e) the total number of Common Shares outstanding (calculated on a fully diluted basis using the treasury stock method pursuant to GAAP).

For the purposes above, "**Reserve Report**" means an independent engineering report of Novus' oil and natural gas reserves as prepared from time to time by Novus' independent engineers, as such report may be updated or amended from time to time. Novus' most recent Reserve Report was prepared as of November 27, 2008 and is current as of September 30, 2008, a summary of which is available at [www.sedar.com](http://www.sedar.com). For the purposes of determining whether there has been an increase in NAV per share such that some or all of the Novus Performance Warrants may vest, NAV per share will be calculated by the Board from time to time upon filing of Novus' annual financial statements and annual Reserve Report (and in any event within 120 days of Novus' financial year end).

If a holder of Novus Performance Warrants shall cease to be an officer or employee of Novus or of its subsidiaries, then all of such holder's unexercised Novus Performance Warrants shall terminate on terms set forth in the holder's Novus Performance Warrant certificate as summarized in this paragraph. If the holder of a Novus Performance Warrant resigns or retires, or is terminated by Novus (other than for cause) then such holder's Novus Performance Warrants which have vested and have not been exercised as of the termination date may be exercised within ninety (90) days following (i) the effective date of notice of such resignation or retirement or (ii) the date notice of termination of employment is given by Novus. In such case, all unvested Novus Performance Warrants shall immediately terminate on the termination date without any further action by Novus or the holder. If the holder of a Novus Performance Warrant is terminated for cause, the then unexercised Novus Performance Warrants of such holder (whether vested or unvested) shall expire and terminate immediately upon delivery to the holder by Novus of notice of termination of employment for cause. In the event of the death of the holder of a Novus Performance Warrant, the legal personal representative of the holder may, prior to the earlier of the expiry date of such Novus Performance Warrant and the date that is three hundred sixty five (365) days following the date of the death of the holder, exercise any vested and unexercised Novus Performance Warrants within such time period. In such case, all unvested Novus Performance Warrants shall immediately terminate on the termination date without any further action by Novus or the holder. In the event of the permanent disability of the holder of a Novus Performance Warrant, the holder or the legal personal representative of the holder may, prior to the earlier of the expiry date of such Novus Performance Warrant and the date one hundred and ninety (190) days following the date of the permanent disability of the holder, exercise any vested and unexercised Novus Performance Warrants within such time period. In such case, all unvested Novus Performance Warrants shall immediately terminate on the termination date without any further action by Novus or the holder.

Upon a change of control of Novus, the Board shall, within 21 days before the effective date of the change of control, calculate net asset value (the "**Change of Control Net Asset Value**") in the manner set forth above with respect to NAV per share, except with reference to Novus' most recently filed interim financial statements, if such interim financial statements are more recent than Novus' most recently filed annual financial statements, and with reference to a Roll-up Reserve Report (as defined below) rather than Novus' most recently prepared Reserve Report. The Board shall then determine vesting rights of the Novus Performance Warrants based on the calculation of the Change of Control Net Asset Value and give notice of such change of control and such additional vesting rights, if applicable, to holders of Novus Performance Warrants at least 14 days before the effective date of such change of control. Holders of Novus Performance Warrants shall then have the right to exercise all vested Novus Performance Warrants which have not previously been exercised. Any Novus Performance Warrants which have vested but are not exercised prior to the effective date of the change of control shall be and shall be deemed to have been cancelled. In addition, all unvested Novus Performance Warrants shall immediately terminate on the effective date of the change of control with no further action of Novus or the holder of a Novus Performance Warrant. For the purposes of this paragraph, "**Roll-up Reserve Report**" means the Reserve Report mechanically looked ahead to an analysis date as at the Change of Control NAV Date (as defined below) prepared by the same independent engineers who prepared the Reserve Report for the immediately preceding year end and which utilizes the price deck used by such engineers and which is in effect at the Change of Control NAV Date. "**Change of Control NAV Date**" means the last day of the month for which interim quarterly financial statements of Novus have been released or the last day of the year end for which financial statements of Novus have been released, whichever is the most recent.

For the purposes of the Novus Performance Warrants, "**change of control**" means: (a) the completion of a "take-over bid" (as defined in the *Securities Act* (Alberta), as amended, or any successor legislation thereto) pursuant to which the "offeror" (as defined in the *Securities Act* (Alberta)) beneficially acquires Common Shares pursuant to the

take-over bid and, when taken together with any other Common Shares held by the offeror, owns in excess of 50% of the issued and outstanding Common Shares; (b) the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement, amalgamation, merger or other form of reorganization, of Common Shares which in the aggregate with all other Common Shares held by such person or group of persons acting in concert, directly or indirectly, constitutes 50% or more of the then issued and outstanding Common Shares; (c) an arrangement, amalgamation, merger or other form of reorganization of Novus where the holders of the outstanding voting securities or interests of Novus immediately prior to the completion of the reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, amalgamation, merger or other form of reorganization; (d) the sale of all or substantially all of the assets of Novus; or (e) the liquidation, winding-up, insolvency or dissolution of Novus.

See "*General Development of the Business – Three-Year History of the Corporation*" for information regarding the issued and outstanding Novus Performance Warrants.

### Novus Subscription Receipts

Novus is planning to raise additional equity of up to \$30,030,000 pursuant to a private placement of up to 46,200,000 Subscription Receipts which are convertible into Common Shares on the date that the Arrangement is completed. In the event that the Common Shares to be issued upon conversion of the Subscription Receipts are not qualified by a short form prospectus in at least one province on or before December 31, 2009, and assuming the Ammonite Arrangement is completed, each holder of Subscription Receipts shall be entitled to receive a Novus Liquidity Entitlement for each Common Share to be issued to such holder pursuant to the Subscription Receipts held by such holder. Assuming that Novus issues 46,200,000 Subscription Receipts and that the Arrangement is completed, in the event that holders of Subscription Receipts become entitled to the Novus Liquidity Entitlement, an additional aggregate number of 4,620,000 Common Shares would be issued to the holders of Subscription Receipts.

**There is no certainty that Novus will complete all or any portion of the Novus Financing.** See "*Three-Year History of the Company – The Novus Financing*" and "*Risk Factors – Dilution*". As of the date of this Annual Information Form, there are neither any Subscription Receipts nor any Novus Liquidity Entitlements outstanding.

### DIVIDEND RECORD AND POLICY

Novus has not paid any dividends on the Common Shares and does not intend to pay dividends on the Common Shares in the foreseeable future. Any decision to pay dividends on the Common Shares will be made by the board of directors of Novus on the basis of Novus' earnings, financial requirements and other conditions existing at such future time.

### MARKET FOR SECURITIES

#### Trading Price and Volume

As of the date of this Annual Information Form, Novus is a reporting issuer in the Provinces of Alberta, British Columbia, Ontario, and Quebec. The outstanding Common Shares are listed for trading on the TSXV under the trading symbol "NVS" (and prior to August 5, 2009 were listed for trading on the TSXV under the trading symbol "REG"). The table below sets forth the reported high and low sales prices (which are not necessarily the closing prices) and the trading volumes of Common Shares for each month of the financial year ended September 30, 2008 and the past 12-month period.

Month	Price Range (\$)		Monthly Volume
	High	Low	
<b>2007</b>			
October	0.320	0.270	1,447,900
November	0.300	0.280	705,246
December	0.300	0.260	294,211
<b>2008</b>			
January	0.315	0.260	1,878,315
February	0.280	0.260	455,266

Month	Price Range (\$)		Monthly Volume
	High	Low	
March	0.280	0.200	287,450
April	0.230	0.125	777,548
May	0.235	0.130	371,855
June	0.210	0.160	397,097
July	0.200	0.120	785,597
August <sup>(1)</sup>	0.175	0.105	2,544,996
September	0.115	0.075	1,540,902
October	0.090	0.030	3,425,301
November	0.060	0.030	3,742,094
December	0.070	0.030	8,593,849
<b>2009</b>			
January	0.070	0.035	1,232,470
February	0.065	0.035	1,792,635
March	0.070	0.040	2,375,149
April	0.095	0.050	5,736,317
May	0.095	0.065	6,830,576
June	0.095	0.075	6,948,076
July	0.100	0.060	4,796,146
August <sup>(1)</sup>	0.810	0.065	1,083,528
September	0.750	0.520	1,043,696
October	0.850	0.600	1,939,404
November 1 to November 12	0.800	0.710	657,560

**Note:**

(1) Novus consolidated its common shares on a ten-for-one basis on August 5, 2009. Prices and volumes disclosed in the above chart for trading days prior to August 5, 2009 have not been adjusted for the ten-for-one consolidation of the Common Shares.

**Prior Sales**

Outlined below is a summary of the securities which Novus issued during the financial year ended September 30, 2008, which are not listed or quoted on a marketplace (being any securities of Novus which were issued during the financial year ended September 30, 2008, other than the Common Shares). For the purposes of this summary, neither the prices nor the number of securities listed below have been adjusted to reflect the ten-for-one consolidation of the Corporation's Common Shares on August 5, 2009.

On June 27, 2008, as part of the June 2008 Private Placement, Novus issued 27,500,000 subscription receipts exchangeable into units consisting of one Common Share and one June 2008 Warrant, each of which had, prior to the consolidation of the Common Shares, an exercise price of \$0.26. See "*Description of Capital Structure – Novus Warrants*" for further details regarding the June 2008 Warrants.

On June 27, 2008, Novus issued 1,650,000 units and 1,650,000 compensation options as part of the finders' fee paid in connection with the June 2008 Private Placement. Each unit consists of one Common Share and one June 2008 Warrant. Each compensation option is exercisable at a price of \$0.20 in exchange for one unit, which unit consists of one Common Share and one June 2008 Warrant.

On July 10, 2008, Novus issued 8,360,689 warrants with an exercise price of \$1.20 to the former holders of warrants of G2 in connection with the G2 Arrangement. The warrants issued by Novus to the former holders of G2 warrants expired on March 19, 2009.

On July 16, 2008, Novus issued 10,510,000 options to purchase Common Shares at an exercise price of \$0.20 per Common Share.

Outlined below is a summary of the securities which Novus has issued subsequent to September 30, 2008 which are not listed or quoted on a marketplace (being any securities of Novus which were issued subsequent to the financial year ended September 30, 2008, other than the Common Shares).

On March 31, 2009, Novus issued a total of 277,500,000 units at a price of \$0.05 per unit (before adjustment to reflect the fact that Novus consolidated its Common Shares on a ten-for-one basis on August 5, 2009). Each unit consisted of one common share and one common share purchase warrant which, prior to the Corporation's consolidation of its Common Shares on August 5, 2009, had a conversion price of \$0.05 per Common Share. For the terms of the warrants, please refer to "*Description of Capital Structure – Novus Warrants*". As a result of Novus' ten-for-one share consolidation on August 5, 2009, the exercise price of the March 2009 Warrants has been adjusted to \$0.75 and the number of Common Shares issuable upon exercise by a holder of a warrant certificate shall also be adjusted on a ten-for-one basis in accordance with the terms of the warrant certificates governing the March 2009 Warrants.

On September 4, 2009, Novus issued a total of 4,275,000 Novus Performance Warrants which are convertible into Common Shares, upon certain performance criteria being met, at a conversion price of \$0.56 per Common Share. For further details regarding the terms and issuance of the Novus Performance Warrants, please refer to "*Three-Year History of the Corporation – Recent Developments*".

On September 4, 2009, Novus issued a total of 3,075,000 options to purchase Common Shares at a conversion price of \$0.60 per Common Share. For further details regarding the option issuance, please refer to "*Three-Year History of the Corporation – Recent Developments*".

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

Other than as disclosed herein, management is not aware of any material interest, direct or indirect, of any director or executive officer of Novus, any person or company beneficially owning or exercising control or direction over, directly or indirectly, more than ten percent of Novus' voting securities, or any associate or affiliate of such person or company in any transaction since October 1, 2004 that has materially affected or may reasonably be expected to materially affect the Corporation.

#### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Common Shares is Olympia Trust Company at its office in Calgary, Alberta.

#### **RISK FACTORS**

The risks and uncertainties discussed below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or which the Corporation currently considers immaterial may also impair the business and operations of the Corporation and cause the value of the securities of the Corporation to decline. If any of the following risks actually occur, the Corporation's business may be harmed and the financial condition and results of operation of the Corporation may suffer significantly. In that event, the trading price of the Corporation's shares could decline and shareholders may lose all or part of their investment. Prospective investors should review the risks with their legal and financial advisors and should consider, in addition to the matters set forth elsewhere in this AIF, the following risks. An investment in the securities of the Corporation 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.

An investment in Novus should be considered speculative due to the nature of its activities and the present stage of its development. Investors should carefully consider the risk factors set forth below.

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

An investment in the Common Shares is speculative due to the nature of Novus' involvement in the exploration, development and production of oil and natural gas and Novus' stage of development. Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by Novus will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the

hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of Novus depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that Novus will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Novus may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. Novus will have limited reserves and producing oil and gas properties.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues 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 close 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. In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

#### *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 are continuing in 2009, 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. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

#### *Failure to Obtain Necessary Approvals for Completion of the Ammonite Arrangement*

Completion of the Ammonite Arrangement is subject to the approval of the Court and receipt of all necessary regulatory and securityholder approvals. The failure to obtain any such approvals will prevent Novus from completing the Ammonite Arrangement and may have a material adverse effect on the business and affairs of Novus or the trading price of the Common Shares.

#### *Industry and Environmental Matters*

The petroleum industry is competitive in all its phases. Novus will compete with numerous other participants in the search for and the acquisition of oil and natural gas properties and in the marketing of oil and natural gas. Its competitors will include companies which have greater financial resources, staff and facilities than those of Novus. Novus' ability to increase reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

The marketability of oil and natural gas acquired or discovered will be affected by numerous factors beyond the control of Novus. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of natural gas pipelines and processing equipment and government regulation. 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. Novus' oil and natural gas operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment.

#### *Volatility of Commodity Prices and Markets*

Oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of Novus' net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of Novus' reserves. Novus might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Novus' net production revenue causing a reduction in its acquisition and development activities. In addition, bank borrowings available to Novus will in part be determined by Novus' borrowing base. A sustained material decline in prices from historical average prices could further reduce such borrowing base, therefore reducing the bank credit available and could require that a portion of its bank debt be repaid.

From time to time Novus 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, Novus will not benefit from such increases.

#### *Price Volatility of Publicly Traded Securities*

In recent years, the securities markets in Canada and the U.S. have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of the respective companies.

#### *Possible Failure to Realize Anticipated Benefits of the Ammonite Arrangement*

Ammonite and Novus are proposing to complete the Ammonite Arrangement to strengthen the position of Novus in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of the Ammonite Arrangement depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Novus' ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Novus. The integration requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect Novus' ability to achieve the anticipated benefits of the Ammonite Arrangement.

#### *Operational Risks*

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts and cratering, each of which could result in substantial damage to wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, Novus will not be fully insured against all of these risks, nor are all such risks insurable. Although Novus will maintain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event Novus could incur significant costs that could have a materially adverse effect upon its financial condition. Oil and natural gas production operations are

also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment 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 Novus and may delay exploration and development activities. To the extent Novus is not the operator of its properties, Novus will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

#### *Dilution*

Novus may make future acquisitions or enter into financings or other transactions involving the issuance of securities of Novus which may be dilutive, such as the Ammonite Arrangement and/or the Novus Financing. If the Novus Financing is completed, and if certain conditions are met, including the completion of the Ammonite Arrangement, the issuance of Common Shares upon the exercise of Subscription Receipts will have a dilutive effect upon the existing holders of Common Shares. Further, in the event that the Novus Financing is completed and the Ammonite Arrangement is completed, but Novus does not obtain a Receipt by December 31, 2009, the issuance of the Novus Liquidity Entitlements will have a dilutive effect upon holders of Common Shares, including Ammonite Shareholders who acquire Common Shares pursuant to the Ammonite Arrangement.

#### *Reliance on Key Personnel*

The success of Novus is dependent on the services of its directors, officers and key employees. The experience of these individuals would be a factor contributing to Novus' continued success and growth. The ability of Novus to conduct its operations is also highly dependent on the availability of skilled workers. Novus does not have any key man insurance policies in effect, and therefore there would be a risk that the death or departure of any member of management or any key employee would have a material adverse effect on Novus. Investors who are not prepared to rely on the management of Novus should not invest in securities of Novus.

#### *Project Risks*

Novus manages 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. Novus' ability to execute projects and market oil and natural gas depends upon numerous factors beyond Novus' 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, Novus may 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.

#### *Reserve Estimates*

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived therefrom, including many factors beyond the control of Novus. The reserve and cash flow information set forth herein represent estimates only. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of Novus. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. These evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

#### *Reserve Replacement*

Novus' future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves Novus may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in reserves will depend not only on Novus' ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Novus' future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

#### *Permits and Licenses*

The operations of Novus may require licenses and permits from various governmental authorities. There can be no assurance that Novus will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

#### *Title to Properties*

Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells as determined appropriate by management, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat a claim of Novus which could result in a reduction of the revenue received by Novus.

#### *Substantial Capital Requirements*

Novus may have to make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If revenues or reserves decline, Novus may have limited ability to expend the capital necessary to undertake or complete future drilling programs. 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 Novus. Moreover, future activities may require Novus to alter its capitalization significantly. The inability of Novus to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

### *Third Party Credit Risk*

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

### *Issuance of Debt*

From time to time Novus may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. Novus may also incur debt for general corporate purposes. Novus' articles and by-laws do not limit the amount of indebtedness it may incur. The level of Novus' indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

### *Environmental Regulation*

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 Novus to incur costs to remedy such discharge. Although Novus 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 Novus' business, financial condition, results of operations and prospects. 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. Implementation of strategies for reducing greenhouse gases whether to meet the limits required by the Kyoto Protocol or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of Novus. 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 Novus and its operations and financial condition. See "*Industry Conditions Environmental Regulation*".

Additionally, 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". Novus' exploration and production facilities and other operations and activities emit greenhouse gases which will require Novus to comply with the new regulatory framework announced on March 10, 2008 by the Federal Government of Canada which is intended to force large industries to reduce emissions of greenhouse gases, in addition to the proposed *Clean Air Act* (Canada) of 2006 and Alberta's enacted *Climate Change and Emissions Management Act* and *Specified Gas Emitters Regulation*. The direct or indirect costs of these regulations may have a material adverse effect on Novus' business, financial condition, results of operations and prospects. See "*Industry Conditions – Environmental Regulation*".

### *Abandonment and Reclamation Costs*

Novus will be responsible for compliance with terms and conditions of environmental and regulatory approvals and all laws and regulations regarding abandonment and reclamation in respect of its properties, which abandonment and

reclamation costs may be substantial. A breach of such legislation or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made.

#### *Aboriginal Claims*

Aboriginal peoples have claimed aboriginal title and rights to resources and various properties in western Canada. Such claims, in relation to any of Novus' lands, if successful, could have an adverse effect on its operations.

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

Oil and natural gas exploration, exploitation, development and production activities are dependent on the availability of drilling and related equipment 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 Novus and may delay exploration, exploitation, development and production activities.

#### *Dividends*

Novus has not paid any dividends and is unlikely to pay dividends in the immediate or foreseeable future. The future payment of dividends on the Common Shares will be dependent upon the financial requirements of Novus to finance future growth, the financial condition of Novus and other factors which the board of directors of Novus may consider appropriate in the circumstances.

#### *Conflicts of Interest*

There are potential conflicts of interest to which the directors and officers of Novus may be subject in connection with the operations of Novus. Some of the directors and officers of Novus may be, or may become, engaged in other ventures in the oil and gas industry in which Novus would not have an interest, and situations might arise where proposed directors and officers of Novus would be in direct conflict with Novus. Conflicts of interest would be subject to procedures under the applicable corporate laws.

#### *Management of Growth*

Novus may be subject to growth-related risks, capacity constraints and pressure on its internal systems and controls, particularly given the early stage of Novus' development. The ability of Novus 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 to deal with this growth could have a material adverse impact on its business, operations and prospects.

#### *Foreign Currency Exposure*

From time to time Novus may enter into agreements to fix the exchange rate of Canadian to U.S. dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the U.S. dollar or the risk of increased repayments on U.S. dollar denominated debt if the Canadian dollar declines in value compared to the U.S. dollar; however, if the Canadian dollar declines in value compared to the U.S. dollar, it will not benefit from the fluctuating exchange rate.

#### *Technology Risk*

Novus will rely on information technology to manage its day to day operations and perform reporting obligations including the preparation of financial statements, reporting to joint partners, and various governments in relation to payment of royalties and taxes.

*Possible Failure to Realize Anticipated Benefits of Future Acquisitions*

Novus may complete acquisitions to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Novus' ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect Novus' ability to achieve the anticipated benefits of these and future acquisitions.

*The New Alberta Royalty Regime may Adversely Impact Novus and its Operations and Reserves*

In December 2008, the Government of Alberta passed into law a "New Royalty Framework", effective January 1, 2009. The Government of Alberta has offered oil and gas producers a one-time option to select, for a five year period, transitional royalty rates as an alternative to the new royalty framework in respect of certain new wells spud on or after November 19, 2008. Additionally, on March 3, 2009, the Government of Alberta announced a short-term incentive program to encourage the drilling of new wells over the next twelve months, which includes lower initial royalty rates and certain royalty credits. Given that Novus has not yet completed a fiscal period operating under the New Royalty Framework and the fact that the New Royalty Framework is sensitive to commodity price and production levels, it is not possible at this time to determine the full impact of the New Royalty Framework (including the transitional royalty rates and short-term incentives) on Novus' financial condition and operations. Any adverse impact on Novus from the New Royalty Framework will be particularly felt in periods of high to mid-level commodity prices. Novus' reserves and the future net revenue associated therewith as contained in the reserves reports of Novus do not reflect the revised royalty rates contemplated by the New Royalty Framework and, after taking the New Royalty Framework into account, such values may be adversely affected. See "*Industry Conditions – Royalties and Incentives – (ii) Alberta*" for further information.

**CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

Other than as set forth below, no director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, within 10 years before the date of this Annual Information Form, has been a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Knutson was a director of Donner Petroleum Ltd. ("**Donner**") from August 2005 to November 2006. Due to delays in receiving approval from Donner's auditors with respect to its audited financial statements and related management's discussion and analysis for the year ended February 28, 2006 (the "**Donner Annual Financials**"), each of the Ontario Securities Commission (the "**OSC**") and the British Columbia Securities Commission (the

"BCSC"), on July 13, 2006 and July 17, 2006, respectively, issued a cease trade order against Donner for failure to file financial statements. The Donner Annual Financials were subsequently filed and the cease trade orders were revoked by the OSC on August 1, 2006 and by the BCSC on October 17, 2006.

Mr. Knutson has been a director of Canadian Phoenix Resources Corp. ("**Canadian Phoenix**") since November 18, 2008. Canadian Phoenix was issued a Management Cease Trade Order ("**MCTO**") by the Alberta Securities Commission (the "**ASC**") and by the BCSC on December 3, 2008 for failure to file financial statements due to complications associated with accounting for three acquisitions completed by Canadian Phoenix during the three month period ended September 30, 2008. The MCTO expired on December 17, 2008, following the filing of the financial statements on December 15, 2008.

Mr. Knutson and Mr. Kroontje were both directors of Kasten Chase Applied Research Limited ("**Kasten**") during the time in which the company was subject to cease trade orders from the ASC, the BCSC, the Manitoba Securities Commission, the OSC and the Autorité Des Marchés Financiers for failure to file its unaudited financial statements for the periods ending June 30, 2006 and September 30, 2006. Mr. Knutson and Mr. Kroontje were both appointed as directors of Kasten on February 19, 2007 in order to seek restructuring alternatives for Kasten and were not involved with the failure to file the required interim financial statements and corresponding cease trade orders. The cease trade orders were subsequently revoked in March 2008.

### **PERSONAL BANKRUPTCIES**

No director, officer or shareholder holding a sufficient number of securities of Novus to affect materially the control of Novus has within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was 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 such person.

### **PENALTIES OR SANCTIONS**

No director, officer or shareholder holding a sufficient number of securities of Novus to affect materially the control of Novus has been subject to:

- (a) 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
- (b) 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.

### **CONFLICTS OF INTEREST**

Certain directors and officers of Novus and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with Novus are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of Novus. Some of the directors of Novus have either other employment or other business or time restrictions placed on them and accordingly, these directors of Novus will only be able to devote part of their time to the affairs of Novus. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of Novus. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings material to Novus to which Novus is a party or of which any of its property is the subject and there are no such proceedings known to Novus to be contemplated. There are no penalties or sanctions imposed against Novus by a court relating to securities legislation or by a securities regulatory authority during the financial year ended September 30, 2008 that are material to Novus to which Novus is a party or of which any of its property is the subject matter, and there are no such proceedings known to Novus to be contemplated.

## **MATERIAL CONTRACTS**

The only material contracts entered into by Novus within the most recently completed financial year, or before the most recently completed financial year but which are still in effect, other than contracts entered into in the ordinary course of business, are the G2 Arrangement Agreement and the Ammonite Arrangement Agreement.

## **INTERESTS OF EXPERTS**

Collins Barrow Calgary LLP have been the auditors of Novus since June 11, 2009 and are independent within the meaning of the rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. KPMG LLP were the auditors of Novus for the year ended September 30, 2008, and were independent within the meaning of the rules of Professional Conduct of the Institute of Chartered Accountants of Alberta during the period in which they acted as auditors of Novus.

Certain legal matters in connection with the Ammonite Arrangement will be passed upon on behalf of Novus by Blake, Cassels & Graydon LLP. As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group, own directly or indirectly, less than 1% of the outstanding Common Shares.

Certain information relating to Novus' reserves has been prepared by GLJ. As of the date hereof, none of the partners of GLJ beneficially own, directly or indirectly, any of the outstanding Common Shares.

## **ADDITIONAL INFORMATION**

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of Novus' securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Management Information Circular of Novus prepared in connection with the most recent annual meeting of shareholders of Novus that involved the election of directors. Additional financial information is provided in Novus' financial statements and management discussion and analysis for Novus' financial year ended September 30, 2008. Additional information, including copies of the Information Circular, Novus' financial statements and management discussion and analysis for Novus' financial year ended September 30, 2008 and any subsequent interim financial statements of Novus, all of which can be accessed under Novus' profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## SCHEDULE A

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### Audit Committee Charter

#### *Overall Role and Responsibility*

The Audit Committee shall:

**1.1 assist the Board of Directors in its oversight role with respect to:**

- (a) the quality and integrity of financial information;
- (b) the independent auditor's performance, qualifications and independence;
- (c) the performance of Novus' internal audit function, if applicable; and
- (d) Novus' compliance with legal and regulatory requirements and

**1.2 prepare such reports of the Audit Committee required to be included in the information/proxy circular of Novus in accordance with applicable laws or the rules of applicable securities regulatory authorities.**

#### *Membership and Meetings*

The Audit Committee shall consist of three or more Directors appointed by the Board of Directors, the majority of whom shall not be officers or employees of Novus or any of Novus' affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing Novus, and applicable securities regulatory authorities.

The Board of Directors shall designate one member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment. The Board of Directors shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

#### *Structure and Operations*

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

#### *Specific Duties*

##### *Oversight of the Independent Auditor*

- Make recommendations to the board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor)

regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with Novus, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted nonaudit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of Novus to be included in Novus' annual information/proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every 5 years).

#### *Financial Reporting*

- Review and discuss with management and the independent auditor:
  - prior to the annual audit the scope, planning and staffing of the annual audit,
  - the annual audited financial statements,
  - Novus' annual and quarterly disclosures made in management's discussion and analysis,
  - approve any reports for inclusion in Novus' Annual Report, as required by applicable legislation,
  - Novus' quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards,
  - significant financial reporting issues and judgments made in connection with the preparation of Novus' financial statements,
  - any significant changes in Novus' selection or application of accounting principles,
  - any major issues as to the adequacy of Novus' internal controls and any special steps adopted in light of material control deficiencies, and
  - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

#### *Audit Committee's Role*

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring Novus' financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws.

The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of Novus in accordance with Canadian generally accepted accounting principles.

#### *Funding for the Independent Auditor and Retention of Other Independent Advisors*

Novus shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by Novus.

#### *Approval of Audit and Remitted Non-Audit Services Provided by External Auditors*

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to Novus or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The CFO shall act as the primary contact to receive and assess any proposed engagements from the External Auditor. Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted nonaudit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

#### *Audit Committee "Whistle-Blower" Procedures Policy*

##### MI 52-110 Requirement

Pursuant to Multilateral Instrument 52-110, Novus' Audit Committee is required to establish procedures for:

- (a) the receipt, retention, and treatment of complaints received by Novus regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of Novus of concerns regarding questionable accounting or auditing matters.

This procedures policy is designed to achieve this purpose.

##### Novus' Procedure

Employees having concerns regarding questionable accounting or auditing matters are encouraged to submit such concerns (the "**Accounting Related Complaint**") to the Chair of Novus' Audit Committee.

Any employee who wishes to make an Accounting Related Complaint may do so anonymously or in confidence by directing such Accounting Related Complaint in writing directly to the Chair of the Audit Committee. Delivery may be made directly to the Chairman or to the Chairman care of Novus and marked personal and confidential.

Upon receiving an Accounting Related Complaint, the Chair of the Audit Committee will, depending upon the apparent urgency of the matter, call a meeting of the Audit Committee or add the Accounting Related Complaint to the agenda for consideration at the next regularly scheduled meeting of the Audit Committee.

The Audit Committee shall review and discuss, on a preliminary basis, the nature of the Accounting Related Complaint and the accounting, internal accounting controls or auditing matters that are called into question. In conducting this review, the Audit Committee will hold an in camera session, and then may request the attendance, at its discretion, of the Chief Executive Officer, the Chief Financial Officer, Novus' auditor and/or the person making the Accounting Related Complaint (if known and if such person is amenable) and/or such other persons as it deems necessary. The purpose of the meeting and the nature of the Accounting Related Complaint shall have been communicated to all such attendees by notice prior to the meeting.

If the Audit Committee is satisfied upon a preliminary review that the Accounting Related Complaint has merit, the Audit Committee shall authorize the Chair of the Audit Committee to retain and consult with an appropriately qualified: (1) law firm; and (2) a registered public accounting firm, within the meaning of applicable securities legislation, other than the independent auditor, in order to review the Accounting Related Complaint.

Following the conclusion of its inquiries, the Audit Committee shall meet to determine the merit of the Accounting Related Complaint. Minutes of such meeting shall be kept in the normal course in order to ensure a record of the nature and treatment of the Accounting Related Complaint. Upon reaching such determination, the Audit Committee will communicate its findings and recommendations to the Board. The Board shall consider and implement such recommendations, as it deems advisable, to rectify any deficiencies identified in the Accounting Related Complaint and shall communicate same to management.

The Audit Committee shall ensure that confidentiality will be maintained throughout the investigatory process to the extent practicable and appropriate under the circumstances; and the person who makes the Accounting Related Complaint (if known) shall receive a written summary of the final determination.

The Audit Committee shall retain all documentation regarding the Accounting Related Complaint, its preliminary review, any investigation, determination and implementation of recommendations for a period of no less than ten (10) years.

#### Administration

Novus, through the Chief Executive Officer shall be responsible for the dissemination of this Policy to all Employees.

#### No Retaliation

Novus will not allow or pursue retaliation of any kind in respect of an Accounting Related Complaint, or for assistance or information provided to applicable authorities in connection with an investigation of breaches of applicable securities law, where such are made or provided in good faith. In addition, no employee may be adversely affected because the employee refused to carry out a directive which, in fact, constitutes corporate fraud, is a violation of this Procedure, a violation of the law or presents a substantial and specific danger to the public's health and safety. Any retaliatory action should immediately be reported to the Chairman or any other member of the Board.