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# **LARIAT ENERGY LTD.**

**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**MANAGEMENT PROXY CIRCULAR**

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FOR THE

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

TO BE HELD

**FRIDAY, APRIL 29, 2016**

**10:00 A.M. (PACIFIC)**

**SUITE 1305, 1090 WEST GEORGIA STREET**

**VANCOUVER, BRITISH COLUMBIA**

**LARIAT ENERGY LTD.**  
#1305 - 1090 West Georgia Street  
Vancouver, BC, V6E 3V7

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the "**Meeting**") of shareholders of Lariat Energy Ltd. (hereinafter called the "**Company**") will be held at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia, on Friday, the 29<sup>th</sup> day of April, 2016, at 10:00 AM (Pacific), for the following purposes:

1. To receive the audited financial statements of the Company for its fiscal year ended December 31, 2014 together with the report of the auditor therein;
2. To fix the number of directors at four (4);
3. To elect directors for the ensuing year;
4. To appoint D+H Group LLP, Chartered Accountants, as the auditor of the Company for the ensuing year at a remuneration to be fixed by the directors; and
5. To consider and, if thought fit, to pass an ordinary resolution to ratify and approve the Company's incentive stock option plan, as more particularly described in the accompanying Management Information Circular.

Accompanying this Notice is a Management Information Circular, a form of Proxy and a Request Form for Annual and Interim Financial Statements. The accompanying Management Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

To be valid, the accompanying form of Proxy, duly completed, dated and signed, must arrive at the office of the registrar and transfer agent of the Company, Computershare Investor Services Inc., not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or delivered to the Chairman of the Meeting on the day of but prior to the commencement of the Meeting.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the Income Tax Act (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 28<sup>th</sup> day of March, 2016.

BY ORDER OF THE BOARD

***"Scott Emerson"***

Scott Emerson,  
Director

## **LARIAT ENERGY LTD.**

#1305 - 1090 West Georgia Street  
Vancouver, British Columbia V6E 3V7

### **MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at March 28, 2016, unless otherwise stated)

#### **SOLICITATION OF PROXIES**

This management information circular ("**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Lariat Energy Ltd. (the "**Company**") for use at the Annual General Meeting of Shareholders of the Company (and any adjournment thereof) to be held on April 29, 2016 (the "**Meeting**") at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

#### **APPOINTMENT OF PROXYHOLDER**

The individuals named in the accompanying form of proxy are directors and/or officers ("**Management's Nominees**") of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by Computershare Investor Services Inc. (the "**Transfer Agent**"), Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or any adjournment thereof. Proxies delivered after that time will not be accepted.

#### **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney duly authorized in writing or, where the shareholder is a company, by a duly authorized officer or attorney of the company, and delivered to the head office of the Company located at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 (Attention: Corporate Secretary), at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

#### **INFORMATION FOR NON-REGISTERED SHAREHOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the common shares of the Company ("**Common Shares**") they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only registered shareholders may vote at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in such shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of

CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted.**

This Information Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**NOBOs**"). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

The Company's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Information Circular and the accompanying form of Proxy and Notice of Annual General Meeting are to shareholders of record unless specifically stated otherwise.

## **VOTING OF PROXIES**

The shares represented by a properly executed proxy in favour of Management's Nominees as proxyholders in the accompanying form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be taken; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

ON A POLL, SUCH SHARES WILL BE VOTED **AS DIRECTED BY MANAGEMENT OF THE COMPANY** FOR EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED, OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED, BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter that may be presented to the Meeting.

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

Except as disclosed herein, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors. Directors and senior officers may, however, be interested in the general authorization granted to the directors with respect to stock options to insiders as detailed herein.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As at March 28, 2016 (the "**Record Date**"), the Company had 12,260,447 Common Shares issued and outstanding.

Only shareholders of record at the close of business on the Record Date who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder's name on the list of shareholders as at the Record Date, which is available for inspection during normal business hours at the Transfer Agent and will be available at the Meeting. **Shareholders represented by proxy holders are not entitled to vote on a show of hands.**

To the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, or control or direct, directly or indirectly, common shares carrying 10% or more of the voting rights attached to all outstanding common shares of the Company.

#### **ELECTION OF DIRECTORS**

The board of directors (the "**Board**") presently consists of four directors and it is proposed that four directors be elected for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named by management as proxyholders in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**").

The following table and notes thereto set out the name of each of management's nominees for election as a director, the province and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time he has been a director of the Company, and the number of shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

| Name, Position and Province and Country of Residence <sup>(1)</sup>                                              | Principal Occupation and, if not at present an elected Director, Occupation during the past five years <sup>(1)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Director Since | No. of Shares beneficially held <sup>(2)</sup> |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------|
| <b>SCOTT G. EMERSON</b> <sup>(3)(4)</sup><br>Director<br>British Columbia, Canada                                | President and CEO of Kingsmen Resources Ltd. Former President and CEO of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | April 2003     | 824,675 <sup>(5)</sup>                         |
| <b>MICHELE MARRANDINO</b> <sup>(3) (4)</sup><br>Director<br>British Columbia, Canada                             | Former President and CEO of the Company. Former President, CEO and founder of Keek Inc. (formerly Primary Petroleum Corporation), an oil & gas company, from May 2004 to March 2014.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | August 2014    | 672,000 <sup>(6)</sup>                         |
| <b>NICK DEMARE</b> <sup>(3)</sup><br>Director<br>British Columbia, Canada                                        | President of Chase Management Ltd. since 1991.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | April 2003     | 25,000 <sup>(7)</sup>                          |
| <b>DARCY KROGH</b> <sup>(4)</sup><br>President, Chief Executive Officer and Director<br>British Columbia, Canada | Mr. Krogh has been involved in iGaming in various capacities for the past seventeen years. In 1999 he co-founded Chartwell Technology Inc. (" <b>Chartwell</b> "), a publically traded technology company specializing in the development of games, gaming systems, and entertainment content for the on-line gaming industry. He served as a Director and Vice President of Business Development until July 2011 and facilitated the merger between Chartwell and Amaya Inc. (" <b>Amaya</b> "). Post-merger he continued his role in business development with Amaya until July 2015 where he assisted Amaya with the divestiture of its B2B asset portfolio to NYX Gaming Group Limited. | March 2016     | 775,147 <sup>(8)</sup>                         |

NOTES:

- (1) The information as to province or state and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Denotes member of Audit Committee.
- (4) On January 25, 2016, Mr. Marrandino resigned as the Company's President and CEO and the Board appointed Mr. Emerson as President and CEO until March 16, 2016, when the Board appointed Mr. Krogh as a director, President and CEO of the Company.
- (5) Including 687,800 shares held through Roxbury Capital Group, a private corporation owned by Mr. Scott Emerson.
- (6) Includes 500,000 shares held by 1005298 BC Ltd. and 75,875 shares held by Pacific West Ventures Inc., private corporations owned by Mr. Marrandino.
- (7) Includes 10,000 shares held by DNG Capital Corp., a private corporation wholly-owned by Mr. DeMare and 15,000 shares held by 888 Capital Corp., a private corporation 50% owned by Mr. DeMare.
- (8) Includes 376,147 shares held through 656045 Alberta Limited and 55,000 shares held through Qwest Holdings Inc., private corporations controlled by Mr. Krogh.

**Corporate Cease Trade Orders or Bankruptcies**

Other than as disclosed below, none of the proposed directors of the Company or any of their personal holding companies:

- (a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any Company, including the Company, that:
  - (i) was subject to a cease trade order 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 while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer of the Company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is as at the date of this Information Circular or has been within the 10 years before the date of this 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, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

None of the proposed directors or any of their personal holding companies has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Nick DeMare is a former independent director of Andean American Gold Corp. ("**Andean American**"). On August 2, 2007, Andean American was issued a cease trade order by the British Columbia Securities Commission ("**BCSC**") for deficiencies in Andean American's continuous disclosure material related to its resource properties and for deficiencies in a previously filed National Instrument 43-101 – Standards of Disclosure to Mineral Projects ("**NI 43-101**") technical report. On October 22, 2007, Andean American filed an amended NI 43-101 technical report and issued a clarifying news release. The cease trade order was lifted and the shares resumed trading on October 24, 2007.

Nick DeMare is a director of Salazar Resources Limited ("**Salazar**"). On September 10, 2010, Salazar was issued a cease trade order by the BCSC for failing to file a technical report on its Curipamba project in Ecuador supporting its disclosure concerning mineral resource estimates on a news release dated February 25, 2009. Salazar filed a new technical report and the cease trade order was revoked by the BCSC on October 14, 2010 and its shares resumed trading on October 18, 2010.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular, a "**Named Executive Officer**", or "**NEO**", means each of the following individuals:

1. a Chief Executive Officer ("**CEO**") of the Company;
2. a Chief Financial Officer ("**CFO**") of the Company,
3. each of the Company's three most highly compensated executive officers or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the December 31, 2014 financial year; and
4. each individual who would be a NEO under paragraph 3 but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity as at December 31, 2014.

During the financial year ended December 31, 2014, the Company had three NEOs: Scott Emerson, the former President and CEO, Michele Marrandino, former President and CEO and Harvey Lim, the CFO of the Company. Mr. Emerson stepped down as President and CEO on August 1, 2014 when Mr. Marrandino was appointed as President and CEO. Mr. Marrandino served as President and CEO until January 25, 2016.

#### **COMPENSATION DISCUSSION AND ANALYSIS**

##### **COMPENSATION, PHILOSOPHY AND OBJECTIVES**

The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers (or NEOs), as hereinafter defined, is fair and reasonable. The Board as a whole recommends levels of executive compensation that are competitive, motivating and commensurate with the time spent by executive officers in

meeting their obligations. While the Board does not have direct experience related to executive compensation, the Board relies on their experience as officers and directors.

### **ANALYSIS OF ELEMENTS**

Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each NEO's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's stock option plan (the "**Option Plan**"). A description of the significant terms of the Option Plan is found under the heading "Ratification of New Stock Option Plan".

The Company does not determine executive compensation based on the share price performance. Overall the salaries or consulting fees payable to the NEOs, in particular to the Company's CEO, have had a minor upward trend in order to provide competitive levels of compensation necessary to attract and maintain executive talent.

The Board has considered the implications of the risks associated with the Company's compensation practices. The Board acknowledges that the Company, as a junior natural resource company, does not presently generate any revenues, and that all management compensation to date has been derived solely from cash in the Company's treasury, acquired by way of equity financings to date, and the grant of incentive stock options to directors, management, contractors and employees. Salary compensation to the NEOs is provided for under verbal understandings or written consulting agreements with the NEOs or management companies under their control. Upon the occurrence of certain events, the Company's early termination of these contracts may also trigger additional balloon payments, which could adversely impact the Company's working capital.

### **OPTION-BASED AWARDS**

The Company has no long-term incentive plans other than the Option Plan. The Company's directors, employees, officers and certain consultants are entitled to participate in the Option Plan. The Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Option Plan aligns the interests of the NEOs and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's common shares.

Options are granted by the Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEOs and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Option Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the TSX Venture Exchange (the "**Exchange**") from the market price on the date of grant;
- the date on which each option is granted;

- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Option Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year.

There is no restriction on NEOs or Directors regarding the purchase of financial instruments, including prepaid variable forward contracts, equity swaps, collars or units or exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the NEO or Director for the financial year ended December 31, 2014.

No NEO or Director, directly or indirectly, purchased any financial instruments or employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

### **SUMMARY COMPENSATION TABLE**

During the financial year ended December 31, 2014, the Company had three NEOs: Scott Emerson, President and CEO, Harvey Lim, CFO and Michele Marrandino, the Company's former President and CEO. The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries in respect of the CEO and CFO for the financial years ended December 31, 2014, 2013 and 2012. For the information concerning compensation related to previous years, please refer to the Company's previous Management Proxy Circulars available at [www.sedar.com](http://www.sedar.com):

| Name and principal position                                             | Year <sup>(1)</sup> | Salary (\$)           | Option-based awards <sup>(2)</sup> (\$) | Non-equity incentive plan compensation (\$) |                           | All other compensation (\$) | Total compensation (\$) |
|-------------------------------------------------------------------------|---------------------|-----------------------|-----------------------------------------|---------------------------------------------|---------------------------|-----------------------------|-------------------------|
|                                                                         |                     |                       |                                         | Annual incentive plans                      | Long-term incentive plans |                             |                         |
| Scott Emerson<br>Director and former President and CEO <sup>(3)</sup>   | 2014                | 6,000 <sup>(4)</sup>  | Nil                                     | Nil                                         | Nil                       | Nil                         | 6,000                   |
|                                                                         | 2013                | 33,000 <sup>(4)</sup> | Nil                                     | Nil                                         | Nil                       | Nil                         | 33,000                  |
|                                                                         | 2012                | 24,000 <sup>(4)</sup> | Nil                                     | Nil                                         | Nil                       | Nil                         | 24,000                  |
| Harvey Lim<br>CFO                                                       | 2014                | 6,000                 | Nil                                     | Nil                                         | Nil                       | Nil                         | 6,000                   |
|                                                                         | 2013                | 6,000                 | Nil                                     | Nil                                         | Nil                       | Nil                         | 6,000                   |
|                                                                         | 2012                | Nil                   | Nil                                     | Nil                                         | Nil                       | Nil                         | Nil                     |
| Michele Marrandino<br>Director and former President, CEO <sup>(3)</sup> | 2014                | 2,500                 | Nil                                     | Nil                                         | Nil                       | Nil                         | 2,500                   |
|                                                                         | 2013                | N/A                   | N/A                                     | N/A                                         | N/A                       | N/A                         | N/A                     |
|                                                                         | 2012                | N/A                   | N/A                                     | N/A                                         | N/A                       | N/A                         | N/A                     |

#### NOTES:

- (1) Financial years ended December 31.
- (2) Figures represent the grant date fair value of the options. The Company uses the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies.
- (3) Mr. Emerson stepped down as President and CEO on August 1, 2014 when Mr. Marrandino was appointed as President and CEO. On January 25, 2016, Mr. Emerson was re-appointed President and CEO following Mr. Marrandino's resignation. On March 16, 2016, Mr. Emerson stepped down as President and CEO when Mr. Darcy Krogh was appointed President and CEO.
- (4) Paid to Roxbury Capital Group, a private corporation owned by Mr. Scott Emerson.

## **INCENTIVE PLAN AWARDS**

### ***Outstanding Option-Based Awards***

As at December 31, 2014, there were no incentive stock options (option-based awards) outstanding for the NEOs under the Option Plan.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

During the financial year ended December 31, 2014 no incentive stock options remained outstanding for the NEOs of the Company. Accordingly, no value was vested or earned in connection with incentive stock options held by the NEOs of the Company.

## **TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Company does not have any plan contract, agreement or plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Company or a change in the NEO's responsibilities.

## **PENSION PLAN BENEFITS**

The Company does not have any form of pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

## **DIRECTOR COMPENSATION**

### **DIRECTOR COMPENSATION TABLE**

The following table sets forth all amounts of compensation provided to each director, both current and former, other than the NEOs, during the Company's financial year ended on December 31, 2014. The compensation for each of the NEOs are disclosed in the Summary Compensation Table above.

| <b>Name</b>                                      | <b>Fees Earned (\$)</b> | <b>Option-based awards (\$)<sup>(1)</sup></b> | <b>All other compensation (\$)</b> | <b>Total (\$)</b> |
|--------------------------------------------------|-------------------------|-----------------------------------------------|------------------------------------|-------------------|
| Nick DeMare                                      | 6,000 <sup>(2)</sup>    | Nil                                           | 15,300 <sup>(2)</sup>              | 21,300            |
| Gil Leathley <sup>(3)</sup><br>(former director) | 3,500                   | Nil                                           | Nil                                | 3,500             |

#### **NOTES:**

- (1) Figures represent the grant date fair value of the options. The Company used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior mineral exploration public companies.
- (2) Billed by Chase Management Ltd. ("**Chase**"), a private corporation owned by Mr. DeMare, for accounting and management services provided by Chase personnel.
- (3) Mr. Leathley resigned as a director on August 1, 2014.

### ***Outstanding Option-Based Awards***

As at December 31, 2014, there were no incentive stock options (option-based awards) outstanding for the directors, other than those who are also NEOs of the Company, under the Option Plan.

### **INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR**

During the financial year ended December 31, 2014 no incentive stock options remained outstanding for the directors, who are not also NEOs of the Company. Accordingly, no value was vested or earned in connection with incentive stock options held by the directors, who are not also NEOs of the Company.

A description of the significant terms of the Company's stock option plan is found under the heading "Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan".

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance to directors, officers, employees and consultants in effect as of the end of the Company's most recently completed fiscal year end:

| <b>Plan Category</b>                                      | <b>Column (a)<br/>Number of Securities to be<br/>Issued Upon Exercise of<br/>Outstanding Options,<br/>Warrants and Rights</b> | <b>Column (b)<br/>Weighted-Average Exercise<br/>Price of Outstanding<br/>Options, Warrants and<br/>Rights</b> | <b>Column (c)<br/>Number of Securities<br/>Remaining Available for<br/>Future Issuance Under<br/>Equity Compensation Plans<br/>(Excluding Securities<br/>Reflected in Column (a)) <sup>(1)</sup></b> |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity Compensation Plans Approved By Securityholders     | Nil                                                                                                                           | N/A                                                                                                           | 1,226,044 <sup>(1)</sup>                                                                                                                                                                             |
| Equity Compensation Plans Not Approved By Securityholders | N/A                                                                                                                           | N/A                                                                                                           | N/A                                                                                                                                                                                                  |
| Total                                                     | Nil                                                                                                                           | N/A                                                                                                           | 1,226,044 <sup>(1)</sup>                                                                                                                                                                             |

NOTE:

- (1) Based upon the Company having 12,260,447 common shares issued and outstanding as at December 31, 2014 (this number has been adjusted to reflect the share consolidation effected on August 26, 2015). The Company currently has in place a "rolling" stock option plan whereby the maximum number of common shares that may be reserved for issuance pursuant to the such plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant. See "Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan" for further particulars of the stock option plan.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of March 28, 2016, the date of this Information Circular, no director, executive officer, employee, proposed management nominee for election as a director of the Company, nor any associate of any such director, executive officer, or proposed management nominee of the Company, or any former director, executive officer or employee of the Company or any of its subsidiaries, was indebted to the Company or any of its subsidiaries, or indebted to another entity where such indebtedness was 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.

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

Other than as set out below and elsewhere in this Information Circular, none of the proposed directors, directors or executive officers of the Company, a director or executive officer of a person or company that is itself an informed person (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) or subsidiary of the Company, nor any person or company who beneficially owns, or controls or directs, directly or indirectly, Common Shares or a combination of both, carrying more than 10% of the voting rights attached to the outstanding Common Shares nor an associate or affiliate of any of the foregoing persons has since

January 1, 2014 (being the commencement of the Company's last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

### **APPOINTMENT OF AUDITOR**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of D+H Group LLP, Chartered Accountants, as the auditor of the Company at a remuneration to be fixed by the directors.

### **MANAGEMENT CONTRACTS**

Other than as disclosed below, management functions of the Company are substantially performed by directors or senior officers (or private companies controlled by them, either directly or indirectly) of the Company and not, to any substantial degree, by any other person with whom the Company has contracted.

During the year ended December 31, 2014, Roxbury Capital Group Ltd., a private corporation controlled by Scott Emerson, billed the Company \$6,000 for professional services provided by Mr. Emerson.

During the year ended December 31, 2014, the Company recorded \$2,500 for professional services provided by Mr. Marrandino.

During the year ended December 31, 2014, Chase Management Ltd., a private corporation 100% directly owned by Nick DeMare, billed the Company \$6,000 for the services of Mr. DeMare and \$15,300 for accounting, administrative and management services provided by Chase staff.

### **AUDIT COMMITTEE**

Under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), companies are required to provide disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor.

#### **Audit Committee Charter**

The Company has adopted a Charter of the Audit Committee of the Board of Directors, the text of which is set out in the attached Schedule “A” to this Information Circular.

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

The following are the members of the Audit Committee:

| <b>Name</b>        | <b>Independent <sup>(1)</sup></b> | <b>Financially Literate</b> |
|--------------------|-----------------------------------|-----------------------------|
| Scott Emerson      | Y                                 | Y                           |
| Michele Marrandino | Y                                 | Y                           |
| Nick DeMare        | Y                                 | Y                           |

(1) As defined in NI 52-110.

The Company is relying on the exemption provided under Section 6.1 of NI 52-110.

#### **Relevant Education and Experience**

Mr. Emerson is a business executive who has worked in the mineral exploration industry for over 27 years in senior management positions and directorships in the areas of finance, business development, strategic planning and corporate restructuring.

Mr. Michele Marrandino possesses over 30 years of strategic management consulting experience in a broad range of industries with both private and public companies within a variety of industries including, oil and gas, technology, social media, internet, tourism & hospitality and not-for-profit. His consulting work includes team building, best practice research, business plan evaluation, feasibility and market research, equity and debt fund raising, strategic communications planning, and stakeholder relations.

Mr. Nick DeMare is a Chartered Professional Accountant and has been the President of Chase Management Ltd. since 1991. Chase is a private company which provides accounting, management, securities regulatory compliance and corporate secretarial services to companies listed on the Toronto and Venture Exchanges and their predecessors. He also serves as an officer and/or director of a number of public companies listed on the Toronto and Venture Exchanges. He holds a Bachelor of Commerce degree from the University of British Columbia and is a member in good standing with the Institute of Chartered Accountants of British Columbia.

As such, each member of the audit committee has acquired knowledge and understanding of the financial issues and accounting principles that are relevant in assessing this Company's financial disclosures and internal control systems.

### **Audit Committee Oversight**

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

### **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.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the attached Schedule "A" under the heading "External Auditors" in the Audit Committee Charter.

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

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

| <b>Financial Year Ending</b> | <b>Audit Fees<sup>(1)</sup></b> | <b>Audit Related Fees<sup>(2)</sup></b> | <b>Tax Fees<sup>(3)</sup></b> | <b>All Other Fees<sup>(4)</sup></b> |
|------------------------------|---------------------------------|-----------------------------------------|-------------------------------|-------------------------------------|
| December 31, 2014            | \$10,561                        | Nil                                     | Nil                           | Nil                                 |
| December 31, 2013            | \$13,000                        | Nil                                     | Nil                           | Nil                                 |

#### **NOTES:**

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or the review of the Company's financial statements are not included under the heading of "Audit Fees".
- (3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning, as well as the preparation of corporate income tax returns.
- (4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

## **Exemption**

The Company is currently a “Venture Issuer”, as defined in Section 1.1 of NI 52-110. Accordingly, in providing the disclosure contained in this Schedule “A”, the Company is relying upon the exemption in Section 6.1 of NI 52-110 (which is available to all Venture Issuers).

## **CORPORATE GOVERNANCE PRACTICE**

National Instrument 58-101, *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose their governance practices in accordance with that instrument. The Company is a “venture issuer” within the meaning of NI 58-101.

The Board has adopted certain corporate governance policies to reflect the Company’s commitment to good corporate governance, and to comply with NI 58-101, Form 58-101F2 - *Corporate Governance Disclosure (Venture Issuers)* and National Policy 58-201 - *Corporate Governance Guidelines*. The Board periodically reviews these policies and proposes modifications to the Board for consideration as appropriate. The Company considers good corporate governance to be central to the effective and efficient management and operation of the Company, and the Board is directly responsible for developing the Company’s approach to corporate governance issues. A discussion of the Company’s governance practices within the context of NI 58-101 is set out below:

### **Statement of Corporate Governance Practices**

Corporate governance relates to the activities of the board of directors of the Company (the “Board”), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* 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 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

### ***Board of Directors***

The Company currently has three independent directors, namely: Messrs. Scott Emerson, Nick DeMare and Michele Marrandino. The Company has one director who is not independent because he is an executive officer of the Company, namely: Mr. Darcy Krogh, President and CEO. Mr. Krogh was appointed by the Board on March 16, 2016 as a new director, President and CEO of the Company.

The Board facilitates the exercise of independent supervision over management through various Board meetings held throughout the year. At present, the Board does not have any formal committees other than its Audit Committee. When necessary, the Board will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board is such that the independent directors have significant experience in business affairs. As a result, these Board members are able to provide significant and valuable independent supervision over management.

### ***Directorships***

As of the date of this information circular, certain directors of the Company are also serving as directors of other reporting issuers, details of which are as follows:

Scott Emerson: Kingsmen Resources Ltd.

Michele Marrandino: N/A

Nick DeMare: Aguila American Resources Ltd., East West Petroleum Corp., Inc., Flinders Resources Limited, GGL Diamond Corp., Hansa Resources Limited, Kingsmen Resources Ltd., Mitchell Resources Ltd., Mawson Resources Limited, Mirasol Resources Ltd., Rochester Resources Ltd., Rockshield Capital Corp., Salazar Resources Limited, Tasman Metals Ltd. and Tinka Resources Limited

Darcy Krogh: N/A

### ***Orientation and Continuing Education***

The CEO and/or the CFO are responsible for providing an orientation for new directors. Director orientation and on-going training will include presentations by senior management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors.

### ***Ethical Business Conduct***

The Company does not have a written code of ethical business conduct for its directors, officers and employees. Each director, officer and employee is expected to comply with relevant corporate and securities laws and, where applicable, the terms of their employment agreements.

### ***Nomination of Directors***

When a Board vacancy occurs or is contemplated, any director may make recommendations to the Board as to qualified individuals for nomination to the Board.

In identifying new candidates, the directors will take into account the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Company at that time.

### ***Compensation***

From time to time, the independent directors of the Board will review the compensation payable to the CEO and CFO. Compensation for Board members is determined by the Board as a whole and in accordance with industry norms and with reference to each individual director's level of involvement with the Company.

### ***Other Board Committees***

The Board has no standing committees other than the audit committee. The Board is satisfied that in view of the size and composition of the Board, it is more efficient and cost effective for the full board to perform the duties that would be required by standing committees, other than the audit committee.

### ***Assessments***

The Board does not conduct any formal evaluation of the performance and effectiveness of the members of the Board, the Board as a whole or any committee of the Board. These matters are dealt with on a case by case basis at the Board level.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Ratification of Stock Option Plan**

In June 2004 the Company established a 10% rolling stock option plan (the “**Option Plan**”) whereby the maximum number of common shares that may be reserved for issuance pursuant to such plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant. In 2014, the Option Plan was amended and reinstated in order to bring it up to date with current policies of the Exchange. The Option Plan was subsequently ratified and approved by the Shareholders at the annual general and special meeting held on December 19, 2014. In accordance with the policies of the Exchange, a rolling plan requires the approval of the shareholders of the Company on an annual basis.

The purpose of the Option Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

The following information is intended to be a brief description of the Option Plan and is qualified in its entirety by the full text of the Option Plan which is available for review by any Shareholder up until the day preceding the Meeting at the Company's head office at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia, and will be available at the Meeting:

- (a) To be eligible for the issuance of a stock option under the Option Plan an optionee must either be a director, employee (including an officer) or consultant of the Company or any subsidiary of the Company or a company owned by an employee, director or consultant at the time the option is granted. Options may be granted only to an individual or to a company that is owned by individuals eligible for an option grant.
- (b) The options granted pursuant to the Option Plan will be exercisable at a price which is not lower than the market value of the Company's Shares at the time the option is granted less any applicable discounts permitted by the applicable regulatory authorities. "Market Value" will be the closing trading price of the Company's Shares on the Exchange or such other stock exchange upon which the common shares are listed on the trading day immediately preceding the date of the grant of the option.
- (c) Options granted under the Option Plan will be granted for a term not to exceed ten years from the date of their grant. All options will terminate on the earlier of the expiry of their term and the date of termination of an option holder's employment, engagement or position with the Company if terminated for just cause or on other bases as set out in the Option Plan, otherwise 90 days following termination of employment or cessation of the option holder's position with the Company.
- (d) The Company's Board may, at their discretion, impose vesting provisions on Options granted under the Option Plan. Notwithstanding any vesting schedule to which Options are subject, Options shall cease to vest immediately if the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated for any reason whatsoever. In which case, the Option Holder may only exercise such number of Options that are vested as at the date of termination of such Option Holder's employment, engagement or appointment as a director or officer.
- (e) Options will also be non-assignable and non-transferable; provided that they will be exercisable by an option holder's legal heirs or personal representatives, subject to the expiry date of such option, for up to 12 months following the death or termination of an option holder due to disability, and up to 12 months following the death of an option holder terminated for disability within the previous 12 months.

- (f) The number of common shares of the Company reserved for issuance to any one person on a yearly basis cannot exceed 5% of the number of issued and outstanding common shares of the Company at the time of the grant of options, unless the Company has obtained disinterested shareholder approval as required by the Exchange. The aggregate number of options granted to employees or consultants engaged in investor relations activities must not exceed 2% of the outstanding issue in any 12 month period and such options must vest in stages over 12 months with no more than 25% of the options vesting in any three month period.
- (g) In the event that the expiration date of Options granted under the Option Plan falls in a period during which the Company has imposed a restriction on its directors, officers, employees and consultants from trading in securities of the Company, the expiry date of such Options will be extended for a period of time ending on the tenth business day after the expiry of the Black-Out to provide such Option Holders with an extension to the right to exercise such Options, so long as the expiry date does not exceed ten years from the date of grant of such Options.
- (h) If a material alteration in the capital structure of the Company occurs as a result of a consolidation, subdivision, conversion, exchange, reclassification or otherwise, the Board shall make adjustments to the Option Plan and to the options then outstanding under it as the Board determines to be appropriate and equitable under the circumstances, unless the Board determines that it is not practicable or feasible to do so, in which event the options granted under the Option Plan will terminate as set forth above.
- (i) The Board may amend the terms of the Option Plan or the terms and conditions of any option thereafter to be granted, subject to approval of any stock exchange on which the Company is listed, provided that where such amendment relates to an existing option and it would materially decrease the rights or benefits accruing to an option holder or materially increase the obligations of an option holder, then, unless otherwise excepted out by a provision of the Option Plan, the Board must also obtain the written consent of the option holder in question to such amendment. If at the time the exercise price of an option is reduced the option holder is an insider of the Company, the insider must not exercise the option at the reduced exercise price until the reduction in exercise price has been approved by the disinterested shareholders of the Company.

The Exchange policies require that the Option Plan be approved by the affirmative vote of a majority of the votes cast at the Meeting. Accordingly, the Company requests that the Shareholders pass the following resolution:

""RESOLVED, as an ordinary resolution of the shareholders of the Company, that:

1. the stock option plan (the "**Option Plan**") of Lariat Energy Ltd. (the "**Company**"), in the form approved by the shareholder of the Company at the last annual and special meeting held on December 19, 2014, with or without amendments that may be required to conform to the policies of the TSX Venture Exchange or comply with rules and regulations of any other regulatory body having authority over the Company or the Option Plan, is hereby ratified, confirmed and approved;
2. the Company is authorized to grant stock options pursuant and subject to the terms and conditions of the Option Plan entitling all of the optionholders in aggregate to purchase up to such number of common shares of the Company as is equal to 10% of the number of common shares of the Company issued and outstanding on the applicable grant date; and
3. any one of the directors or officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including treasury orders, stock exchange and securities commission forms, as may be required to give effect to the true intent of this resolution."

An ordinary resolution is a resolution passed by a majority of at least 50% of the votes cast by those Shareholders, who being entitled to do so, vote in person or by proxy in respect of that resolution at the Meeting.

**Management of the Company recommends that the shareholders vote in favour of the Ratification of Stock Option Plan Resolution. It is the intention of persons named in the enclosed form of proxy, if not expressly directed otherwise in such form of proxy, to vote such proxy FOR the Stock Option Plan Resolution.**

#### **ANY OTHER MATTERS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

#### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the Company's profile on SEDAR website located at [www.sedar.com](http://www.sedar.com). The Company's financial information is provided in the Company's audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the website noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the Company at:

Lariat Energy Ltd.  
#1305 – 1090 W. Georgia Street  
Vancouver, BC, V6E 3V7  
Tel: (604) 685-9316 | Fax: (604) 683-1585.

Schedule "A"

**LARIAT ENERGY LTD.**

**AUDIT COMMITTEE CHARTER**

**1. Mandate**

The audit committee will assist the board of directors (the "Board") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well as the company's business, operations and risks.

**2. Composition**

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Corporation. The audit committee will consist of a minimum of three directors.

*2.1 Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Corporation.

*2.2 Expertise of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

**3. Meetings**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Corporation's Chief Financial Officer and external auditors in separate executive sessions.

**4. Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

*4.1 External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;

- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the audit committee shall: evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

##### *Release of Financial Information*

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

#### 4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the audit committee.

##### *Delegation of Authority*

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

##### *De-Minimis Non-Audit Services*

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
  - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

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

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - (i) the pre-approval policies and procedures are detailed as to the particular service;
  - (ii) the audit committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

#### 4.5 *Other Responsibilities The audit committee shall:*

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and

- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### **4.6     *Reporting Responsibilities***

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

### **5.       Resources and Authority of the Audit Committee**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

### **6.       Guidance – Roles & Responsibilities**

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfillment of their roles and responsibilities on the committee:

#### **6.1     *Internal Control***

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

#### **6.2     *Financial Reporting General***

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Corporation's adoption of them. Annual Financial Statements
- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

#### *Interim Financial Statements*

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
  - (v) there are any significant or unusual events or transactions;
  - (vi) the Corporation's financial and operating controls are functioning effectively;
  - (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
  - (viii) the interim financial statements contain adequate and appropriate disclosures.

### 6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

### 6.4 *Other Responsibilities*

- (a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.