



**VALENER INC.**

**DIVIDEND REINVESTMENT PLAN**

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**Valener Inc.**  
**Dividend Reinvestment Plan**

**SUMMARY**

*The dividend reinvestment plan document which follows this summary provides detailed information about the Valener Inc. (the “Company”) Dividend Reinvestment Plan (the “Plan”). Holders of common shares of the Company (“Shares”) should read the entire document carefully before making an enrollment decision. Subject to limited exceptions, only residents of Canada may participate in the Plan.*

Our Dividend Reinvestment Plan helps you increase your investment in Shares by offering you **convenience**:

- Dividends are reinvested automatically
- Your investment in Shares is administered for you

and attractive cost **savings**:

- Share price discount up to 5%
- No brokerage commissions to purchase Shares
- No administration fee

**Dividend Reinvestment**

You may choose to have your dividends reinvested in Shares at the prevailing market price, as set out in more detail in the Plan. You may enroll some or all of the Shares you own in the Plan. All dividends paid on Shares enrolled in the Plan will be reinvested.

**Who may participate?**

All holders of Shares resident of Canada may participate in the Plan. A holder of Shares that is not a resident of Canada may participate if the holder provides evidence satisfactory to the Company and the Transfer Agent that its participation will not violate any applicable securities laws.

**Shares distributed under the Plan**

The Company’s Shares which are distributed under the Plan may, at the election of the Company, be either newly issued from treasury or purchased on the open market. Any share price discount applicable under the Plan to the Company’s Shares, when issued from treasury and at the discretion of the Company, will be up to 5%. The applicable discount, as established by the Company from time to time, will be announced by way of press release.

**No brokerage commissions or administration fee**

You will not pay any brokerage commissions or administration fee for Share purchases or withdrawals under the Plan. All costs associated with the administration of the Plan will be paid by the Company.

**Questions?**

We welcome any questions you may have about our Dividend Reinvestment Plan, whether you are thinking of becoming a Participant or are already one. You can contact the transfer agent, AST Trust Company (Canada), at 1-800-387-0825.

**Valener Inc.**  
**Dividend Reinvestment Plan**

*Note: Capitalized terms used in this document are explained in the Definitions section below and all monetary amounts are stated in Canadian currency.*

**OVERVIEW**

The Dividend Reinvestment Plan offered by Valener Inc. provides a convenient way for shareholders to increase their investment in the Company in a cost effective manner. Following enrollment, shareholders acquire common shares of the Company through the reinvestment of the cash dividends paid on their Shares which have been enrolled in the Plan.

**DEFINITIONS**

In the Plan, the following terms have the meanings indicated:

**“Beneficial Participant”** means a Beneficial Shareholder that participates in the Plan.

**“Beneficial Shareholder”** means a shareholder who’s Shares are held on his/her behalf by a securities broker, dealer, bank, trust company or other financial institution.

**“Business Day”** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Montréal, in the Province of Québec, and in the City of Toronto, in the Province of Ontario, for the transaction of banking business.

**“CDS”** means the Canadian Depository for Securities Limited or its successor.

**“CDS Participants”** means securities brokers and dealers, banks, trust companies and others that own or control CDS.

**“Company”** means Valener Inc.

**“Dividend Payment Dates”** are the dates dividends are paid on Shares - generally on or about the 15<sup>th</sup> day of the month following the Dividend Record Dates.

**“Dividend Record Dates”** are the dates for determination of shareholders entitled to receive dividends to be paid on Shares - generally on the last Business Day of March, June, September and December in each fiscal year, or as otherwise determined by the board of directors of the Company.

**“Participant”** means a holder of Shares who has enrolled in the Plan.

**“Participant’s Shares”** means all Shares which the Participant has elected to enroll in the Plan, and all Shares held under the Plan.

**“Plan”** means the Dividend Reinvestment Plan offered by the Company.

“**Registered Shareholder**” means a shareholder whose name appears on the physical share certificate representing his/her Shares.

“**Shares**” means common shares of the Company.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Transfer Agent**” means AST Trust Company (Canada).

“**Weighted Average Price**” means the weighted average of the trading prices of Shares on the Toronto Stock Exchange for the five trading days immediately preceding the relevant Dividend Payment Date.

## **ELIGIBILITY**

All holders of Shares resident of Canada may participate in the Plan. A holder of Shares that is not a resident of Canada may participate if the holder provides evidence satisfactory to the Company and the Transfer Agent that its participation will not violate any applicable securities laws.

The Company currently does not intend to take any steps, make any filings or seek any approvals, permits, consents or authorizations in connection with the operation of the Plan in any jurisdiction other than Canada.

## **ENROLLMENT**

The enrollment process is different depending on whether the person enrolling in the Plan is a Registered Shareholder or a Beneficial Shareholder.

A person is a Registered Shareholder if his/her name appears on the physical share certificate representing his/her Shares.

A Beneficial Shareholder is a person whose Shares are held on his/her behalf by a securities broker, dealer, bank, trust company or other financial institution. Shares held on behalf of a Beneficial Shareholder are generally registered in the name of CDS. CDS is a “clearing corporation” owned or controlled by securities brokers and dealers, banks, trust companies and others who are its participants. CDS holds securities for CDS Participants and facilitates the clearance and settlement of securities transactions between CDS Participants through electronic book-entries, thereby eliminating the need for physical movement of certificates.

### **How to enroll – Registered Shareholders**

Registered Shareholders may participate in the Plan by contacting the Transfer Agent and completing the necessary enrollment form. The Shares will be enrolled as of the next Dividend Record Date, provided the Transfer Agent receives the completed enrollment form at least 5 Business Days before that date.

## **How to enroll – Beneficial Shareholders**

Beneficial Shareholders who desire to participate in the Plan may do so only through their CDS Participant. Beneficial Shareholders may participate in the Plan by contacting their CDS Participant and instructing such person to take all actions necessary to permit the Beneficial Shareholders to participate in the Plan.

## **Continuing Participation**

Shares will be registered in the name of each Participant as it appears on the Company's register of shareholders. Shares purchased under the Plan for Beneficial Participants shall be registered in the name of CDS and not the name of the Beneficial Participant. Beneficial Shareholders who participate in the Plan through their CDS Participant will not be recognized by the Company or the Transfer Agent as Participants. Beneficial Shareholders can exercise the rights of a Participant but only through their CDS Participant.

Shares purchased by the Transfer Agent will be allocated to Participants, and, in the case of Beneficial Participants, to CDS. Participants (or CDS as the case may be) will be credited with the applicable number of purchased Shares, including fractions, computed to three decimal places.

The accounts of CDS Participants will be credited by CDS with Shares purchased under the Plan in accordance with the rules and regulations of CDS. CDS Participants will in turn credit the account of each Beneficial Participant with the Shares credited to the CDS Participant by CDS in accordance with each CDS Participant's operating policies.

Once a Participant or Beneficial Participant has enrolled in the Plan, participation shall continue automatically unless terminated in accordance with the terms of the Plan or unless participation becomes unlawful under the laws governing the Company.

## **DIVIDEND REINVESTMENT**

### **Source of Shares Purchased**

On each Dividend Payment Date, the dividends payable on the Participant's Shares held as of the Dividend Record Date are paid by the Company to the Transfer Agent, on behalf of Participants. The Transfer Agent uses those funds to purchase Shares. The Shares are, at the election of the Company, either newly issued and purchased directly from the Company, or outstanding Shares purchased on the open market.

### **Price of Shares Purchased**

The price at which Shares will be acquired by the Transfer Agent on behalf of Participants with cash dividends on Shares held under the Plan will be:

- a) when Shares are newly issued from treasury and purchased directly from the Company, the Weighted Average Price, less any discount, if applicable.

- b) when Shares are purchased on the open market through the facilities of the Toronto Stock Exchange, the Transfer Agent will purchase such Shares during a ten Business Day period commencing on the Dividend Payment Date. The unused part, if any, of the cash dividends on Shares held under the Plan and attributable to the Participants will be used to purchase from the Company newly issued Shares from treasury at the Weighted Average Price.

The Company may, in its sole discretion, determine that when the Shares to be purchased are to be newly issued from treasury and purchased directly from the Company, the price for such shares may reflect a discount from the Weighted Average Price of up to 5%, as determined by the Company from time to time. The Company will announce by way of press release whether Shares purchased through the Plan will be purchased on the open market or be newly issued from treasury, and the applicable discount, if any.

### **Dividends**

Dividends on all of the Participant's Shares, which are enrolled in the Plan, including Shares acquired subsequently through dividend reinvestment, are reinvested under the Plan. Participants' accounts under the Plan will be credited with whole or fractional Shares, as applicable. Fractional Shares are computed to three decimal places.

### **SHARES**

The securities to be purchased or distributed under the Plan are Shares. Holders of Shares are entitled to receive dividends on Shares held as of the Dividend Record Date, subject to the preference of the holders of any shares ranking in priority to the Shares, as applicable, with respect to the payment of dividends.

### **FEES**

There are no brokerage commissions or administration fee payable by Participants with respect to the purchase, receipt or administration of Shares under the Plan. All such costs, including the Transfer Agent's fees and expenses, are paid by the Company.

Beneficial Participants who wish to participate in the Plan should consult their CDS Participant to confirm whether such nominee charges any fees in connection with their participation in the Plan.

### **ACCOUNT STATEMENTS**

An account will be maintained by the Transfer Agent for each Participant in the Plan. A statement will be mailed to each Participant at least quarterly. These statements will be the continuing record of purchases made and Shares issued under the Plan. In addition, the Transfer Agent will annually send to each Participant the required and appropriate information for tax reporting purposes.

Beneficial Participants should consult the CDS Participant who holds their Shares to confirm what statements or reports, if any, will be provided by such nominee, whether for tax reporting purposes or otherwise.

Each Participant is responsible for calculating and monitoring its own adjusted cost base in Shares for purposes of the Tax Act, as certain averaging and other rules may apply and such calculations may depend on the cost of other Shares held by the Participant and other factors.

## **CERTIFICATES**

Certificates for Shares held under the Plan will not be issued to Participants unless Shares are withdrawn from the Plan or the Plan is terminated.

## **WITHDRAWALS**

A Participant other than a Beneficial Participant may withdraw whole Shares from his/her account under the Plan by contacting the Transfer Agent. Unless the Transfer Agent receives other instructions, a certificate registered in the name of the Participant will be forwarded to the Participant at the address recorded on the Plan account. If notice of withdrawal is received by the Transfer Agent at least five (5) Business Days prior to a Dividend Record Date, withdrawal will have effect for the corresponding Dividend Payment Date. If notice of withdrawal is received less than five (5) Business Days before the Dividend Record Date, the dividends made on the corresponding Dividend Payment Date will be invested in Shares and the withdrawal will be effective only after the Dividend Payment Date.

Beneficial Participants should contact their CDS Participant if they wish to withdraw whole Shares from their account under the Plan.

## **NO PLEDGE**

Shares held under the Plan may not be pledged, hypothecated, assigned or otherwise disposed of or transferred. Participants who wish to pledge, hypothecate, assign, dispose of or otherwise transfer their Shares must withdraw such Shares from the Plan prior to such pledge, hypothecation, assignment, disposal or transfer.

## **RIGHTS OFFERINGS**

If the Company issues rights to its holders of Shares to subscribe for additional Shares or other securities, then rights certificates in respect of whole rights will be issued by the Company to each Participant in respect of the whole Share held for the Participant under the Plan on the record date for the rights issue.

## **SHARE SPLITS AND SHARE DIVIDENDS**

If Shares are distributed pursuant to a Share split or Share dividend on Shares, such Shares received by the Transfer Agent for Participants in respect of the Shares held for Participants' accounts under the Plan will be retained by the Transfer Agent and credited proportionately to the accounts of the Participants in the Plan.

## **VOTING**

Shares enrolled under the Plan on the record date for a vote of shareholders may be voted in the same manner as any other Shares. No voting rights are attached to fractional Shares.

## **TRANSFER AGENT**

### **Administration of the Plan**

The Company may appoint a Transfer Agent to administer the Plan on behalf of the Company and the Participants pursuant to an agreement between the Company and the Transfer Agent which may be terminated by the Company or the Transfer Agent in accordance with its terms.

### **Dealing in Company Securities**

The Transfer Agent or its affiliates may, from time to time, for their own account or on behalf of accounts managed by them, deal in securities of the Company and will not be liable to account to the Company or to Participants in respect of such dealings.

### **Adherence to Regulation**

The Transfer Agent is required to comply with applicable laws, orders or regulations of any governmental authority which impose on the Transfer Agent a duty to take or refrain from taking any action under the Plan and to permit any properly authorized person to have access to and to examine and make copies of any records relating to the Plan.

### **Resignation of the Transfer Agent**

The Transfer Agent may resign as Transfer Agent under the Plan in accordance with the agreement between the Company and the Transfer Agent, in which case the Company will appoint another agent as the Transfer Agent.

## **LIABILITIES OF THE COMPANY AND THE TRANSFER AGENT**

Neither the Company nor the Transfer Agent will be liable to any Participant, CDS, any CDS Participant or any other nominee acting on behalf of a Participant in respect of the Plan for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims or liability with respect to or arising out of:

- a) any failure by CDS, a CDS Participant or any other nominee to enroll or not enroll Shares in the Plan in accordance with the instructions of a Participant or to not otherwise act upon a Participant's instructions;
- b) the prices and times at which Shares are purchased under the Plan for the account of, or on behalf of, CDS or a Participant;
- c) any decision by the Company to issue or not issue new equity through the Plan on any given Dividend Payment Date, or the amount of equity issued (if any);

- d) any decision to amend or terminate the Plan in accordance with the terms hereof;
- e) any determination made by the Company or the Transfer Agent regarding a Participant's eligibility to participate in the Plan or any component thereof, including the cancellation of a Participant's participation for failure to satisfy eligibility requirements; or
- f) any income taxes or other liabilities payable by a Participant in connection with his/her participation in the Plan.

**Neither the Company nor the Transfer Agent can assure a Participant a profit or protect a Participant against a loss on Shares purchased for his/her benefit under the Plan.**

The Transfer Agent retains the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Transfer Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist law, regulation or policy or any other law, regulation or policy to which the Transfer Agent is now or hereafter becomes subject.

## **TERMINATION OF PARTICIPATION IN THE PLAN**

### **Termination by Participant**

Upon ceasing to be a resident of Canada, or a resident of a jurisdiction for which the holder has provided evidence satisfactory to the Company and the Transfer Agent that its participation will not violate any applicable securities laws, such Participant shall forthwith notify the Transfer Agent who shall terminate participation in the Plan with respect to such Participant's Shares.

Upon ceasing to be a resident of Canada, or a resident of a jurisdiction for which the holder has provided evidence satisfactory to the Company and the Transfer Agent that its participation will not violate any applicable securities laws, such Beneficial Participant shall forthwith notify its CDS Participant who shall in turn notify CDS who shall terminate participation in the Plan with respect to such Beneficial Participant's Shares.

Participation in the Plan:

- (a) may be terminated by a Participant, at any time as provided below, or by CDS on behalf of a Participant; and
- (b) will be terminated automatically upon receipt by the Transfer Agent of a written notice of the non-resident status or death of a Participant.

A Participant who is not a Beneficial Participant who wishes to terminate participation in the Plan may do so by providing written notice to the Transfer Agent. If notice of termination is received by the Transfer Agent at least five (5) Business Days prior to a Dividend Record Date, termination will have effect for the corresponding Dividend Payment Date. If notice of termination is received less than five (5) Business Days before the Dividend Record Date, the dividends made on the corresponding Dividend Payment Date will be invested in Shares and the termination will be effective only after the Dividend Payment Date.

Upon termination, a Participant who is not a Beneficial Participant may request that all whole Shares held be sold, on the Participant's behalf. Such sale will be made through a broker designated by the Transfer Agent, as soon as practicable following receipt by the Transfer Agent of such notice. The proceeds of such sale, less brokerage commissions which are paid by the Participant, will be remitted by the Transfer Agent to the Participant.

A Participant who is a Beneficial Participant who wishes to terminate participation in the Plan should contact his/her CDS Participant.

### **Termination by the Company**

The Company reserves the right to terminate a Participant's participation:

- (a) with prior written notice where the Participant is not resident of Canada, or a resident of a jurisdiction for which the Participant has provided evidence satisfactory to the Company and the Transfer Agent that its participation will not violate any applicable securities laws; or
- (b) without prior notice where such Participant, in the sole discretion of the Company, has been engaging in market activities, or has been artificially accumulating securities of the Company, for the purpose of taking undue advantage of the Plan to the detriment of the Company or its shareholders.

### **Automatic Termination**

Participation in the Plan will automatically terminate upon the withdrawal or disposition of all of a Participant's Shares.

### **What happens upon termination?**

If the Participant is not a Beneficial Participant, the Participant will receive a certificate for whole Shares held for the Participant's account and will be compensated by the Transfer Agent for any fractional Shares in an amount proportionate to the closing price of the Shares on the Toronto Stock Exchange on the trading day prior to the effective date of termination. Unless the Transfer Agent receives other instructions, a certificate registered in the name of the Participant will be forwarded to the Participant at the address recorded on the Plan account.

A Beneficial Participant who has terminated participation in the Plan will be credited with, or compensated for, whole Shares and any fractional Shares held by his or her CDS Participant in accordance with the operating policies of such CDS Participant.

### **AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN**

The Company reserves the right to amend, suspend or terminate the Plan at any time, but such actions shall have no retroactive effect that would prejudice the then-existing interests of the Participants. All amendments to the Plan must be pre-cleared by the Toronto Stock Exchange. All affected Participants will be sent written notice of any amendment to or suspension or termination of the Plan (to the extent possible, Participants will be sent written notice in advance of any such amendment, suspension or termination).

## **Suspension**

In the event of suspension of the Plan, no dividend reinvestments will be made under the Plan from and including the effective date of such suspension. Any dividends received on or after the effective date of suspension will be sent to the Participants in cash.

## **RULES**

The Company and the Transfer Agent may make rules and regulations to facilitate the administration of the Plan and reserves the right to regulate and interpret the Plan text as the Company deems necessary or desirable. The Company may adopt rules and regulations concerning the establishment of Internet-based or other electronic mechanisms with respect to the enrollment in the Plan, the communication of information concerning the Plan to the Participants and any other aspects of the Plan.

## **MISCELLANEOUS**

### **Assignment**

A holder of Shares may not assign the holder's right to participate in the Plan.

### **Electronic Communications**

References in the Plan to the delivery of instructions, notices or other documents in writing will be deemed to include, subject to the adoption of rules or regulations by the Company, delivery by electronic means, including the Internet.

### **Governing Law**

The Plan will be governed by and construed in accordance with the laws of Quebec and the laws of Canada applicable therein.

## **CONTACT INFORMATION**

*Inquiries to the Transfer Agent may be directed to:*

AST Trust Company (Canada)  
Attention: DRIP Department  
P.O. Box 4229  
Station A  
Toronto, Ontario M5W 0G1  
Tel: 1-800-387-0825  
Fax: 1-888-488-1416  
E-mail: [inquiries@astfinancial.com](mailto:inquiries@astfinancial.com)  
On the Web: [www.astfinancial.com/ca](http://www.astfinancial.com/ca)

***Inquiries to the Company may be directed to:***

Valener Inc.  
Attention: Investor Relations Service  
1717 du Havre  
Montréal, Québec H2K 2X3  
Tel: 514-598-3039  
Fax: 514-521-8168  
E-mail: [investors@valener.com](mailto:investors@valener.com)

**EFFECTIVE DATE OF THIS PLAN**

The effective date of this Plan is October 1, 2010.

**QUESTIONS**

Questions relating to this Plan should be directed to the Transfer Agent at 1-800-387-0825.

**TAXES**

This summary is of a general nature only, is not exhaustive of all possible tax considerations and is not intended nor should it be construed to be legal or tax advice to any particular Participant. Participants are advised to consult their own tax advisors with respect to their particular circumstances.

**General Canadian Federal Income Tax Considerations**

The following is a summary of the principal Canadian federal income tax considerations generally applicable under the Plan to a Participant who, at all relevant times, for purposes of the application of the Tax Act and the regulations thereunder (the “Regulations”), is resident in Canada, deals at arm’s length and is not affiliated with the Company, holds Shares as capital property, and has cash dividends paid on Shares reinvested under the Plan. This summary is based on the current provisions of the Tax Act, the Regulations and all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”) and the current published administrative policies and assessing procedures of the Canada Revenue Agency. This summary assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not take into account or anticipate any other changes in law and does not take into account Canadian provincial or territorial income tax laws or those of any country other than Canada.

This summary does not apply to: (i) a Participant who is subject to the “mark-to-market” rules under the Tax Act applicable to certain “financial institutions”; (ii) a Participant, an interest in which is a “tax shelter investment”; or (iii) a Participant to whom the “functional currency” reporting rules apply (all as defined in the Tax Act).

Participants will be subject to tax under the Tax Act on all dividends which are reinvested in Shares in the same manner as they would have been if they had received the dividends from the

Company in cash. For example, in the case of a Participant who is an individual, such dividends will be subject to the normal gross-up and credit rules or, in the case of a Participant who is a private corporation or one of certain other corporations, a refundable tax will apply to the amount of the dividend. Other taxes could apply depending on the circumstances of the Participant.

The cost of Shares purchased on the reinvestment of dividends under the Plan will be the price paid by the Transfer Agent for the Shares. The cost of such Shares will be averaged with the adjusted cost base of all of the Shares a Participant holds as capital property for purposes of computing the adjusted cost base of a Share to the Participant pursuant to the averaging provisions contained in the Tax Act.

A disposition of Shares, whether by Participants directly or by the Transfer Agent, may give rise to a capital gain or capital loss. The payment of cash in settlement of a fraction of a Share on termination of participation in the Plan will constitute a disposition of such fraction of a Share for proceeds of disposition equal to the cash payment, which may give rise to a capital gain or capital loss.