

**PETRICHOR ENERGY INC.**  
**Suite 303, 595 Howe Street**  
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## **INFORMATION CIRCULAR**

(As at October 26, 2017, except as indicated)

Petrichor Energy Inc. (the “Company”) is providing this Information Circular and a form of proxy in connection with management’s solicitation of proxies for use at the annual general meeting (the “Meeting”) of the Company to be held on Wednesday, December 6, 2017 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the “Management Proxyholders”).

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### **VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, **Computershare Trust Company, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, by mail or by facsimile in accordance with the instructions set out in the form of proxy accompanying this Information Circular**, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NOTICE-AND-ACCESS

The Company is not sending this Information Circular to registered or beneficial shareholders using "notice-and-access" as defined under National Instrument 54-101 ("**NI 54-101**").

## NON-REGISTERED HOLDERS

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "**Nominee**"). If you purchased your shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

## NOBOs

The Company is sending the proxy-related materials for the Meeting directly to "non objecting beneficial owners" ("**NOBOs**"), as defined under NI 54-101. The name and address and information about NOBO holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominees holding on behalf of NOBOs. By choosing to send these materials to NOBOs directly, the Company (and not the Nominees holding on behalf of NOBOs) has assumed responsibility for (i) delivering these materials to NOBOs and (ii) executing the proper voting instructions of NOBOs.

## OBOs

The Company does not intend to pay for Nominees to deliver the proxy-related materials and Form 54-101F7 to "objecting beneficial owners" ("OBOs"), as defined under NI 54-101. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

## REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least seven days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"), of which 35,288,809 shares were issued and outstanding as at the record date, being October 26, 2017. Persons who are registered shareholders at the close of business on the record date will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company, except the following:

Name	No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Joe DeVries, CEO and President	3,564,028 <sup>(1)</sup>	10.1%

(1) Of these common shares, 3,366 are held indirectly through Devco Investments, 415,500 are held indirectly through G&O Energy Investments Ltd., 1,459,000 are held indirectly through Simco Services Inc., all of which are private companies controlled by Joe DeVries.

## ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at four (4).

The Company is required to have an audit committee. Members of this committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, and each other person whose term of office as a Director will continue after the Meeting, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(2)</sup></i>
<b>JOE DEVRIES <sup>(1)</sup></b> , <i>Delta, B.C. Canada</i> <b>Chief Executive Officer, President and Director</b>	Business manager for several public companies; Chief Executive Officer of the Company, Altima Resources Ltd. and Allante Resources Ltd.	Chief Executive Officer and Director since August 25, 2005	3,564,028 <sup>(3)</sup>
<b>JURGEN WOLF<sup>(1)</sup></b> <i>Vancouver, B.C. Canada</i> <b>Director</b>	Retired businessman, involved in the oil and gas industry for over 24 years; Director of several public companies.	Director since August 25, 2005	355,996 <sup>(4)</sup>
<b>RICHARD BARNETT</b> <i>Port Moody, B.C., Canada</i> <b>Chief Financial Officer, Secretary and Director</b>	CFO and Secretary of several TSX-V listed companies since 2008; CFO or Controller for over 20 years.	Director since February 7, 2011	153,700 <sup>(5)</sup>
<b>CHRISTOPHER CHERRY<sup>(1)</sup></b> <i>Vancouver, B.C. Canada</i> <b>Director</b>	Chartered Accountant and Certified General Accountant; self-employed management consultant providing management and accounting consulting services to public companies since 2007.	Director since May 3, 2017	NIL

- (1) Member of the audit committee.
- (2) Shares beneficially owned, controlled or directed, directly or indirectly, as at October 26, 2017, based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.
- (3) Of these shares, 3,366 are held indirectly through Devco Investments, a private company wholly owned by Joe DeVries, 415,500 are held through G & O Energy Investments Ltd. a private company controlled by Joe DeVries, and 1,459,000 are held indirectly through Simco Services Inc., a private company controlled by Joe DeVries.
- (4) Of these shares, 75,000 are held indirectly through Epic Investments Ltd., a private company controlled by Jurgen Wolf (owned 77% by the Wolf family and 23% by Kruger Pacific Ltd.), and 18,150 are held indirectly through Kruger Pacific Ltd., a private company wholly owned by Jurgen Wolf.
- (5) Of these shares, 11,500 are held indirectly in a trust controlled by Mr. Barnett.

No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

Except as set out below, to the knowledge of the Company, no proposed Director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a Director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Company) that:

- (i) was the subject, while the proposed Director was acting in the capacity as Director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days other than:

A) *Christopher Cherry*, who:

- 1) is the CFO of Mexivada Mining Corp. (“**Mexivada**”). On October 29, 2010, at the request of management, the British Columbia Securities Commission issued a cease trade order against the Insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2010 and the related Managements’ Discussion and Analysis for the same period. The cease trade order was rescinded on November 30, 2010. On October 31, 2011, at the request of management the British Columbia Securities Commission issued a cease trade order against the Insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2011 and the related Managements’ Discussion and Analysis for the same period. The cease trade order was rescinded on November 24, 2011. On October 31, 2012, at the request of management, the British Columbia Securities Commission issued a cease trade order against the insiders of Mexivada for not filing comparative financial statement for its financial year ended June 30, 2012 and the related Management’s Discussion and Analysis for the same period. The cease trade order is still in effect;
- 2) was a former the CFO and a director of Wolfeye Resource Corp. (“**Wolfeye**”) from 2010 to 2014. On August 7, 2013, the British Columbia Securities Commission and the Alberta Securities Commission issued a cease trade order against Wolfeye, its directors, officers and insiders for failure of Wolfeye to file its audited financial statements and management’s discussion & analysis and related certifications for the year ended March 31, 2013. On August 8, 2013, trading in Wolfeye’s common shares was suspended by the TSXV for failure to file the required financial materials. Wolfeye filed the required financial materials with the British Columbia Securities Commission and the Alberta Securities Commission and the cease trade order was lifted by the Commissions on September 26, 2013. Wolfeye applied to the TSXV to lift the trading suspension and, after satisfying all of the conditions of the TSXV, the suspension was lifted and trading in Wolfeye’s common shares recommenced on October 30, 2013;
- 3) was a former director and officer of 1040426 BC Ltd., 1040433 BC Ltd., 1040440 BC Ltd., 1040442 BC Ltd. and Genix Pharmaceutical Corp., companies that are reporting issuers in the provinces of British Columbia and Alberta. On December 2, 2016, the British Columbia Securities Commission issued a cease trade order against these companies, their directors, officers and insiders for failure to file audited financial statements and management’s discussion & analysis and related certifications for the year ended July 31, 2016. The British Columbia Securities Commission also issued deficiency notices to each of 1040440 BC Ltd. and Genix Pharmaceutical Corp. for failure to file first quarter financial statements and management’s discussion & analysis for the period ended October 31, 2016. On May 23, 2017, the British Columbia Securities Commission issued revocation orders for each of 1040426 BC Ltd., 1040433 BC

Ltd. and 1040442 BC Ltd. and the cease trade orders were lifted. The cease trade order remains in effect for 1040440 BC Ltd. and Genix Pharmaceutical Corp.; and

- 4) was CFO and/or a director of WellStar Energy Corp. (“**WellStar**”) from February 2015 to May 2017. On March 24, 2017, the Court of Queen's Bench of Alberta granted an application of the WellStar lenders to appoint Grant Thornton Limited (the "**Receiver**") as receiver and manager over the assets, undertakings and property of WellStar and its wholly owned subsidiary Nexxtep Resources Ltd. ("**Nexxtep**"). The Receiver is charged with managing the day to day affairs of WellStar and Nexxtep during the period of its appointment. Mr. Cherry resigned as CFO effective March 24, 2017 and as a director in May 2017. Mr. Cherry has indicated he is not privy to any update on proceedings, and to the best of his knowledge, WellStar is still in the receivership with Grant Thornton subject to an asset sale of oil and gas assets;
- B) *Jurgen Wolf*, who was a Director of TAE while that company was subject to:
- 1) a Cease Trade Order issued August 20, 2008 by the British Columbia Securities Commission against TAE (the “TAE BC CTO”) for failure to file annual oil and gas disclosure prescribed by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”) for the years ended April 30, 2006 and 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE BC CTO was revoked on November 19, 2008;
  - 2) a Cease Trade Order issued August 21, 2008 by the Alberta Securities Commission against TAE (the “TAE Alberta CTO”) for failure to file annual oil and gas disclosure provided by NI 51-101 for the year ended April 30, 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE Alberta CTO was revoked on November 25, 2008; and
  - 3) a Management Cease Trade Order issued August 31, 2009 by the B.C. Securities Commission against TAE (the “TAE MCTO”) in connection with the late filing of TAE’s audited annual financial statements for its fiscal year ended April 30, 2009. TAE subsequently brought its annual disclosure filings up-to-date, and the TAE MCTO was revoked on October 2, 2009;
- C) *Richard Barnett*, who was CFO of TAE while that company was subject to a Management Cease Trade Order issued August 31, 2009 by the B.C. Securities Commission against TAE (the “TAE MCTO”) in connection with the late filing of TAE’s audited annual financial statements for its fiscal year ended April 30, 2009. TAE subsequently brought its annual disclosure filings up-to-date, and the TAE MCTO was revoked on October 2, 2009;
- D) *Joe DeVries, Jurgen Wolf and Richard Barnett*, while the Company was subject to a Management Cease Trader Order (“2009 MCTO”) received from the B.C. Securities Commission on May 4, 2009 in connection with the late filing of the Company's audited annual financial statements for its fiscal year ended

December 30, 2008, and subsequently the delay in filing the Company's interim financial statements for the three-months ended March 31, 2009. The 2009 MCTO was revoked on June 8, 2009 after the filing of the Company's annual financial statements for the year ended December 30, 2008 and interim financial statements for the three-months ended March 31, 2009;

E) *Joe DeVries, Jurgen Wolf and Richard Barnett* while the Company was subject to a Management Cease Trade Order ("2010 MCTO") received from the B.C. Securities Commission on June 18, 2010 in connection with the late filing of the Company's audited annual financial statements for its fiscal year ended December 30, 2009, and subsequently the delay in filing the Company's interim financial statements for the three-months ended March 31, 2010. The said year end financials and interim financial statements were subsequently filed in July 2010, however the 2010 MCTO remained in effect as the Company was also delinquent in filing its NI 51-101 Oil and Gas Forms disclosing information as at December 31, 2009, which forms were required to be filed at the same time as the Company's 2009 year end financials. The Company was subsequently issued a Cease Trade Order on December 2, 2010 by the B.C. Securities Commission for failure to file NI 51-101 Oil and Gas forms for the December 31, 2009 fiscal year end. The forms were subsequently filed and on January 12, 2011 the CTO was revoked. However, the Company remained suspended for trading by the TSX Venture Exchange until reinstatement on February 15, 2011; or

- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed Director ceased to be a Director, CEO or CFO but which resulted from an event that occurred while the proposed Director was acting in the capacity as Director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a Director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director; or
- (d) has been subject to 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
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed Director.

The following directors of the Company hold directorships in other reporting issuers as set out below:

Name	Name and Jurisdiction or Reporting Issuer	Position
Joe DeVries	Altima Resources Ltd. (TSX-V) Allante Resources Ltd. (TSX-V) Anquiro Ventures Ltd. (TSX-V when listed)	Director President, CEO and Director Director
Jurgen Wolf	Altima Resources Ltd. (TSX-V) Iconic Minerals Ltd. (TSX-V) TransAmerican Energy Inc. (TSX-V) Scavo Resource Corp. (TSX-V) Tasty Fries Inc. (OTC) Gainey Resources Ltd. (TSX-V)	Director Director Director Director President, CEO, CFO and Director Director
Richard Barnett	Anquiro Ventures Ltd. (TSX-V when listed) TransAmerican Energy Inc. (TSX-V)	Director Director
Christopher Cherry	Amador Gold Corp. (TSX-V) Anquiro Ventures Ltd. (TSX-V when listed) Blind Creek Resources Ltd. (TSX-V) Columbus Energy Limited (TSX-V) Clydesdale Resources Inc. (TSX-V) Curlew Lake Resources Inc. (TSX-V NEX) Doubleview Capital Corp. (TSX-V) Essex Angel Capital Inc. (TSX-V) Genix Pharmaceutical Corp. (no market) Gold Port Resources (no market) Golden Cariboo Resources Ltd. (TSX-V) Harvest Gold Corporation (TSX-V) Klondike Silver Corp. (TSX-V) Mexivada Mining Corp. (no market) NRG Metals Inc. (TSX-V) Petrichor Energy Inc. (TSX-V) PUF Ventures Inc. (CSE) Shoshoni Gold Ltd. (TSX-V) Starr Peak Exploration Ltd. (TSX-V) Subscribe Technologies Inc. (CSE)	Director Director CFO and Director CFO Director CFO and Director CFO CFO and Director President/CEO/CFO/Director CFO and Director CFO and Director CFO and Director Director CFO CFO Director CFO and Director CFO CFO and Director CFO



## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The main objective of the Company's executive compensation program is to attract, retain, and engage high-quality, high-performance executives who have the experience and ability to successfully execute the Company's strategy and deliver value to our shareholders.

The objectives of the Company's executive compensation program are as follows:

- (i) compensate executives competitively for the leadership, skills, knowledge, and experience necessary to perform their duties;
- (ii) align the actions and economic interests of executives with the interests of shareholders; and
- (iii) encourage retention of executives.

There is no formal compensation committee, the independent members of the Board, being Jurgen Wolf and Christopher Cherry (the "**Independent Directors**") annually review and set remuneration of executive officers. The Independent Directors determined that the executive compensation program should be comprised of the following elements:

- Base Salary – to compensate executives for the leadership, skills, knowledge and experience required to perform their duties; and
- Long-term Incentive Plan – to retain talented executives, reward them for their anticipated contribution to the long-term successful performance of the Company and align them with the interests of shareholders. The plan currently consists only of incentive stock options.

### **Process for Determining Executive Compensation**

To determine compensation payable, the Independent Directors generally review compensation paid for directors and CEOs (or persons acting in a similar capacity to CEO, such as Presidents) of companies of similar size and stage of development in the oil and gas industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation the Independent Directors annually review the performance of the CEO (or President) in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

### **Compensation Policies and Risk Management**

The Board of Directors considers the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers. The Board of Directors reviews at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary (or management fees) and long-term ownership through the Company's Stock Option Plan. This structure

ensures that a significant portion of executive compensation (stock options) is both long-term and “at risk” and, accordingly, is directly linked to the achievement of business results and the creation of long term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of executive compensation represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company’s activity, the Board of Directors is able to closely monitor and consider any risks which may be associated with the Company’s compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

### **Hedging of Economic Risks in the Company’s Securities**

The Company has not adopted a policy forbidding directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company’s securities granted as compensation or held, directly or indirectly, by directors or officers. The Company is not, however, aware of any directors or officers having entered into this type of transaction.

The Company has not retained a compensation consultant during or subsequent to the most recently completed financial year.

The Company does not use a specific “benchmark group” to determine executive compensation levels.

Total compensation for executive officers includes base salary and long-term incentive stock options.

### **Base salary or management fees**

The executive compensation is designed to encourage, compensate and reward senior management on the basis of individual and Company performance, in the short term and long term, while considering the fiduciary duties to the shareholders. The base fees are established through negotiation when an individual joins the Company and reviewed annually thereafter. The level of fees is determined based on the level of responsibility and the importance of the position to the Company.

### **Option-based awards**

The Company’s 10% rolling stock option plan (the “Plan”) has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders. The Directors of the Company are also eligible to receive stock option grants under the Company’s stock

option plan, and the Company applies the same process for determining such awards to Directors as with NEOs.

As there is currently no compensation committee, the Independent Directors of the Company have the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

### Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 *Statement of Executive Compensation* which came into force on October 31, 2011 (the "**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company ending on December 31, 2016 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the Chief Executive Officer and the Chief Financial Officer), as at December 31, 2016 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Joe DeVries President and C.E.O.	2016	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>(1)</sup>	96,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>(1)</sup>	96,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	96,000 <sup>(1)</sup>	96,000
Richard Barnett C.F.O. and Secretary	2016	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(2)</sup>	60,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(2)</sup>	60,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(2)</sup>	60,000

(1) Management fees paid or accrued to MLTK Mgmt Services Inc. (formerly JRC Enterprises), a private company wholly owned by Mr. DeVries.

(2) Management fees paid or accrued to Jenrich Operations Limited, a private company wholly owned by Mr. Barnett.

### Incentive Plan Awards

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Named Executive Officers.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)
Joe DeVries, CEO and President	NIL	N/A	N/A	N/A	NIL	N/A
Richard Barnett, CFO and Secretary	NIL	N/A	N/A	N/A	NIL	N/A

(1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.065, and the exercise or base price of the option.

### Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

NEO Name	Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)	Share-Based Awards - Value Vested During The Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
Joe DeVries, CEO and President	Nil	Nil	N/A
Richard Barnett, CFO and Secretary	Nil	Nil	N/A

(1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities and the exercise or base price of the options under the option-based award on the vesting date.

(2) This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

### Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### Termination and Change of Control Benefits

The Company and its subsidiaries have no employment contracts with any Named Executive Officer. Neither the Company, nor its subsidiaries, has a contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

## Director Compensation

The following table sets forth all amounts of compensation provided to the directors, who are each not also a Named Executive Officer, for the Company's most recently completed financial year:

Director Name <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Jurgen Wolf	Nil	Nil	Nil	N/A	Nil	Nil	Nil
Richard Switzer <sup>(2)</sup>	Nil	Nil	Nil	N/A	Nil	Nil	Nil
Andre Proulx <sup>(3)</sup>	Nil	Nil	Nil	N/A	Nil	Nil	Nil

- (1) Relevant disclosure has been provided in the Summary Compensation Table for directors who receive compensation for their services as a Director who are also Named Executive Officers (if any).
- (2) Richard Switzer resigned as a director of the Company on December 21, 2016, and Andre Proulx was appointed in his place.
- (3) Subsequent to the year ended December 31, 2016, Andre Proulx resigned as a director of the Company on May 3, 2017, and Christopher Cherry was appointed in his place.

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

## Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors who are not Named Executive Officers:

Director Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)
Jurgen Wolf	Nil	N/A	N/A	N/A	Nil	Nil
Richard Switzer <sup>(2)</sup>	Nil	N/A	N/A	N/A	Nil	Nil
Andre Proulx <sup>(3)</sup>	Nil	N/A	N/A	N/A	Nil	Nil

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.065, and the exercise or base price of the option.
- (2) Richard Switzer resigned as a director of the Company on December 21, 2016, and Andre Proulx was appointed in his place.
- (3) Subsequent to the year ended December 31, 2016, Andre Proulx resigned as a director of the Company on May 3, 2017, and Christopher Cherry was appointed in his place.

### Incentive Plan Awards - Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to directors who are not Named Executive Officers are as follows:

Director Name	Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)	Share-Based Awards - Value Vested During The Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
Jurgen Wolf	Nil	N/A	N/A
Richard Switzer <sup>(3)</sup>	Nil	N/A	N/A
Andre Proulx <sup>(4)</sup>	Nil	N/A	N/A

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.
- (3) Richard Switzer resigned as a director of the Company on December 21, 2016, and Andre Proulx was appointed in his place.
- (4) Subsequent to the year ended December 31, 2016, Andre Proulx resigned as a director of the Company on May 3, 2017, and Christopher Cherry was appointed in his place.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently complete financial year:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders:	Nil	N/A	3,528,881 <sup>(1)</sup>
Equity compensation plans not approved by security holders:	Nil	N/A	Nil
<b>Total:</b>	<b>Nil</b>	<b>N/A</b>	<b>3,528,881 common shares</b>

- (1) Calculation based on total of 10% reserved for issuance under Plan (being 3,528,881) as at fiscal year ended December 31, 2016) less Nil options outstanding as at the fiscal year end.

### **10% Rolling Stock Option Plan**

Under the Company's 10% Rolling Stock Option Plan (the "Plan"), options are exercisable over periods of up to 10 years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options (or, if the grant is not announced, the closing market price prevailing on the day that the option is granted), less the applicable discount, if any, permitted by the policies of the Exchange and approved by the Board of Directors. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The maximum number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed (without shareholder approval) 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Under Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the Plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The Plan contains the following additional provisions:

1. If a change of control (as defined in the Plan) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.
2. The Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company.
3. On the death or disability of an option holder, all vested options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases its office, employment or engagement with the Company.
4. If pursuant to the operation of an adjustment provision of the Plan, an optionee receives options (the "New Options") to purchase securities of another company (the "New Company") in respect of the optionee's options under the Plan (the "Subject Options"), the New Options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant

to the applicable provisions of the Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "Termination Provisions"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is two (2) years after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the Board of Directors.

5. In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the board of directors. In order to ensure that holders of outstanding stock options are not prejudiced by the imposition of such black-out periods, any outstanding stock options with an expiry date occurring during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is 10 trading days following the end of the black-out period.

## **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

As at October 26, 2017, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries,

in relation to a securities purchase program or other program.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out under "Interest of Informed Persons in Material Transactions" below, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors, the appointment of auditors, or the amendment of a stock option plan.



## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person or proposed Director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiaries.

## **APPOINTMENT OF AUDITORS**

Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants ("DMCL"), of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, is the auditor of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of DMCL, as the auditor of the Company to hold office for the ensuing year at remuneration to be fixed by the directors.

DMCL (formerly LaBonte & Co.) was first appointed auditor of the Company on August 16, 1994.

## **MANAGEMENT CONTRACTS**

No management functions of the Company or subsidiary are performed to any substantial degree by a person other than the directors or executive officers of the Company or subsidiary.

## **CORPORATE GOVERNANCE DISCLOSURE**

A summary of the responsibilities and activities and the membership of each of the Committees are set out below.

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

The Company's Board consists of four (4) directors, two of which are independent based upon the tests for independence set forth in National Instrument ("NI") 52-110. Jurgen Wolf and Christopher Cherry are independent. Joe DeVries is not independent as he is the President and CEO of the Company and Richard Barnett is not independent as he is the Secretary and CFO of the Company.

### **Management Supervision by Board**

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the Independent Directors on an informal basis as the Independent Directors are actively and regularly involved in reviewing the operations of the Company and have regular and full access to management. The Independent Directors are however able to meet at any time without any members of management including the non-independent directors being present.

## **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

## **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information; and
2. access to management.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars. Board members have full access to the Company's records.

## **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has not formally adopted a Code of Conduct, but once it has, it will be posted on the Company's website.

## **Nomination and Assessment of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

## **Compensation of Directors and the CEO**

The Independent directors are currently Jurgen Wolf and Christopher Cherry. These directors have (or will have) the responsibility for determining compensation for the directors and senior management.

To determine compensation payable, the Independent Directors review compensation paid for directors and CEOs of companies of similar size and stage of development in the oil and gas exploration industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation, the Independent Directors annually review the performance of the CEO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives. Further information regarding director compensation appears under "Executive Compensation".

## **Board Committees**

As the directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger Board of Directors, the Board has determined that additional

committees (other than the audit committee) are not necessary at this stage of the Company's development.

### **Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan

## **AUDIT COMMITTEE**

### **The Audit Committee's Charter**

#### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### *Composition*

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

### *Meetings*

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

#### Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

- i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
- ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
- iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### *Other*

Review any related-party transactions.

## Composition of the Audit Committee

The following are the members of the Committee:

Joe DeVries	Not Independent ①	Financially literate ①
Jurgen Wolf	Independent ①	Financially literate ①
Christopher Cherry	Independent ①	Financially literate ①

① As defined by National Instrument 52-110 (“NI 52-110”).

## Relevant Education and Experience

The educational background or experience of each of the following members of the Audit Committee has enabled each to perform his responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles used by the Company to prepare its financial statements, including the ability to assess the general application of such accounting principles in connection with the accounting estimates, accruals and reserves. All members have experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or have experience actively supervising one or more individuals engaged in such activities and all have an understanding of internal controls and financial reporting procedures. The following is a brief summary of some of the qualifications of each Audit Committee Member:

Currently only two members of the Company’s Audit Committee are independent, being Jurgen Wolf and Christopher Cherry. Joe DeVries is not Independent within the meaning of NI 52-110, as he is currently the President and CEO of the Company.

*Joe DeVries* – Mr. DeVries has been a self-employed business manager for several Canadian public companies since January 1990, and has been Chief Executive Officer, President and a director of Petrichor Energy Inc. since 2005. He meets on a regular basis with employees involved with in-house accounting, as well as the Audit Committee and outside Auditors. He is also a director and audit committee member for Altima Resources Ltd. (“ARH”) and Allante Resources Ltd. (“ALL.H”).

*Jurgen Wolf* – Mr. Wolf has been self-employed for over 50 years, and has been a Director and/or officer and member of Audit Committee of several public companies (see “Election of Directors” above for a list) for over 20 years. He participates in regulatory courses, including in 2007 the TSX-V’s workshop entitled “Managing Public Companies”.

*Christopher Cherry* – Mr. Cherry is a Chartered Accountant and Certified General Accountant and self-employed management consultant providing management and accounting consulting services to public companies since 2007.

## Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Company is relying on the exemption in section 6.1 of NI 52-110 from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

### Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### External Auditors Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
Dec.31/16	\$27,000	\$540	\$1,750	NIL
Dec.31/15	\$27,000	\$540	\$4,250	NIL

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### A. Approval and Ratification of Stock Option Plan

The Board of Directors of the Company implemented an amended 10% rolling stock option plan (the "Plan") effective September 22, 2014, which was last ratified and approved by the shareholders of the Company on September 12, 2016 and last approved by the TSX Venture Exchange on February 10, 2017.

The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities nor is a consultant. Under Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the Plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

**"UPON MOTION IT WAS RESOLVED** that the Company approve and ratify, subject to regulatory approval, the Plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis."

The purpose of the Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion. The Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

The full text of the Plan is available for viewing up to the date of the Meeting at the Company's offices at Suite 303, 595 Howe Street, Vancouver, British Columbia, and will also be available for review at the Meeting.

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the Plan.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 303, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 26<sup>th</sup> day of October, 2017.

**APPROVED BY THE BOARD OF DIRECTORS**

*"Joe DeVries"*

Joe DeVries, Chief Executive Officer