

ADVANCE NOTICE BY-LAW NO 2

VALENER INC. («Valener»)

(Approved by the Board of Directors on August 9, 2013)

1. Except as otherwise provided by applicable law, the articles or the by-laws of Valener only persons who are nominated in accordance with the following procedures will be eligible for election as directors of Valener. Nominations of a person for election to the Board of Directors of Valener (the “**Board**”) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, as follows:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Canada Business Corporations Act* (the “**Act**”) or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person (a “**Nominating Shareholder**”) (i) who, at the close of business on the date of the giving of the notice provided for in section 2 hereof and on the record date for notice of such meeting, is entered in the securities register of Valener as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth below.

2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of Gaz Métro inc., in its capacity as general partner of Gaz Métro Limited Partnership acting as Manager of Valener (the “**Corporate Secretary**”), at the registered office of Valener in accordance with this by-law.

3. To be timely, a Nominating Shareholder’s notice to the Corporate Secretary of Valener must be made:

- (a) In the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the “**Notice Date**”) on which the first Public Announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth day following the Notice Date. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph 3(a);
- (b) In the case of a special meeting (other than an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than 5:00 p.m. (Eastern Time) on the fifteenth day following the day on which the first Public Announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph 3(b); and

- (c) In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in paragraph 3(a) or 3(b), as applicable.

4. To be in proper form, a Nominating Shareholder's notice to the Corporate Secretary of Valener must be given in writing and set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residential address of the person; (ii) the principal occupation or employment of the person; (iii) the class or series and number of shares of Valener which are, directly or indirectly, controlled or directed, or which are owned beneficially or of record, by the person as of the record date for the meeting of shareholders and as of the date of such notice; (iv) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such Nominating Shareholder and the beneficial owner, if any, and their respective affiliates and associates, or others acting jointly or in concert therewith, on the one hand, and such nominee, and his or her respective associates, or others acting jointly or in concert therewith, on the other hand; (v) a written consent of the nominee to act as a director of Valener, in the form provided by the Corporate Secretary of Valener; and (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act or Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made:
 - (i) the name and address of such Nominating Shareholder, as they appear on Valener's securities register, and of such beneficial owner, if any, and of their respective affiliates or associates or others acting jointly or in concert therewith;
 - (ii) (A) the class or series and number of shares of Valener which are, directly or indirectly, controlled or which are owned beneficially or of record by such Nominating Shareholder, such beneficial owner, if any, or any of their respective affiliates or associates or others acting jointly or in concert therewith; (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of Valener or with a value derived in whole or in part from the value of any class or series of shares of Valener, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of Valener, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of Valener, including, without limitation, due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of Valener, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of Valener, through the delivery of cash or other property or otherwise, and without regard to whether the shareholder of record, the beneficial owner, if any, or any

affiliates or associates or others acting jointly or in concert therewith may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of any class or series of shares of Valener (any of the foregoing, a “**Derivative Instrument**”) directly or indirectly owned beneficially or of record by such Nominating Shareholder, the beneficial owner, if any, or any affiliates or associates or others acting jointly or in concert therewith; (C) any proxy, contract, arrangement, understanding or relationship pursuant to which any such Nominating Shareholder or beneficial owner, if any, has a right to vote any class or series of shares of Valener; (D) any agreement, arrangement, understanding, relationship or otherwise, including, without limitation, any repurchase or similar so-called “stock borrowing” agreement or arrangement, involving such Nominating Shareholder or beneficial owner, if any, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of shares of Valener by, manage the risk of share price changes for, or increase or decrease the voting power of, such Nominating Shareholder or beneficial owner, if any, with respect to any class or series of shares of Valener, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of shares of Valener (any of the foregoing, a “**Short Interest**”); (E) any rights to dividends with respect to any class or series of shares of Valener owned beneficially by such Nominating Shareholder or beneficial owner, if any, that are separated or separable from the underlying shares of Valener; (F) any proportionate interest in any class or series of shares of Valener or any Derivative Instrument held, directly or indirectly, by a general or limited partnership in which any such Nominating Shareholder or beneficial owner, if any, is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership; (G) any performance-related fees (other than an asset-based fee) to which any such Nominating Shareholder or beneficial owner, if any, is entitled based on any increase or decrease in the value of any class or series of shares of Valener or any Derivative Instrument, including, without limitation, any such fee, to which the respective affiliates or associates of, or any person acting jointly or in concert with, the Nominating Shareholder or beneficial owner, if any, is entitled; (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of Valener held by such Nominating Shareholder or beneficial owner, if any; and (I) any direct or indirect interest of such Nominating Shareholder or beneficial owner, if any, in any contract, arrangement, understanding or relationship with Valener, any affiliate of Valener, any of the directors or officers of Valener or any of its affiliates, or with any of their respective affiliates or associates, or with any principal competitor of Valener (including, without limitation, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);

- (iii) any other information that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act or Applicable Securities Laws; and

- (iv) a statement of whether either such Nominating Shareholder or beneficial owner, if any, alone or acting jointly or in concert with others, intends to solicit or participate in the solicitation of proxies from shareholders of Valener in support of the nomination.

Valener may require any proposed nominee to furnish such other information as may reasonably be required by Valener to determine the eligibility of such proposed nominee to serve as an independent director of Valener or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this section 4.

5. No person shall be eligible for election as a director of Valener unless nominated in accordance with the provisions hereof; provided, however, that nothing in this by-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth herein and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

6. For purposes hereof, (i) "**Public Announcement**" means disclosure in a press release reported by a national news service in Canada or in a document publicly filed by Valener under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

7. Notwithstanding any other provision of the by-laws of Valener, notice given to the Secretary of Valener pursuant to this by-law may only be given by personal delivery, facsimile transmission or email (at such email address as stipulated from time to time by the Corporate Secretary of Valener for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary of Valener at the address of the registered office of Valener; provided that, if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Eastern Time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8. The by-laws of Valener, as amended from time to time, shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of Valener. All terms contained in this by-law which are defined in general by-laws, as amended from time to time, shall, for all purposes hereof, have the meanings given to such terms in the said general by-laws unless expressly stated otherwise or the context otherwise requires.