



ORCA EXPLORATION GROUP INC.

Notice of Annual General and Special Meeting of Shareholders

Notice is hereby given that the annual general and special meeting (the "**Meeting**") of shareholders of Orca Exploration Group Inc. (the "**Corporation**") will be held at the Hotel Sofitel Legend the Grand Hotel, Oudezijds Voorburgwal 197, 1012 EX, Amsterdam, Netherlands on June 6, 2017 at **10:00 a.m.** (local time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2016 together with the report of the auditors thereon;
2. to fix the number of directors at five (5);
3. to elect directors;
4. to re-approve the stock option plan of the Corporation;
5. to appoint auditors of the Corporation and authorize the directors to fix their remuneration as such; and
6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Particulars of the matters referred to above are set forth in the management proxy circular accompanying and forming part of this Notice of Annual General and Special Meeting of Shareholders.

Shareholders of the Corporation who are unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy to the Secretary of the Corporation in care of CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attn: Proxy Department or by facsimile to (416) 368-2502. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournments thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk.

The board of directors of the Corporation has fixed the record date for the Meeting at the close of business on May 2, 2017 (the "**Record Date**"). Only shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established ownership of such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED May 2, 2017.

By Order of the Board of Directors

(Signed) "*David W. Ross*"

David W. Ross

Secretary



ORCA EXPLORATION GROUP INC.

**MANAGEMENT PROXY CIRCULAR
as of May 2, 2017**

Solicitation of Proxies by Management

This management proxy circular (the "**Circular**") is furnished in connection with the solicitation by the management of Orca Exploration Group Inc. ("**Orca Exploration**" or the "**Company**") of proxies to be used at the annual general and special meeting of holders ("**Shareholders**") of Class A Common Voting Shares and the Class B Subordinate Voting Shares (collectively, the "**Shares**") in the capital of the Company (the "**Meeting**") to be held on the 6th day of June, 2017 at **10:00 a.m.** (local time) at the Hotel Sofitel Legend the Grand Hotel, Oudezijds Voorburgwal 197, 1012 EX, Amsterdam, Netherlands and at any adjournment thereof for the purposes set forth in the accompanying Notice of Annual General and Special Meeting. The cost of this solicitation will be borne by the Company.

The board of directors of the Company (the "**Board**") has fixed the record date for the Meeting at the close of business on May 2, 2017 (the "**Record Date**"). Only Shareholders of record on May 2, 2017 are entitled to notice of, and to attend and vote at, the Meeting, unless a Shareholder transfers the ownership of his or her Shares subsequent to that date and the transferee of those Shares establishes that he or she owns the Shares and demands not later than ten days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Shares at the Meeting.

Unless otherwise stated, all information in this Circular is as at May 2, 2017.

Appointment of Proxyholders and Revocation of Proxies

The persons named in the accompanying form of proxy ("Form of Proxy") are directors and/or officers of the Company. A Shareholder has the right to appoint a person, who need not be a Shareholder, other than the persons designated in the accompanying Form of Proxy, to attend and act on behalf of the Shareholder at the Meeting. To exercise this right, a Shareholder must insert such other person's name in the blank space provided in the accompanying Form of Proxy.

To be valid, a proxy must be dated and signed by the Shareholder or the Shareholder's attorney authorized in writing. The proxy, to be acted upon, must be deposited with the Company, c/o CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department or by facsimile to (416) 368-2502, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournments thereof.

A Shareholder who has given a proxy may revoke it by depositing an instrument in writing (including another Form of Proxy) executed by the Shareholder or by the Shareholder's attorney authorized in writing with the Secretary of the Company at 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1 Attention: David W. Ross at any time up to and including the last business day prior to the day the Meeting or any adjournment thereof is to be held, or with the Chairman of the Meeting on the day of the Meeting at any time before it is exercised on any particular matter or in any other manner permitted by law including attending the Meeting in person.

Voting by Proxies

On any ballot that may be called for at the Meeting the Shares represented by the enclosed Form of Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder indicated thereon. **In the absence of such instructions, the Shares will be voted "for" each matter referred to in this Circular.**

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual General and Special Meeting, and with respect to any other matter which may properly come before the Meeting. As of the date of this Circular, management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any such amendment, variation or other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote on such other business in accordance with their judgment.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of them do not hold Shares in their own name. Shareholders who do not hold Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Shares will not be registered in the Beneficial Shareholder's name on the records of Orca Exploration. Such Shares will more likely be registered under the names of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the Form of Proxy provided to registered Shareholders by Orca Exploration. However, its purpose is limited to instructing the registered Shareholder (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 provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.**

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

These securityholder materials are being sent to both registered and non-registered owners of Shares. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

The Company is not using "notice-and-access" to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders, including Beneficial Shareholders. The Company will be delivering proxy-related materials to non-objecting Beneficial Shareholders with the assistance of Broadridge and the non-objecting Beneficial Shareholder's intermediary, and the Company intends to pay for the costs of an intermediary to deliver proxy related materials to objecting Beneficial Shareholders.

Voting Shares and Principal Holder

Authorized Share Capital

The authorized share capital of Orca Exploration consists of 50,000,000 Class A Common Voting Shares, 100,000,000 Class B Subordinate Voting Shares and 100,000,000 First Preferred Shares. The following is a description of the material terms of the Class A Common Voting Shares and the Class B Subordinate Voting Shares. There are no First Preferred Shares outstanding.

Class A Common Voting Shares

The holders of Class A Common Voting Shares are entitled to 20 votes in respect of each Class A Common Voting Share at meetings of the holders of Class A Common Voting Shares, to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any other class of shares entitled to receive assets of the Company in priority or rateably with the holders of Class A Common Voting Shares, to participate rateably with the holders of Class B Subordinate Voting Shares in any distribution of the assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. The Class A Common Voting Shares are convertible at any time at the option of the holder into Class B Subordinate Voting Shares on a one-for-one basis.

Class B Subordinate Voting Shares

The holders of Class B Subordinate Voting Shares are entitled to one vote in respect of each Class B Subordinate Voting Share at meetings of the holders of Class B Subordinate Voting Shares, to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any other class of shares entitled to receive assets of the Company in priority or rateably with the holders of Class B Subordinate Voting Shares, to participate rateably with the holders of Class A Common Voting Shares in any distribution of the assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

Subject to the terms and conditions of conversion specified in the articles of the Company, the Class B Subordinate Voting Shares are convertible into Class A Common Voting Shares on a one for one basis if an offer is made to purchase Class A Common Voting Shares that: (i) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Common Voting Shares are listed, be made to all or substantially all of the holders of Class A Common Voting Shares; and (ii) is not made concurrently with an offer to purchase Class B Subordinate Voting Shares that is identical to the offer to purchase Class A Common Voting Shares and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Common Voting Shares. The conversion right does not come into effect under certain events specified in the memorandum of association of the Company, including the delivery to the Company's transfer agent and to the Secretary of the Company of a certificate signed by one or more Shareholders owning more than 50% of the then outstanding Class A Common Voting Shares.

Outstanding Share Capital

The number of Shares entitled to be voted on each matter to be acted on at the Meeting as at the Record Date is 1,750,517 Class A Common Voting Shares (51.4% of voting rights) and 33,105,915 Class B Subordinate Voting

Shares (48.6% of voting rights). Each Shareholder is entitled to one vote for each Class B Subordinate Voting Share and 20 votes for each Class A Common Voting Share shown as registered in the Shareholder's name on the list of Shareholders prepared as of the Record Date. However, in the event of any transfer of Shares by any such Shareholder after such date, the transferee is entitled to vote those Shares if the transferee produces properly endorsed share certificates or otherwise establishes that the transferee owns the Shares, and requests CST Trust Company, as transfer agent, at 600, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1 or 320 Bay St., Basement Level (B1 Level), Toronto, Ontario, M5H 4A6 to include the transferee's name in the Shareholders' list not later than ten days before the Meeting.

To the knowledge of the directors and officers of the Company as at May 2, 2017, the only person who beneficially owns, controls or directs, directly or indirectly, Shares carrying more than 10% of the votes attached to all the Shares entitled to be voted at the Meeting is as follows:

Name of Shareholder	Number of Shares	% of Class
W. David Lyons	1,743,708 Class A Common Voting Shares	99.6%
	5,463,260 Class B Subordinate Voting Shares	16.5%
Lloyd I. Miller ⁽³⁾	5,651,700 Class B Subordinate Voting Shares	17.1%

Notes:

- (1) W. David Lyons controls 59.2% of the total voting rights of the Company.
- (2) Lloyd I. Miller controls 8.3% of the total voting rights of the Company.
- (3) Information on Mr. Miller's holdings is based on filings made by Mr. Miller on the System for Electronic Disclosure by Insiders ("SEDI") as of May 2, 2017. According to SEDI, such Class B Subordinate Voting Shares are held: (i) 17,000 by Lloyd I. Miller; (ii) 440,500 by LIMFAM LLC; (iii) 1,923,800 by Milfam II L.P.; (iv) 162,400 by Milfam III LLC; (v) 2,801,200 by Trust A-4; and (vi) 306,800 by Trust D. See www.SEDI.ca for more information on Mr. Miller's holdings in the Company.

MATTERS TO BE ACTED ON AT THE MEETING

Presentation of Consolidated Financial Statements

At the Meeting, Shareholders will receive the audited consolidated financial statements of the Company for the year ended December 31, 2016 and the auditor's report on such statements, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

Fixing the number of Directors

At the Meeting, it is proposed that the number of directors of the Company to be elected at the Meeting be set at five (5) as may be adjusted between Shareholder meetings by way of resolution of the Board. Accordingly, unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of fixing the number of directors of the Company to be elected at the Meeting at five (5).

Election of Directors

The number of directors of the Company to be elected at the Meeting is five (5). Each of the nominees for election as a director are currently a director of the Company.

The following table lists certain information concerning the persons proposed to be nominated for election as directors. The information as to Shares has been furnished by the respective nominees individually.

Name and Jurisdiction of Residence	Present Positions and Offices With the Company	Director Since	Principal Occupation for Last Five Years	Number of Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly
W. David Lyons, Gibraltar, British Overseas Territory	Chairman and Chief Executive Officer and a Director	April 28, 2004	Chairman of Orca Exploration since April 28, 2004 and Chief Executive Officer of the Company since March 2010. Chairman of Pan-Ocean Energy Corporation Limited, a Toronto Stock Exchange ("TSX") listed international oil and gas exploration and development company, between 1990 and 2006 and Chief Executive Officer until 2005.	1,743,708 Class A Common Voting Shares 5,463,260 Class B Subordinate Voting Shares
David W. Ross, Calgary, Alberta, Canada	Secretary and a Director	November 14, 2006	Counsel to Burnet, Duckworth & Palmer LLP.	NIL
William H. Smith Calgary, Alberta Canada	Director	June 15, 2012	Vice Chair and formerly Executive Vice President of Mosaic Capital Corporation, a TSX Venture Exchange ("TSXV") listed investment firm, since January 2010. Currently, principal of William H. Smith Professional Corporation, a firm providing legal consulting, since July 2010. Partner and counsel at McCarthy Tétrault LLP from October 1986 to June 2010.	6,000 Class B Subordinate Voting Shares
Glenn D. Gradeen Calgary, Alberta Canada	Director	June 2, 2015	President and Chief Executive Officer of Tangle Creek Energy Ltd. (" Tangle Creek ") since September 2010. Chief Operating Officer of Cirrus Energy Corporation (" Cirrus Energy ") from 2008 to 2010.	NIL
E. Alan Knowles Calgary, Alberta Canada	Director	June 7, 2016	Director and Chair of the audit committee of Niko Resources Ltd. Oil and gas consultant since July 2014. Senior Oil and Gas Analyst at Haywood Securities from 2000 to 2014.	NIL

Notes:

- (1) The current members of the Company's audit committee are Alan Knowles, William H. Smith, Glenn D. Gradeen, David Lyons and David W. Ross (the "**Audit Committee**").
- (2) The current members of the Company's remuneration and corporate governance committee are Alan Knowles, William H. Smith, Glenn D. Gradeen, David Lyons and David W. Ross (the "**Remuneration Committee**").
- (3) The current members of the Company's reserves committee are Alan Knowles, William H. Smith, Glenn D. Gradeen, David Lyons and David W. Ross (the "**Reserves Committee**").

As at May 2, 2017, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, an aggregate of 1,743,708 Class A Common Voting Shares and 5,469,260 Class B Subordinate Voting Shares, being approximately 99.6% of the outstanding Class A Common Voting Shares and 16.5% of the Class B Subordinate Voting Shares, respectively.

It is the intention of management designees, if named as proxy, to vote "FOR" the election of the above persons to the Board unless otherwise directed. Management does not anticipate that any of the nominees for election as directors will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee in their discretion. Each

director elected will hold office until the next annual general meeting of Shareholders or until his successor is elected or appointed, unless his office is earlier vacated.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, to our knowledge, no proposed director: (i) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of an issuer (including the Company) that: (a) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days; (b) was subject to an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, which resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (c) while that person was acting in the 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; (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets; or (iii) 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.

William H. Smith was a director and officer of Oilexco Incorporated ("**Oilexco**") when, as a consequence of the severe disruption in the financial and commodity markets during the fall of 2008, it filed for protection under the *Companies Creditors' Arrangement Act* (Canada) and its wholly owned subsidiary in the United Kingdom filed for administration for the benefit of its creditors. Oilexco was subsequently suspended from trading by the TSXV in September, 2009 and a cease trade order was issued by the Alberta Securities Commission for failure to file financial statements. In addition, the directors of Oilexco, including Mr. Smith, were reprimanded by the TSXV based on the TSXV finding that Oilexco ought to have issued certain press releases when it was insolvent.

Mr. Smith was also a director of SemBioSys Genetics Inc. ("**SemBioSys**") until May 2012. Subsequently a creditor obtained the appointment of a receiver for certain assets of SemBioSys over which the creditor held security.

Approval of Option Plan

In accordance with the Option Policy, "rolling" option plans must receive Shareholder approval yearly at the Company's annual meeting.

Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to pass a resolution (the "**Option Plan Resolution**") ratifying and approving the existing option plan of the Company (the "**Option Plan**"). The Option Plan was initially approved by Shareholders on August 12, 2004 and was last amended on June 3, 2014. The Company does not have any outstanding options to purchase Class B Subordinate Voting Shares ("**Stock Options**"), and is authorized to issue a total of 3,485,643 Stock Options. Pursuant to the Option Plan, Stock Options can be granted to directors, officers, key managers and consultants of the Company to assist and encourage these individuals to work towards and contribute to the growth and development of the Company. The Option Plan is administered by the Board or a committee of the Board, who have the authority to determine the individuals to be granted Stock Options, to determine the terms of such Stock Options and prescribe the form of option agreement to be entered into. The maximum number of Class B Subordinate Voting Shares that may be reserved for issuance under the Option Plan is equal to 10% of the Class A Common Voting Shares and Class B Subordinate Voting Shares outstanding from time to time. The maximum number of Class B Subordinate Voting Shares that may be granted to any one person under the Option Plan is 5% of the Class A Common Voting Shares and Class B Subordinate Voting Shares outstanding at the time of reservation. As of May 2, 2017 the Company did not have any outstanding Stock Options.

The terms of the Option Plan summarized in this Circular are subject to the complete terms of the Option Plan, which is attached as Exhibit B. See also "*Long Term Incentives – Option-based Awards*".

Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Orca Exploration Group Inc. (the "**Company**"):

1. the stock option plan of the Company, on the terms described in the management proxy circular of the Company dated May 2, 2017 (the "**Circular**") and in the form attached as Exhibit B to the Circular, be and the same is hereby ratified, confirmed and approved; and
2. any one director or officer of the Company be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

It is the intention of management to vote proxies in favour of the Option Plan Resolution.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote proxies in favour of an ordinary resolution to appoint the firm of KPMG LLP to serve as auditors of the Company until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP has served as the independent auditor for the Company since 2004.

COMPENSATION DISCUSSION & ANALYSIS

General

The following sets forth the compensation of our Chairman and Chief Executive Officer ("**CEO**"), Chief Financial Officer and each of the Company's three other most highly compensated executive officers who were serving as executive officers of the Company at December 31, 2016 and whose total compensation was more than C\$150,000 (collectively, the "**Named Executive Officers**" or "**NEOs**"). Included is a discussion of the Company's objectives and goals relating to employee compensation and the elements of the Company's executive compensation.

Introduction and Objectives

The objective of the Company's compensation program is to attract, retain and motivate high-quality employees and provide a sense of proprietorship over the business and create an environment conducive for employees to work as a team. The compensation philosophy of the Company is to reward Named Executive Officers and other employees based on achieving personal objectives and objectives of the Company. By tying compensation rewards to achievements, all salaried employees place an element of their total compensation at risk.

Composition and Role of the Remuneration Committee

The Remuneration Committee oversees the Company's compensation program, with W. David Lyons making a majority of the recommendations with respect to employee compensation and discussing such recommendations with the other members of the Remuneration Committee as well as the Human Resources Manager as needed. Mr. Lyons has asked the Remuneration Committee to approve the remuneration payable to him and has asked the Remuneration Committee for advice on proposed bonuses payable to the Named Executive Officers; however, Mr. Lyons has generally assumed responsibility for reviewing and setting the remuneration of the Named Executive Officers, evaluating the performance of the Company's other executive officers, and reviewing the design and competitiveness of the Company's incentive compensation programs.

For the year ended December 31, 2016, the Remuneration Committee consisted of W. David Lyons, David W. Ross, Glenn Gradeen, Alan Knowles and William H. Smith. A majority of the members of the Remuneration Committee are required to be independent, as such term is defined for purposes of National Policy 58-201 – *Corporate Governance Guidelines*. Mr. Smith, Mr. Gradeen, Mr. Knowles and Mr. Ross are independent members of the Board while Mr. Lyons is not independent. The background and qualifications of the committee members are set out under the heading "*Audit Committee Information - Relevant Education and Experience*" in this Circular.

Mr. Lyons has been a senior executive of oil and gas companies for over 25 years, and this experience has been relevant for administering the Company's executive compensation program.

Compensation Program Design

Total compensation for all Named Executive Officers consists of base and variable compensation as well as long-term incentives consisting of share-based and option-based awards. Variable compensation is considered an integral element of total compensation, and the combination of base compensation and variable compensation – referred to as "target total cash compensation" – is the basis on which market competitiveness is evaluated.

The compensation program is designed to reward performance based on the achievement of corporate and personal performance goals and objectives and to sit in the mid-range of comparable companies in the market in which the Company competes for talent. Base and variable compensation primarily recognises the value of the individual to the Company and rewards recent performance, while long-term incentives encourage the delivery of results that improve the Company's share price over a longer period of time as well as serves as an employment retention mechanism.

Elements of Compensation Program

Base Compensation

From time to time the Company reviews compensation information available on a group of businesses of comparable size that are also in the oil and gas industry and often operating internationally. The Company then extrapolates from that information a mid-range between the 50th percentile and the 75th percentile of the average compensation for comparable positions. Because of the high cost of such reviews, the Company does not complete these reviews every year. In years when such reviews are not undertaken, the Company uses the last salary levels and adds an inflation factor, and also makes adjustments for changes to job description or responsibility, if applicable. The Company's last review of comparable companies was undertaken in 2016, and the comparable companies included the following:

Orca Exploration Comparable Group of Businesses		
Apache North Sea Production	Faroe Petroleum (U.K.)	Premier Oil
Bowleven	Genel Energy	Sasol Exploration & Petroleum International (SEPI)
Buried Hill Services (UK)	Idemitsu Petroleum UK	Seven Energy (UK)
Cairn Energy	IGas Energy	Shell
CIECO Exploration and Production (UK)	INEOS UK E&P Holdin	SOCO
CNR International (UK)	JKX Oil & Gas	Statoil (UK)
DONG Energy	JX Nippon Exploration and Production (UK)	Summit Exploration and Production
Edison E&P UK	Maersk Oil North Sea UK	Svenska Petroleum Exploration - London Branch Office
ENGIE E&P UK	Marubeni North Sea	TAQA Bratani
Eni UK	Nexen Petroleum UK	Tullow Group Services
EOG Resources United Kingdom	OMV (U.K.)	
Fairfield Energy	Ophir Energy	

Variable Compensation

W. David Lyons

In 2014 the Board decided that the variable compensation for the CEO, W. David Lyons, should be considered on a different basis than that of the other Named Executive Officers. Mr. Lyons is the controlling Shareholder and accordingly the Board felt that his variable compensation should be as objective as possible and should minimize any discretionary elements.

The following framework ties specific achievements to the discretionary amounts to be awarded to Mr. Lyons under variable compensation starting in 2014:

Achievements	Amount of Variable Compensation (US\$)	Status
Conclusion of the Government Negotiating Team (the " GNT ") matters	500,000	Achieved
TANESCO receivables paid up within 90 days	500,000	Ongoing
Finalization of new gas purchase contract with the Tanzania Petroleum Development Corporation (" TPDC ") for additional volumes of gas at minimum of 50 mmcf/d	500,000	Ongoing
Funding of financing to permit the Company to undertake workovers and drill a new well	250,000	Achieved
Funding of financing to permit the Company to undertake new wells and capital facilities expansion to permit production at a minimum of 155 mmcf/d	250,000	Achieved
Extension of the Songo Songo Production Sharing Agreement term to life of field	1,000,000	Ongoing

The Board followed this same framework in 2015 and 2016 for determining Mr. Lyon's variable compensation.

Other Named Executive Officers

For the other Named Executive Officers as well as other employees, the approach of the Remuneration Committee is to evaluate whether such employees have achieved their personal objectives and whether the Company has achieved its objectives, and then to calculate variable compensation as a percentage of base salary giving a weight of 50% to personal objectives and the other 50% to corporate objectives. This is intended to be a discretionary approach rather than a mathematical one, and the Remuneration Committee reserves the right to use its discretion to decide what portion, if any, of variable compensation will be awarded if personal and corporate objectives are only partially achieved or if efforts to achieve the objectives are ongoing. Accordingly, for 2016, each of the employees was assigned a "target variable salary award" – essentially the maximum award that could be paid to such employee under normal circumstances – and then a portion of that target sum was awarded as variable compensation having regard to the corporate objectives and personal objectives relevant to that person. For 2016, the Remuneration Committee set the personal objectives for each of the employees, which included seeking each employees' input.

Variable compensation was considered against a range of corporate and individual objectives. The following objectives are top line objectives of the Company from which all other corporate objectives are derived:

- maximize value per share of Orca and the reflection of value in Orca share price through growth in net asset value, cash flow and risk reduction;
- tangibly reduce the business risks associated with operating in Tanzania;
- grow the business by identifying attractive new ventures in jurisdictions outside Tanzania with opportunities that will leverage the Company's track record and the skill set of management; and
- provide an engaging and rewarding environment for people of all disciplines and cultures to work together in delivering outstanding results for shareholders.

Up to 50% of variable compensation depends on the discretion of the Remuneration Committee and the balance (ie, 50%) is awarded based upon realisation or progress of certain stated corporate objectives, including the following:

Corporate Objectives for 2016
Operate the business using industry leading health, safety and environmental practices and policies
Maximize existing reserves and productivity
Collection of TANESCO and Songas arrears
Ensure reliability of regular current payments of all customers
Maximize sales volumes and revenue contribution of natural gas
Grow and diversify reserves and production in areas within an agreed risk profile where the Company can offer a competitive advantage
Ensure the Company is 100% tax compliant
Ensure the Company is 100% contracts compliant
Ensure the Company is 100% regulatory compliant
Minimize the quantum of contingent claims
Minimize risks to Tanzania business by developing proactive relationships with key government stakeholders to ensure alignment of interests
Ensure high level of awareness among stakeholders, community and media of the Company's activities, achievements and plans
Ensure proactive relationship with the Company's capital markets participants (shareholders, investment dealers, institutional investors, banks)
Ensure the Company has adequate cash reserves and dependable sources of finance at optimal mix and minimised cost to run and grow the business
Ensure the Company has the necessary controls and systems to ensure an agreed standard of regulatory compliance and governance
Ensure timely and accurate internal (operating, management, board) and external (stakeholder and statutory) reporting

The following are a sample of the individual objectives assigned to the NEOs and senior management that were designed to achieve the corporate objectives for 2016:

- reduce TANESCO arrears to less than US\$30 million by year-end;
- keep capital and operating expenses within 20% of the approved budget and Authorizations for Expenditure;
- identify a minimum of one new project (outside Tanzania) passing full due diligence, technical and financial feasibility analysis, capable of execution within two years; and
- maintain 98% uptime for the Songo Songo processing plant.

A total of 110 individual objectives (some shared) were distributed across NEOs and senior management. For 2016 the Remuneration Committee advised each of the Named Executive Officers that 50% of their variable compensation would depend on achieving personal objectives as agreed to by them and the Board. Additionally, NEO personal objectives must be achievable, measurable and significant in the opinion of the Remuneration Committee. Not all objectives were achieved. Where this was the case, it was primarily due to the influence or inaction of external bodies outside the control of the organisation. In determining the extent to which individual objectives have been achieved, and the value of the individual's contribution in achieving them, all NEOs and senior management were invited to report back to the Remuneration Committee and offer variable incentive proposals. These proposals were summarised and presented to the Remuneration Committee for their consideration. See *"Compensation Discussion and Analysis – Composition and Role of the Remuneration Committee."*

The Remuneration Committee in its discretion will continue to decide what portion, if any, of variable compensation will be awarded if personal and corporate objectives are only partially achieved. Compensation for 2016 was based on previously discussed benchmarking. With the exception of the salary increases for David K. Roberts and Mr. Hanna due to their assumption of additional responsibilities, no other NEO received a salary increase in 2016.

Long Term Incentives

The long-term incentive program is comprised of option-based awards, being Stock Options and stock appreciation rights ("**Stock Appreciation Rights**" or "**SARs**"), and restricted stock unit awards ("**Restricted Stock Units**" or "**RSUs**"). These awards are granted to the directors, Named Executive Officers and other employees, and, as elaborated below, seek to align the interest of the grantees with those of the Shareholders.

Option-based Awards

1. Stock Option Plan

The Option Plan allows the Board to determine at its discretion eligibility for Stock Options, the number of Class B Subordinate Voting Shares to be issued upon exercise of the Stock Options and the terms of the Stock Options. The Board may fix the exercise price but in no case may the exercise price be less than the closing market price on the TSXV the day preceding the date of grant, or if no trades occur on such day, the average of the bid and ask prices of the Class B Subordinate Voting Shares at the close of trading on such last trading day. The aggregate number of Stock Options that may be granted to any one person may not exceed 5% of the number of issued and outstanding Shares. Any Stock Option awarded under the Option Plan has a maximum term of ten years from the date on which it is granted and all such Stock Options are non-transferable.

For further information, please see "*Matters to be Acted on at the Meeting - Approval of Option Plan*" above and the specific provisions of the Option Plan attached as Exhibit B hereto.

2. Shadow Option Plan (also referred to as the Stock Appreciation Rights Plan)

The Board has adopted a plan governing the issuance of Stock Appreciation Rights (the "**Shadow Option Plan**") to certain services providers (as defined in the Shadow Option Plan). The SARs are subject to the provisions of the Shadow Option Plan and the terms of an agreement between the Company and the grantee. Each grant of SARs provides the grantee with the entitlement to receive on exercise a cash payment in the amount determined by multiplying:

- i. the amount of the fair market value of one Class B Subordinate Voting Share on the date of exercise of such Stock Appreciation Right exceeds the relevant Base Price (defined in the agreement between the Company and the grantee), by
- ii. the number of Class B Subordinate Voting Shares in respect of which such Stock Appreciation Rights are so exercised multiplied by the Adjustment Ratio (defined in the Shadow Option Plan).

Unless otherwise agreed to, SARs vest as to one third of the number of SARs granted on the first anniversary of the date of grant and as to one third of the number of SARs granted on the anniversary of the date of grant for each of the next two succeeding years. Subject to the provisions of the Shadow Plan, SARs may be exercised from time to time during the exercise period or periods specified in the agreement provided at the time of grant.

The purpose of the Shadow Option Plan is to retain and attract qualified service providers, to promote a proprietary interest in the Company, to encourage such persons to remain in the employ or service of the Company and to focus management of the Company on operating and financial performance and total long-term shareholder return.

3. Restricted Unit Plan

In September 2014, the Board adopted a plan governing the issuance of Restricted Stock Units (the "**Restricted Unit Plan**") to certain services providers (as defined in the Restricted Unit Plan). Each grant of RSUs provides the grantee with the entitlement to receive on exercise of an RSU a cash payment (less any applicable withholding taxes or other deductions required by law) equal to the value of a Class B Subordinate Voting Share at the time of exercise of the RSU less the "**Restricted Unit Price**" (as defined in the Restricted Unit Plan) in respect of such RSU. The RSUs are subject to the provisions of the Restricted Unit Plan and the terms of an agreement between the Company and the grantee, which determines, *inter alia*, the vesting provisions of each RSU. The terms of the Restricted Unit Plan provide for a nominal exercise price to be paid prior to exercise to mitigate certain adverse tax consequences associated with this type of compensation award for short term incentive purposes. Under the Restricted Unit Plan the number of RSUs granted and outstanding cannot at any time exceed 3,500,000 RSUs.

The purpose of the Restricted Unit Plan is to retain and attract qualified service providers, to promote a proprietary interest in the Company, to encourage such persons to remain in the employ or service of the Company and to focus management of the Company on operating and financial performance and total long-term shareholder return.

Other Compensation Matters

W. David Lyons, as the CEO and main administrator of the Company's compensation program, considered the risks related to the Company's compensation practices and does not believe that these practices encourage inappropriate or excessive risk-taking by him or the other Named Executive Officers.

Subject to compliance with insider trading rules and the Company's black out policy, NEOs and directors are not prohibited by any written policy of the Company from purchasing financial instruments which could hedge or offset a decrease in market value of equity securities granted as compensation or otherwise held, directly or indirectly, by an NEO or director.

In the most recently completed financial year, neither Mr. Lyons nor the Remuneration Committee retained an outside consultant to advise the Company with respect to compensation practice or awards.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation of the Company's Named Executive Officers for the years ended December 31, 2016, 2015 and 2014, as applicable, in US dollars.

Name and principal position	Year	Salary (US\$)	Share-based awards ⁽¹⁾ (US\$)	Option-based awards ⁽¹⁾⁽²⁾⁽³⁾ (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans ⁽⁴⁾	Long-term incentive plans			
W. David Lyons Chief Executive Officer and Chairman ⁽⁵⁾⁽⁹⁾	2016	741,508	NIL	373,303	NIL	NIL	NIL	NIL	1,114,811
	2015	734,369	NIL	NIL	500,000	NIL	NIL	NIL	1,234,369
	2014	719,970	NIL	2,891,932	500,000	NIL	NIL	NIL	4,111,902
Blaine Karst Chief Financial Officer ⁽⁶⁾	2016	450,000	NIL	NIL	100,000	NIL	NIL	NIL	550,000
	2015	75,000	NIL	281,378	NIL	NIL	NIL	NIL	356,378
	2014	-	-	-	-	-	-	-	-

Name and principal position	Year	Salary (US\$)	Share-based awards ⁽¹⁾ (US\$)	Option-based awards ⁽¹⁾⁽²⁾ (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans ⁽⁴⁾	Long-term incentive plans			
David K. Roberts Vice President Operations and Managing Director PanAfrican Energy Tanzania Limited	2016	450,000	NIL	NIL	180,000	NIL	NIL	NIL	630,000
	2015	375,064	NIL	NIL	150,000	NIL	NIL	NIL	525,064
	2014	367,710	NIL	209,749	110,000	NIL	NIL	NIL	687,459
Andy J Hanna Deputy Managing Director PanAfrican Energy Tanzania Limited ⁽⁸⁾	2016	315,000	NIL	NIL	100,000	NIL	NIL	NIL	415,000
	2015	231,132	NIL	NIL	80,250	NIL	NIL	NIL	311,382
	2014	226,600	NIL	157,312	84,000	NIL	NIL	NIL	467,912
Stephen Huckerby Group Financial Controller ⁽⁷⁾	2016	305,537	NIL	NIL	60,000	NIL	NIL	NIL	365,537
	2015	390,162	NIL	NIL	50,000	NIL	NIL	NIL	440,162
	2014	380,000	NIL	NIL	100,000	NIL	NIL	NIL	480,000

Notes

- (1) All option-based and share-based awards were granted and are payable in Canadian dollars. Unless otherwise stated, the values in the table were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.9178 for 2014, C\$1.00 = US\$0.7202 for 2015 and C\$1.00 = US\$0.7692 for 2016.
- (2) The Company's Restricted Unit Plan requires an exercise price to be paid prior to exercise of the RSUs. As a result, the RSUs have been classified as "option-based awards" for the purposes of this Statement of Executive Compensation since the RSUs have "option-like features" for the purposes of the definition of "option-based awards" in Form 51-102F6. The RSU value is calculated by multiplying the number of RSUs by the stock price of the Class B Subordinate Voting Shares on the date of grant. The value was converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.9106 at the date of grant for RSUs granted in the year ended December 31, 2014 and C\$1=US\$0.7692 for the RSUs granted in the year ended December 31, 2016. There were no RSUs granted in the year ended December 31, 2015.
- (3) Based on the grant date fair value of the SARs. Specifically, a Black-Scholes pricing model was used to determine the fair value of the grants on the date of grant and this has been amortised over the vesting period assuming all Named Executive Officers remain with the Company. The Company uses this methodology as it is a commonly recognized means of calculating a meaningful and reasonable estimate of fair value. The value of option-based awards can fluctuate significantly from the imputed value derived under the Black-Scholes method of valuation. The following assumptions were utilized in determining the fair value for the SARs granted in year ended December 31, 2015: expected volatility 51%, risk free rate of return 1.50%, expected life of 5 years, dividend yield rate 0%, and forfeiture rate 5%. The following assumptions were utilized in determining the fair value for the SARs granted in year ended December 31, 2014: expected volatility 57%, risk free rate of return 1.75%, expected life of 5 years, dividend yield rate 0%, and forfeiture rate 0%. There were no SARs granted during the financial year ended December 31, 2016. In 2015 Mr Karst was awarded US\$281,378 consisting of 300,000 SARs. The SARs awarded to Mr Karst expire on October 30, 2020 and vest over five years, with an exercise price of C\$3.02. In 2014, Mr. Lyons, Mr. Roberts and Mr. Hanna were awarded US\$524,373, US\$209,749 and \$157,312 respectively, consisting of 500,000, 200,000 and 150,000 SARs respectively. The SARs awarded in 2014 expire on January 14, 2019, vest equally over five years, with an exercise price of C\$2.30.
- (4) Reflects cash bonuses earned in 2016, 2015 and 2014 and paid in full during, respectively, 2016, 2015 and 2014.
- (5) On September 23, 2014, W. David Lyons was awarded US\$2,367,559 consisting of 702,703 RSUs. The value of these RSUs is based on the market price of Class B Subordinate Voting Shares on the date of grant, being September 23, 2014, which was C\$3.70. The RSUs were fully vested on the grant date with a Restricted Unit Price of C\$0.001 and expire on September 23, 2019. On June 24, 2016 David Lyons was awarded US\$373,303 consisting of 147,059 RSUs. The value of these RSUs is based on the market price of Class B Subordinate Voting Shares on June 24, 2016, which

was C\$3.30. The RSUs were fully vested on the grant date with a Restricted Unit Price of C\$0.001 and expire on June 24, 2021.

- (6) Mr. Karst was appointed Chief Financial Officer of the Company on November 2, 2015 with an annual salary of \$450,000, of which he earned \$75,000 in 2015.
- (7) Mr. Huckerby was appointed Chief Accounting Officer on January 1, 2014. Effective January 1, 2016 with the appointment of Mr. Karst, Mr. Huckerby returned to his previous position of Group Financial Controller.
- (8) Mr. Hanna was appointed Deputy Managing Director on February 1, 2014.
- (9) W. David Lyons does not receive any compensation in his capacity as a director.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each Named Executive Officer all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2016 in US dollars.

Name	Option-based Awards ⁽¹⁾				Share-based Awards ⁽¹⁾		
	Number of securities underlying unexercised options ⁽²⁾ (#)	Option exercise price ⁽³⁾ (US\$)	Option expiration date	Value of unexercised in-the-money options ⁽⁴⁾⁽⁵⁾ (US\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$)	Market or payout value of vested share based awards not paid out or distributed (US\$)
W. David Lyons	300,000	1.70	January 14, 2019	345,300	NIL	N/A	N/A
David K. Roberts	100,000	1.99	August 25, 2017	85,587	NIL	N/A	N/A
	200,000	1.70	January 14, 2019	230,200			
Blaine Karst	300,000	2.23	October 30, 2020	185,931	NIL	N/A	N/A
Stephen Huckerby	300,000	1.56	June 30, 2018	385,142	NIL	N/A	N/A
Andy Hanna	150,000	1.70	January 14, 2019	172,650	NIL	N/A	N/A

Notes:

- (1) All option-based and share-based awards were granted and are payable in Canadian dollars. The values in the table were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.73782 as at December 31, 2016.
- (2) Represents the number of SARs granted. There are currently no Stock Options outstanding.
- (3) The exercise prices for the SARs granted stated in Canadian dollars as follows: for W. David Lyons, C\$2.30; for David K. Roberts, C\$2.70 and C\$2.30, respectively; for Blaine Karst, C\$3.20; for Stephen Huckerby, C\$2.12; and for Andy Hanna, C\$2.30.
- (4) Calculated based on the difference between the market price of the Class B Subordinate Voting Shares at December 30, 2016 of C\$3.86 and the exercise price of the applicable SARs.
- (5) Calculated based on the number of RSUs vested in the year that have not been paid out multiplied by the difference between the market price of the Class B Subordinate Voting Shares at December 31, 2016 of C\$3.86 and the Restricted Unit Price of the applicable RSUs. As of December 31, 2016 there were no outstanding unvested or unpaid RSUs.

The "option-based awards" outstanding in 2016 were Stock Appreciation Rights issued pursuant to the Shadow Option Plan and the Restricted Stock Units issued pursuant to the Restricted Unit Plan. SARs and RSUs are currently only payable in cash. For details regarding the Shadow Option Plan and the Restricted Unit Plan, see "Compensation Discussion and Analysis - Elements of Compensation Program - Long-Term Incentives".

Incentive Plan Awards – Value Vested or Earned During 2016

The following table sets forth for each Named Executive Officer the value of option-based awards and share-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016 in US dollars.

Name	Option-based awards – Value vested during the year ⁽¹⁾⁽²⁾⁽³⁾ (US\$)	Share-based awards – Value vested during the year (US\$)	Non-equity incentive plan compensation – Value earned during the year ⁽⁴⁾ (US\$)
W. David Lyons	387,331	NIL	NIL
David K. Roberts	5,611	NIL	180,000
Blaine Karst	48,347	NIL	100,000
Stephen Huckerby	98,406	NIL	60,000
Andy Hanna	4,208	NIL	100,000

Notes:

- (1) All option-based and share-based awards were granted and are payable in Canadian dollars.
- (2) The values in the table with respect to Mr. Karst and Mr. Huckerby were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.7461 and C\$1.00 = US\$0.7688 respectively. Calculated based on the number of Stock Appreciation Rights vested in the year multiplied by difference between the market price of the Class B Subordinate Voting Shares at the vesting date and the exercise price on the vesting date of the Stock Appreciation Rights, as the case may be. There are no Stock Options held by the NEOs. The Stock Appreciation Rights awarded to Mr. Karst in October 2015 with an exercise price of C\$3.02 vest over five years in equal instalments with the last fifth vesting in October 2020. The Stock Appreciation Rights awarded to Mr. Huckerby vest over three years in equal instalments with the last third vesting in July 2016 at which time the market price was C\$3.40 per share. The values in the table with respect to Stock Appreciation Rights awarded to Mr. Lyons, Mr. Roberts and Mr. Hanna were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.7015 calculated based on the number of Stock Appreciation Rights vested in the year multiplied by difference between the market price of the Class B Subordinate Voting Shares at the vesting date and the exercise price on the vesting date of the Stock Appreciation Rights, as the case may be. The Stock Appreciation Rights awarded to Mr. Lyons, Mr. Roberts and Mr. Hanna in January 2014 with an exercise price of C\$2.30 vest over five years in equal instalments with the second fifth vesting in January 2016 at which time the market price of C\$2.50 was greater than the market price of the Class B Subordinate Voting Shares on the vesting date. All values in the "option-based awards" column for Messrs. Roberts, Karst, Huckerby and Hanna represent the value of SAR's vested during the year. Mr. Lyons had US\$14,028 of SARs vest during the year, with the remainder being the value of RSUs vested during the year.
- (3) The Company's Restricted Unit Plan requires an exercise price to be paid prior to exercise of the RSUs. As a result, the RSUs have been classified as "option-based awards" for the purposes of this Statement of Executive Compensation since the RSUs have "option-like features" for the purposes of the definition of "option-based awards" in Form 51-102F6. On June 24, 2016 David Lyons was awarded US\$373,303 consisting of 147,059 RSUs. The value of these RSUs is based on the market price of Class B Subordinate Voting Shares on June 24, 2016, which was C\$3.30. The RSUs were fully vested on the grant date with a Restricted Unit Price of C\$0.001 and expire on June 24, 2021.
- (4) Reflects cash bonuses earned in 2016 and paid during 2017.

Termination and Change of Control Benefits

None of the contracts governing the services provided by Named Executive Officers provide for payments upon a change of control; however, any unvested Stock Options or SARs awarded to such officers will vest upon a change of control. Mr. Robert's and Mr. Hanna employment contract provides that if within 12 months following a change of control: (i) Mr. Roberts or Mr. Hanna leave their employment by reason of a material or detrimental change to their status or conditions of employment; or (ii) the Company terminates Mr. Robert's or Mr. Hanna's employment (other than for fraud or other exceptions specified in his employment contract) without giving them 3 months notice, then Mr. Roberts and Mr. Hanna can elect within 7 days of leaving their employment to be paid a sum equal to 12 months salary and their last annual bonus.

The contracts governing the services of Mr. Lyons, Mr. Karst, Mr. Roberts, Mr. Huckerby and Mr. Hanna each provide for a notice of termination or payment in lieu of notice of three months, which would be equal to US\$187,500, US\$112,500, US\$112,500, US\$87,500 and US\$78,750, respectively, if such Named Executive Officers were terminated on December 31, 2016. There were no termination payments made to Named Executive Officers in 2016.

DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth for each director who is not also a Named Executive Officer all compensation received for the year ended December 31, 2016 in US dollars.

Name ⁽¹⁾	Fees earned ⁽²⁾ (US\$)	Share-based awards ⁽³⁾ (US\$)	Option-based awards ⁽³⁾⁽⁴⁾⁽⁵⁾ (US\$)	Non-equity incentive plan compensation ⁽⁶⁾ (US\$)	Pension value ⁽⁶⁾ (US\$)	All other compensation ⁽⁶⁾ (US\$)	Total (US\$)
David W. Ross ⁽⁵⁾	150,000	NIL	152,193	NIL	NIL	NIL	302,193
William H. Smith ⁽⁵⁾	150,000	NIL	152,193	NIL	NIL	NIL	302,193
Glenn D. Gradeen ⁽⁵⁾	150,000	NIL	152,193	NIL	NIL	NIL	302,193
Alan Knowles ⁽⁷⁾	85,000	NIL	NIL	NIL	NIL	NIL	85,000

Notes:

- (1) The compensation that W. David Lyons received as a director in 2016 is reflected in the earlier table under "*Executive Compensation*".
- (2) Directors (other than directors who are Named Executive Officers) receive an annual retainer of US\$150,000. Directors are reimbursed for their reasonable expenses incurred attending meetings, including a daily allowance where applicable.
- (3) All option-based and share-based awards were granted and are payable in Canadian dollars. Unless otherwise stated, the values in the table were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.7171.
- (4) Based on the grant date fair value of the SARs. Specifically, a Black-Scholes pricing model was used to determine the fair value of the grants on the date of grant and this has been amortised over the vesting period assuming the directors remain with the Company. The Company uses this methodology as it is a commonly recognized means of calculating a meaningful and reasonable estimate of fair value. No SARs were awarded during the year ended December 31, 2016.
- (5) On January 6, 2016 David W. Ross, William H. Smith and Glenn D. Gradeen were each granted US\$152,193 consisting of 79,787 RSUs. The value of these RSUs is based on the market price of the Class B Subordinate Voting Shares on January 6, 2016 which was C\$2.66. The RSUs have a Restricted Unit Price of C\$0.001, fully vested on the date of grant and expire on January 6, 2021.
- (6) No non-NEO director was awarded during the fiscal year ended December 31, 2016, or had outstanding as of December 31, 2016 any non-equity incentive plan compensation, pension value or any other compensation other than as disclosed in the table above.
- (7) Mr. Knowles was appointed a director of the Corporation on June 7, 2016. Mr Knowles was paid his pro rata retainer for the period June 7, 2016 to December 31, 2016.

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for each of the directors other than directors who are also Named Executive Officers all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2016.

Name	Option-based Awards ⁽¹⁾				Share-based Awards ⁽¹⁾		
	Number of securities underlying unexercised options ⁽²⁾⁽⁶⁾ (#)	Option exercise price ⁽³⁾ (US\$)	Option expiration date	Value of unexercised in the money options ⁽⁴⁾⁽⁵⁾ (US\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$)	Market or payout value of vested share based awards not paid out or distributed (US\$)
David W. Ross	85,000	1.73	December 10, 2017	94,699	NIL	N/A	NIL
	85,000	1.70	January 14, 2019	97,835			
	79,787	0.001	January 6, 2021	227,232			
William H. Smith	80,000	1.73	December 10, 2017	89,129	NIL	N/A	NIL
	85,000	1.70	January 14, 2019	97,835			
	79,787	0.001	January 6, 2021	227,232			
Glenn D. Gradeen	110,000	2.29	August 19, 2020	61,682	NIL	N/A	NIL
	79,787	0.001	January 6, 2021	227,232			
Alan Knowles	NIL	NIL	N/A	NIL	NIL	N/A	NIL

Notes:

- (1) All option-based and share-based awards were granted and are payable in Canadian dollars. The values in the table were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.7378 as at December 31, 2016.
- (2) Represents the number of SARs and RSUs granted. There are currently no outstanding Stock Options. The value of SARs outstanding on December 31, 2016 were: US\$170,000 for Mr. Ross, US\$165,000 for Mr. Smith and US\$110,000 for Mr. Gradeen.
- (3) The exercise prices for the SARs granted are stated in Canadian dollars as follows: for David W. Ross, C\$2.35 and C\$2.30 respectively; for William H. Smith, C\$2.35 and C\$2.30 respectively; and for Glenn Gradeen C\$3.10.
- (4) Calculated based on the difference between the market price of the Class B Subordinate Voting Shares at December 31, 2016 of C\$3.86 and the exercise price of the applicable SARs.
- (5) On January 6, 2016 David W Ross, William H Smith and Glenn D Gradeen were each granted US\$152,193 consisting of 79,787 RSUs. The value of these RSUs is based on the market price of the Class B Subordinate Voting Shares on January 6, 2016 which was C\$2.66. The RSUs have a Restricted Unit Price of C\$0.001, fully vested on the date of grant and expire on January 6, 2021. Calculated based on the number of RSUs vested in the year that have not been paid out multiplied by the difference between the market price of the Class B Subordinate Voting Shares at December 30, 2016 of C\$3.86 and the Restricted Unit Price of the applicable RSUs. As of December 31, 2016, all of the RSUs were unpaid.
- (6) The Company's Restricted Unit Plan requires an exercise price to be paid prior to exercise of the RSUs. As a result, the RSUs have been classified as "option-based awards" for the purposes of this Statement of Executive Compensation since the RSUs have "option-like features" for the purposes of the definition of "option-based awards" in Form 51-102F6.

The "option-based awards" outstanding in 2016 were Stock Appreciation Rights issued pursuant to the Shadow Option Plan and the Restricted Stock Units issued pursuant to the Restricted Unit Plan. SARs and RSUs are

currently only payable in cash. For details regarding the Shadow Option Plan and the Restricted Unit Plan, see "Compensation Discussion and Analysis - Elements of Compensation Program - Long-Term Incentives".

Directors Incentive Plan Awards – Value Vested or Earned During 2016

The following table sets forth for each director who is not also a Named Executive Officers the value of option-based awards and share-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year ⁽¹⁾⁽²⁾ (US\$)	Share-based awards – Value vested during the year ⁽¹⁾ (US\$)	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (US\$)
David W. Ross	154,578	NIL	NIL
William H. Smith	154,578	NIL	NIL
Glenn D. Gradeen	173,653	NIL	NIL
Alan Knowles	NIL	NIL	NIL

Notes:

- (1) All option-based and share-based awards were granted and are payable in Canadian dollars. The SAR option-based awards in the table were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.7014 for Mr. Ross and Mr. Smith and at C\$1.00 = US\$0.7803 for Mr. Gradeen. The RSU option-based awards in the table were converted from Canadian dollars to US dollars at an exchange rate of C\$1.00 = US\$0.7171. Calculated based on the number of Stock Appreciation Rights vested in the year multiplied by the difference between the market price of the Class B Subordinate Voting Shares at the vesting date and the exercise price on the vesting date of the Stock Appreciation Rights, as the case may be. The Stock Appreciation Rights awarded to Mr. Ross and Mr. Smith in January 2014 with an exercise price of C\$2.30 vest over five years in equal instalments with the second fifth vested in January 2016 at which time the market price of C\$2.50 was greater than the market price of the Class B Subordinate Voting Shares on the vesting date. The SARs awarded to Mr. Gradeen in August 2015 with an exercise price of C\$3.10 vest over three years in equal instalments with the first third vested in August 2016 at which time the market price of C\$3.60 was greater than the market price of the Class B Subordinate Voting Shares on the vesting date. Each of Mr. Ross, Mr. Smith and Mr. Gradeen had US\$152,193 of RSUs vest during the year, with the remainder being the value of SARs vested during the year.
- (2) The Company's Restricted Unit Plan requires an exercise price to be paid prior to exercise of the RSUs. As a result, the RSUs have been classified as "option-based awards" for the purposes of this Statement of Executive Compensation since the RSUs have "option-like features" for the purposes of the definition of "option-based awards" in Form 51-102F6. On January 6, 2016 David W Ross, William H Smith and Glenn D Gradeen were each granted US\$152,193 consisting of 79,787 Restrictive Stock Units (RSUs). The value of these RSUs is based on the market price of Class B Subordinate Voting Shares on January 6, 2016, which was C\$2.66. The RSUs have a Restricted Unit Price of C\$0.001, fully vested on the date of grant and expire on January 6, 2021.
- (3) During the fiscal year ended December 31, 2016, no non-NEO director earned any non-equity incentive plan compensation.

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options as at December 31, 2016	Weighted-average of exercise price of outstanding options as at December 31, 2016	Number of securities remaining available for future issuance under equity compensation plans as at December 31, 2016
Equity compensation plans approved by security holders ⁽¹⁾	NIL	N/A	3,485,643
Equity compensation plans not approved by security holders	NIL	N/A	N/A

Plan Category	Number of securities to be issued upon exercise of outstanding options as at December 31, 2016	Weighted-average of exercise price of outstanding options as at December 31, 2016	Number of securities remaining available for future issuance under equity compensation plans as at December 31, 2016
Total	NIL	N/A	3,485,643

Note:

- (1) The Option Plan provides for the rolling grant of Stock Options equal to up to 10% of the issued and outstanding Shares. Any increase in the issued and outstanding Shares will result in an increase in the available number of Shares issuable under the Option Plan, and any exercises of Stock Options will make new grants available under the Option Plan.

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

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of Shares or otherwise, of any director, executive officer or nominee for director, or any director or executive officer of Orca Exploration who has acted in such capacity since the beginning of the last completed financial year (being the year ended December 31, 2016) or of any associate or affiliate of the foregoing, in respect of any matter to be acted on at the Meeting other than the election of directors and the appointment of auditors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To management's knowledge, no individual who is, or at any time during the most recently completed financial year was, a director, executive officer or senior officer of the Company, or any associate of any such individual: (i) is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries; or (ii) has indebtedness to another entity that 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.

INTERESTS OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any nominees for director or any informed persons (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), or any known associate or affiliate of such persons in any transactions since the commencement of Orca Exploration's last completed financial year (being the year ended December 31, 2016) or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its shareholders for the purpose of electing directors, that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSXV also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Company is that contained in Form 58-101F2 which is attached to NI 58-101 ("**Form 58-101F2 Disclosure**").

Set out below is a description of the Company's current corporate governance practices, relative to the Form 58-101F2 Disclosure (which is set out below in *italics*).

1. Board of Directors

Disclose how the board of directors facilitates its exercise of independent supervision over management including:

- (a) *the identity of directors that are independent; and*
- (b) *the identity of directors who are not independent, and the basis for that determination.*

The Board has determined that the following directors of the Company are independent in accordance with NI 58-101:

David W. Ross
 William H. Smith
 Glenn D. Gradeen
 E. Alan Knowles

The Board has determined that Mr. Lyons is not independent as he is the President and Chief Executive Officer of the Company.

2. **Directorships**

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

<u>Name of Director</u>	<u>Name of Other Issuer</u>
William H. Smith	Mosaic Capital Corporation PFB Corporation Prospex Oil and Gas Plc.
Glenn D. Gradeen	Berkana Energy Corp. Tangle Creek Energy Ltd. Vigilant Exploration Inc.
E. Alan Knowles	Niko Resources Ltd.

3. **Orientation and Continuing Education**

Describe what steps, if any, the Board takes to orient new board members, and describe any measures the Board takes to provide continuing education for directors.

While the Company does not currently have a formal orientation and education program for new recruits to the Board, the Company has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Company, as well as information on the Company's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Company's particular circumstances, including the size of the Company, limited turnover of the directors and the experience and expertise of the members of the Board.

No formal continuing education program currently exists for the directors of the Company. The Board believes that no formal education program is currently required as a result of the knowledge and experience of the Board members and as the Company's legal counsel and auditors provide the Board and applicable Committees with updates of new developments regarding corporate governance and regulatory requirements as they arise.

4. **Ethical Business Conduct**

Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.

The Board has adopted a code of ethics applicable to all members of the Company, including directors, officers and employees. Each director, officer and employee of the Company has been provided with a copy of the code of ethics. In addition, a copy of the code of ethics has been filed on SEDAR at www.sedar.com.

The Board monitors compliance with the code of ethics by requiring each of the senior officers of the Company to affirm in writing on an annual basis his or her agreement to abide by the code of ethics, as to his or her ethical conduct and in respect of any conflicts of interest.

Directors who are a party to or are a director or an officer of a person who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested party.

The Company has adopted a Disclosure, Confidentiality and Trading Policy aimed at ensuring timely disclosure of material information and imposing blackout periods in respect of trading in the Company's shares.

The Board has also adopted a "Whistleblower Policy" wherein employees, consultants and external stakeholders of the Company are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

5. **Nomination of Directors**

Disclose what steps, if any, are taken to identify new candidates for Board nomination, including:

- (a) *who identifies new candidates; and*
- (b) *the process of identifying new candidates.*

All nominations are made by the Company's controlling shareholder who is also the Chairman of the Board and the Chief Executive Officer. Such nominations must be approved by the Board and the mandate of the Board is to use its best efforts to ensure that at least a majority of its directors are independent, whenever possible.

6. **Compensation**

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (a) *who determines compensation; and*
- (b) *the process of determining compensation.*

Mr. Lyons reviews all compensation strategy, objectives and policies; annually reviews and assesses the performance of the executive officers; determines the compensation of executive officers and reviews executive appointments. Mr. Lyons consults with the Remuneration Committee, consisting of Mr. Lyons, Mr. Ross, Mr. Gradeen, Mr. Knowles and Mr. Smith, on certain matters. The process is described in this Circular under the heading "*Compensation Discussion and Analysis*".

7. **Other Board Committees**

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

In 2016, the Board approved the creation of a reserves committee (the "**Reserves Committee**"). The Reserves Committee is responsible for matters delegated to it by the Board and set forth in National Instrument 51-101, and is composed of Mr. Lyons, Mr. Ross, Mr. Smith, Mr. Gradeen and Mr. Knowles.

Pursuant to the Reserves Committee mandate, the Reserves Committee is responsible for reviewing the independent engineering reserves report, meeting with the independent engineers to review the methodology used in estimating the Company's reserves and ensuring that the Company's disclosure requirements are met. The Reserves Committee reviews the adequacy of the information available to the independent engineers and the co-operation of management in making such information available. The members of the Reserves Committee have direct access to the independent engineers of the Company. The Reserves Committee will also review and/or approve any other matters specifically delegated to it by the Board.

8. Assessments

Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees and its individual directors are performing effectively.

The Board does not regularly assess its members but members are regularly invited to express any concerns they may have either at meetings or in discussions with the Chairman.

AUDIT COMMITTEE INFORMATION

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor in accordance with Form 52-110F2.

Audit Committee Mandate and Terms of Reference

The mandate and responsibilities of the audit committee (the "**Audit Committee**") of the Board is attached hereto as Exhibit A.

Composition of the Audit Committee

The current members of the Audit Committee are E. Alan Knowles, Chair, William H. Smith, David W. Ross, W. David Lyons and Glenn D. Gradeen. Mr. Smith, Mr. Knowles and Mr. Gradeen are independent while Mr. Ross – although considered an independent director in accordance with NI 58-101 – is not independent for audit committee purposes because he is a partner at a law firm that receives fees from the Company. All members are financially literate for the purposes of NI 52-110. David Lyons is the Chief Executive Officer of the Company and is not considered an independent director.

Relevant Education and Experience

Mr. Knowles is a Chartered Financial Analyst (CFA) and Chartered Professional Accountant (CPA, CMA) and is conversant with accounting principles as they apply to the preparation and analysis of financial statements. He is a member of the Institute of Corporate Directors and has completed the Corporate Directors' Audit Committee Effectiveness course. Mr. Knowles has over 21 years experience in senior financial management positions in the oil and gas industry and over 19 years as a corporate analyst. Mr. Knowles has extensive experience with respect to corporate financial matters and the duties and functions of audit committees.

Mr. Smith is not a Chartered Professional Accountant but he is conversant with accounting principles as they apply to the preparation and analysis of financial statements. Mr. Smith has practiced as a business lawyer and corporate advisor in Canada for over 30 years and has extensive experience with respect to corporate financial matters and the duties and functions of audit committees, having served as a member of the audit committee for many listed companies.

Mr. Ross is not a Chartered Professional Accountant but he is conversant with accounting principles as they apply to the preparation and analysis of financial statements. Mr. Ross practices as a business lawyer and tax lawyer in Canada and has extensive experience with respect to acquisitions, dispositions, corporate finance and tax planning. Mr. Ross has published many articles on taxation law.

Mr. Gradeen is not a Chartered Professional Accountant, but he is conversant with accounting principles as they apply to the preparation and analysis of financial statements. Mr. Gradeen has been a senior executive of several publicly listed companies and has extensive experience with respect to corporate financial matters and the duties and functions of audit committees.

Mr. Lyons is not a Chartered Professional Accountant but he is conversant with accounting principles as they apply to the preparation and analysis of financial statements. Mr. Lyons holds a Bachelor of Law degree from Queens University and a Bachelor of Arts degree from the University of Calgary. Mr. Lyons has been associated with oil and gas developments since the early 1980s. Prior to becoming the President and Chief Executive Officer of Orca Exploration Group Inc., Mr. Lyons was President and CEO of PanOcean Energy Corporation and its predecessor companies including Ocelot Energy Inc. and has extensive experience with respect to acquisitions, dispositions and corporate finance.

Pre-Approval of Policies and Procedures

The Audit Committee reviews and pre-approves all non-audit services to be provided to Orca Exploration by its external auditors.

External Auditor Service Fees

In 2016 and 2015, KPMG LLP was paid fees as follows (in Canadian dollars):

	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees	Total
2015	C\$268,610	C\$3,000	-	-	C\$271,610
2016	C\$283,606	NIL	-	C\$39,000	C\$322,606

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include compliance services with respect to Tanzania Extractive Industries Transparent Initiative reporting.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.
- (4) "All Other Fees" include all other non-audit products and services including non-audit work on quarterly financial statement preparation.

Exemption

As the Company is listed on the TSXV, it is relying on the exemption in Section 6.1 of NI 52-110 and it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

AVAILABILITY OF DOCUMENTS

Unless otherwise stated, information contained herein is given as at May 2, 2017.

Financial information is provided in the Company's consolidated comparative annual financial statements and management's discussion and analysis ("MD&A") for its most recently completed financial year. Copies of this Circular, as well as the Company's latest Annual Report (which includes the Company's audited financial statements and MD&A) for the year ended December 31, 2016, may be obtained from the Company's website at www.orcaexploration.com or by mail upon request from the Secretary of Orca Exploration, 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1. Shareholders may also access the Company's disclosure documents and any reports, statements or other information that it files with the Canadian provincial securities commission or other similar regulatory authorities through the Internet on the Canadian System for Electronic Document Analysis and Retrieval, which is commonly known by the acronym SEDAR, and which may be accessed at www.sedar.com.

APPROVAL OF CIRCULAR BY ORCA EXPLORATION'S BOARD

This Circular and the sending, communication and delivery thereof to the Shareholders have been authorized and approved by the Board.

EXHIBIT A

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF ORCA EXPLORATION GROUP INC.

The Audit Committee (the "**Committee**") shall report to and assist the Board of Directors (the "**Board**") of Orca Exploration Group Inc. (the "**Corporation**") by providing oversight of the financial management, independent auditors and financial reporting procedures of the Corporation, as well as such other matters as directed by the Board or this Charter.

Membership of the Committee

1. The Committee shall be comprised of not less than three members of the Board.
2. The composition of the Committee shall meet all the requirements of the Committee Policy of multilateral instrument 52-110.
3. A majority of members shall have no other relationship to the Corporation that may interfere with the exercise of his or her independence from management and the Corporation, including the receipt from the Corporation of any compensation other than directors' fees and other compensation related to their service as a director.
4. Each Committee member shall be financially literate or shall become financially literate within a reasonable period of time after appointment to the Committee. For these purposes an individual will be considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.
5. Any member of the Committee may be removed or replaced at any time by the board and shall cease to be a member of the Committee upon ceasing to be a director of the Corporation. The Board of Directors may fill vacancies on the Committee by appointment from among its number. If and when a vacancy shall exist on the Committee the remaining members may exercise all of its powers so long as a quorum remains in office.

Meetings of the Committee

6. The Committee will meet formally at least four times each fiscal year.
7. The Committee will hold separate private meetings with each of a representative of the independent auditors, the General Counsel and the Chief Financial Officer.
8. Two members of the Committee shall constitute a quorum.
9. Subject to the foregoing, each member of the Committee shall hold office until the next annual meeting of the shareholders.
10. Unless the Board of Directors specifies otherwise, the Committee shall choose one of its own members to be its Chairman. The Secretary of the Corporation shall be the Secretary of the Committee.
11. The times and places where the meetings of the Committee shall be held and the calling and procedures at such meetings shall be determined by the resolutions of the Board of Directors with respect to committee procedures provided that every notice of such meeting shall be given to the auditors of the Corporation and

that meetings shall be convened wherever requested by the auditors in accordance with the BVI Companies Act 2004.

Key Responsibilities

12. The Corporation's management is responsible for preparing the Corporation's financial statements and the independent auditors are responsible for auditing these financial statements. The Committee is responsible for assisting the Board in overseeing the conduct of these activities by the Corporation's management and the independent auditors, and the integrity of the Corporation's financial statements. The financial management and the independent auditors of the Corporation have more time, knowledge and more detailed information on the Corporation than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Corporation's financial statements or any professional certification or other information as to the independent auditors' work. The Committee is also responsible for preparing any report of the Committee that applicable rules require be included in the Corporation's annual proxy statement. The members of the Committee shall have the right, for the purpose of performing their duties, of inspecting all the books and records of the Corporation and its affiliates and discussing such accounts and records and any other matters relating to the financial position of the Corporation with the officers and auditors of the Corporation and its affiliates.
13. In carrying out its oversight responsibilities, the Committee shall perform the following functions:

Oversight of Independent Auditors

14. In the course of its oversight of the independent auditors as provided under this Charter, the Committee will be guided by the premise that the independent auditors are ultimately accountable to the Board and the Committee.
15. The Committee, subject to any action that may be taken by the full Board, shall have the ultimate authority and responsibility to appoint, retain, compensate, evaluate and, when appropriate, terminate the independent auditors. This responsibility includes resolving disagreements between management and the independent auditors regarding financial reporting. The Committee shall assist the Board in its oversight of the qualifications, independence and performance of the independent auditors. In all cases, the independent auditors shall report directly to the Committee.
16. The Committee shall:
 - (a) receive from the independent auditors annually, a formal written statement delineating the relationships between the auditors and the Corporation;
 - (b) discuss with the independent auditors the scope of any such disclosed relationships and their impact or potential impact on the independent auditors' independence and objectivity; and
 - (c) recommend that the Board take appropriate action in response to the independent auditors' report to satisfy itself of the auditor's independence.
17. The Committee shall review and approve the original proposed scope of the annual independent audit of the Corporation's financial statements and the associated engagement fees, as well as any significant variations in the actual scope of the independent audit and the associated engagement fees.
18. The Committee shall set hiring policies for employees or former employees of the independent auditors.
19. At least annually, the Committee shall obtain and review a report by the independent auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or

professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditors and the Corporation.

20. The Committee shall review with the independent auditors any difficulties the auditors encountered in the course of the audit work, including restrictions on the scope of work or access to requested information, and any significant disagreements with management.
21. The Committee shall pre-approve all non-audit services to be provided by the independent auditors to the Corporation and any of its subsidiaries.

Oversight of Internal Auditors

22. The Committee shall review and discuss with management and the independent auditors:
 - (a) The quality and adequacy of the Corporation's internal accounting controls.
 - (b) The internal audit function, the adequacy of its resources and the competence and performance of the internal audit staff.
 - (c) The audit risk assessment process and the need for an internal audit department and is appropriate the coordination of that scope with independent auditors.
 - (d) Results of the internal auditors' examination of internal controls including summaries of inadequate reports issued and/or management improprieties together with management's response thereto.

Oversight of Management's Conduct of the Corporation's Financial Reporting Process

23. Audited Financial Statements. The Committee shall discuss with management and the independent auditors the audited financial statements to be included in the Corporation's Annual Information Form, where appropriate and review and consider with the independent auditors the matters required to be discussed by the applicable auditing standards. Based on these discussions, the Committee will advise the Board of Directors whether it recommends that the audited financial statements be included in the Annual Information Form.
24. Interim Financial Statements. The Committee, through its Chairman or the Committee as a whole, will review with management and the independent auditors, prior to the filing thereof, the Corporation's interim financial results to be included in the Corporation's quarterly reports and the matters required to be discussed by the applicable accounting standards. The Committee will also discuss the Corporation's annual audited financial statements and quarterly financial statements with management and the independent auditors, including the Corporation's disclosures under "Management's Discussion and Analysis" ("MD&A").

Financial Reporting Practices

25. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
26. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.

27. The Committee shall review:
- (a) Changes in the Corporation's accounting policies and practices and significant judgments that may affect the financial results.
 - (b) The nature of any unusual or significant commitments or contingent liabilities together with the underlying assumptions and estimates of management.
 - (c) The effect of changes on accounting standards that may materially affect the Corporation's financial reporting practices.
28. Financial Information Disclosure. The Committee shall in a general manner discuss earnings press releases, as well as the types of financial information and earnings guidance that are given to analysts and rating agencies.
29. Risk Assessment. The Committee shall discuss with management the guidelines, policies and processes relied upon and used by management to assess and manage the Corporation's exposure to risk.

Assist the Board in Oversight of the Corporation's Compliance with Policies and Procedures Addressing Legal and Ethical Concerns

30. The Committee shall review and monitor, as appropriate:
- (a) Results of compliance programs, including Corporation's policies on business conduct and ethics.
 - (b) Litigation or other legal matters that could have a significant impact on the Corporation's financial results.
 - (c) Significant findings of any examination by regulatory authorities or agencies, in the areas of securities, accounting or tax.
 - (d) The Corporation's disclosure controls and procedures.
 - (e) Financial plans and objectives of the Corporation from time to time;
 - (f) The risks inherent with the Corporation's business and the risk management programs relating thereto and discuss this with management; and
 - (g) Such other matters as the Board of Directors may refer to from time to time.
31. By approving and adopting recommendations of management, the Committee shall ensure that procedures have been established for the receipt, retention and treatment of complaints from Corporation employees on accounting, internal accounting controls or auditing matters, as well as for the confidential, anonymous submissions by Corporation employees of concerns regarding questionable accounting or auditing matters.
32. The Committee shall report regularly to the Board on its meetings and discussions and review with the Board significant issues or concerns that arise at Committee meetings, including its evaluation of the independent auditors.
33. The Committee shall conduct an annual evaluation of its performance in fulfilling its duties and responsibilities under this Charter.
34. The chairman or any one or more members of the Committee, as designated by the Committee, may act on behalf of the Committee.

35. The Committee shall have authority and appropriate funds to retain and consult with outside legal, accounting or other advisors as the Committee may deem appropriate.
36. The adequacy of this Charter shall be reviewed by the Committee on an annual basis. The Committee will recommend to the Board any modifications to this Charter, which the Committee deems appropriate, for approval by the Board.

EXHIBIT B

ORCA EXPLORATION GROUP INC.

STOCK OPTION PLAN

ARTICLE 1

PURPOSE OF THE PLAN

1.1 Purpose

The purpose of the Orca Exploration Group Inc. Stock Option Plan is to assist and encourage directors, officers, Key Managers and Consultants of the Corporation and its Subsidiaries to work towards and contribute to the growth and development of the Corporation and its Subsidiaries by providing such persons with the opportunity, through stock options, to acquire an ownership interest in the Corporation. It is anticipated that stock options would comprise a portion of the regular remuneration for such parties.

ARTICLE 2

DEFINITIONS AND INTERPRETATION

2.1 Definitions

For the purposes of this Plan, the following terms will have the following meanings:

- (a) "Affiliate" means any corporation that is affiliated with the Corporation for the purposes of the *Securities Act* (Alberta);
- (b) "Board" means the board of directors of the Corporation;
- (c) "Black-Out Extension Term" means ten (10) business days from the date that any Black-Out Period ends;
- (d) "Black-Out Period" means a period of time imposed by the Board pursuant to the Disclosure Confidentiality and Trading Policy of the Corporation upon certain designated persons, including a holder of Options, during which those persons may not trade in any securities of the Corporation;
- (e) "Change of Control" includes:
 - (i) the acquisition by any person or corporation, or any persons or corporations acting jointly or in concert (as determined by the *Securities Act* (Alberta)), whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such persons or corporations, have attached thereto a number of votes which constitutes, in the aggregate, more than 50% of the aggregate votes attaching to all outstanding voting securities of the Corporation;
 - (ii) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, voting securities having attached thereto a number of votes which constitutes, in the aggregate, more than 50% of the aggregate votes attaching to all outstanding voting securities of the corporation resulting from the business combination; and
 - (iii) the sale, lease or exchange of all or substantially all of the property of the Corporation, other than in the ordinary course of business of the Corporation or to an Affiliate, to another person or corporation;
- (f) "Class A Shares" means the Class A common shares of the Corporation;

- (g) "Class B Subordinate Voting Shares" means the Class B subordinate voting shares of the Corporation;
- (h) "Consultant" means an individual (including an individual whose services are contracted through a Consultant Company) engaged to provide ongoing management or consulting services for the Corporation or any Subsidiary other than an Employee or Director of the Company, that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Corporation, other than services provided in relating to a distribution;
 - (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Consultant Company;
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
 - (iv) has a relationship with the Corporation or an Affiliate of the issuer that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (i) "Consultant Company" means for an individual consultant, a company or partnership of which the individual is an Employee, shareholder or partner;
- (j) "Corporation" means Orca Exploration Group Inc. and any successor corporation thereto;
- (k) "Eligible Person" means any director, officer or Key Manager of the Corporation or any Subsidiary and unless specifically excluded herein includes a bona fide Consultant;
- (l) "Exercise Price" means the price per Class B Subordinate Voting Share at which Class B Subordinate Voting Shares may be subscribed for by an Optionholder pursuant to a particular Option Agreement;
- (m) "Expiry Date" means the date on which an Option expires pursuant to the Option Agreement relating to that Option;
- (n) "Grant Date" means the date on which an Option is granted, which date may be on or, if determined by the Board at the time of grant, after the date that the Board resolves to grant the Option;
- (o) "Insider" means:
 - (i) an insider as defined in the *Securities Act* (Alberta), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary; and
 - (ii) an associate, as defined in the *Securities Act* (Alberta), of any person who is an insider by virtue of (i) above;
- (p) "Key Manager" means any bona fide Employee identified as a participant in the Stock Option Program;
- (q) "Notice of Exercise" means a notice, substantially in the form of the notice set out in Schedule B to this Plan, from an Optionholder to the Corporation giving notice of the exercise or partial exercise of an Option previously granted to the Optionholder;
- (r) "Option" means an option to purchase Class B Subordinate Voting Shares granted to an Eligible Person pursuant to the terms of the Plan;

- (s) "Option Agreement" means an agreement, substantially in the form of the agreement set out in Schedule A to this Plan, between the Corporation and an Eligible Person setting out the terms of an Option granted to the Eligible Person;
- (t) "Optioned Shares" means the Class B Subordinate Voting Shares that may be subscribed for by an Optionholder pursuant to a particular Option Agreement;
- (u) "Optionholder" means an Eligible Person to whom an Option has been granted;
- (v) "Plan" means this Stock Option Plan of the Corporation;
- (w) "Share Compensation Arrangement" means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- (x) "Shares" means the Class A Shares and the Class B Subordinate Voting Shares; and
- (y) "Subsidiary" means any corporation that is a subsidiary of the Corporation for the purposes of the *Securities Act* (Alberta).

2.2 Interpretation

- (a) Time shall be the essence of this Plan.
- (b) Words denoting the singular number include the plural and vice versa and words denoting the masculine include the feminine.
- (c) Capitalized terms or words used herein, unless otherwise defined, shall have the meaning ascribed to them by the TSX Venture Exchange's Policy 4.4 "Incentive Stock Options", as amended from time to time.
- (d) This Plan and all matters to which reference is made herein will be governed by and interpreted in accordance with the laws of Alberta and the laws of Canada applicable therein and the issue of all securities shall also be subject to the laws of the British Virgin Islands.

ARTICLE 3 GENERAL PROVISIONS OF THE PLAN

3.1 Administration

- (a) The Plan will be administered by the Board or, if determined by the Board, by a compensation committee of the Board. If a compensation committee is appointed to administer the Plan, all references in this Plan to the Board will be deemed to be references to the compensation committee.
- (b) Subject to the limitations of the Plan, the Board has the authority to:
 - (i) determine which Eligible Persons are to be granted Options and grant Options to those Eligible Persons;
 - (ii) determine the terms of such Options;
 - (iii) prescribe the form of Option Agreement and Notice of Exercise with respect to a particular Option, if other than as set forth in Schedules A and B to this Plan; and

- (iv) interpret the Plan and determine all questions arising out of the Plan and any Option granted pursuant to the Plan, which interpretations and determinations will be conclusive and binding on the Corporation and all other affected persons.

3.2 Shares Reserved

- (a) The maximum number of Class B Subordinate Voting Shares that may be reserved for issuance pursuant to Options granted under the Plan is equal to 10% of aggregate number of Shares outstanding from time to time.
- (b) The maximum number of Class B Subordinate Voting Shares that may be reserved for issuance to any one Eligible Person who is not a person described in sections 3.2(c) or (d) is 5% of the aggregate number of Shares outstanding at the time of reservation.
- (c) The maximum number of Class B Subordinate Voting Shares that may be reserved for issuance to any one Consultant in a twelve month period must not exceed 2% of the issued Shares of the Corporation, calculated at the date the option was granted to the Consultant.
- (d) The maximum number of Class B Subordinate Voting Shares that may be reserved for issuance to an Employee conducting Investor Relations Activities in any twelve month period must not exceed 2% of the issued Shares, calculated at the date the option was granted to the Employee conducting such activities.
- (e) Any Class B Subordinate Voting Shares subject to an Option that expires or terminates without having been fully exercised may be made the subject of a further Option. No fractional Class B Subordinate Voting Shares may be issued under the Plan.

3.3 Eligibility

Options may be granted by the Board to any Eligible Person, subject to the limitations set forth in sections 3.2(b), (c) or (d) and 3.4.

3.4 Limits with respect to Insiders

- (a) The maximum number of Class B Subordinate Voting Shares that may be reserved for issuance to Insiders pursuant to Options granted under the Plan and any other Share Compensation Arrangement is 10% of the aggregate number of Shares outstanding.
- (b) The maximum number of Class B Subordinate Voting Shares that may be issued to Insiders under the Plan and any other Share Compensation Arrangement within a one-year period is 10% of the aggregate number of Shares outstanding.
- (c) The maximum number of Class B Subordinate Voting Shares that may be issued to any one Insider under the Plan and any other Share Compensation Arrangement within a one-year period is 5% of the aggregate number of Shares outstanding.
- (d) For the purposes of (a), (b) and (c) above, any entitlement to acquire Class B Subordinate Voting Shares granted pursuant to the Plan or any other Share Compensation Arrangement prior to the grantee becoming an Insider is to be excluded. For the purposes of (b) and (c) above, the number of Shares outstanding is to be determined on the basis of the number of Shares outstanding at the time of the reservation or issuance, as the case may be, excluding Shares issued under the Plan or under any other Share Compensation Arrangement over the preceding one-year period.

3.5 Non-Exclusivity

Nothing contained in this Plan will prevent the Board from adopting other or additional Share Compensation Arrangements, subject to obtaining any required regulatory or shareholder approvals.

3.6 Amendment of Plan and Options

- (a) The Board may amend, suspend or terminate the Plan at any time, provided that no such amendment, suspension or termination may:
 - (i) be made without obtaining any required regulatory or shareholder approvals including that of disinterested shareholders should such amendment be for the reduction in the exercise price, if the Optionholder is an Insider of the Corporation at the time of the proposed amendment;
 - (ii) increase the maximum number of Class B Subordinate Voting Shares that may be reserved for issuance pursuant to Options granted under the Plan; or
 - (iii) alter or impair any Options previously granted to an Optionholder without the consent or deemed consent of the Optionholder.
- (b) The Board may amend the terms of any outstanding Option (including, without limitation, the cancellation of an Option or an amendment to the date or dates on which an Option or a portion thereof vests and so becomes exercisable), provided that:
 - (i) any required regulatory and shareholder approvals are obtained;
 - (ii) the Board would have had the authority to initially grant the Option under terms as so amended; and
 - (iii) the consent or deemed consent of the Optionholder is obtained.

3.7 Compliance with Laws and Stock Exchange Rules

The Plan, the grant and exercise of Options under the Plan and the Corporation's obligation to issue Class B Subordinate Voting Shares on exercise of Options will be subject to all applicable federal, provincial and foreign laws, rules and regulations and the rules of any stock exchange on which the Class B Subordinate Voting Shares are listed for trading. No Option will be granted and no Class B Subordinate Voting Shares will be issued under the Plan where such grant or issue would require registration of the Plan or of such Class B Subordinate Voting Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue of Class B Subordinate Voting Shares in violation of this provision will be void. Class B Subordinate Voting Shares issued to Optionholders pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

ARTICLE 4 GRANT OF OPTIONS

4.1 Option Agreement

Upon the grant of an Option, the Corporation will deliver to the Optionholder an Option Agreement dated the Grant Date, containing the terms of the Option and executed by the Corporation, and upon delivery to the Corporation of the Option Agreement executed by the Optionholder such Optionholder will be a participant in the Plan and have the right to purchase the Optioned Shares on the terms set out in the Option Agreement and in the Plan.

4.2 Exercise Price

The Exercise Price of Class B Subordinate Voting Shares subject to an Option will be determined by the Board at the time of grant and will not be less than the market price of the Class B Subordinate Voting Shares at the Grant Date, calculated as the closing price of the Class B Subordinate Voting Shares on the Toronto Stock Exchange on the last trading day preceding the Grant Date or, if the Class B Subordinate Voting Shares did not trade on such last trading day, the average, rounded up to the nearest cent, of the bid and ask prices for the Class B Subordinate Voting Shares at the close of trading on such last trading day.

4.3 Time of Exercise

- (a) Subject to paragraph (b), and further subject to the right of the Board to determine after the Grant Date that a particular Option will be exercisable in whole or in part on earlier dates for any reason, an Option may be exercised by an Optionholder at such dates and in such amounts as are determined by the Board at the time of grant.
- (b) All Options shall immediately be exercisable upon the occurrence of a Change of Control.
- (c) No Options are exercisable until regulatory and Shareholder approval to the Plan have been sought and received.

4.4 Expiry Date

- (a) The Expiry Date of an Option will be five years after the Grant Date, subject to:
 - (i) the right of the Board to determine at the time of grant that a particular Option will have a shorter or longer term, not to exceed five years from the Grant Date; and
 - (ii) the provisions of section 4.5 relating to early expiry.
- (b) Notwithstanding 4.4(a), if the Expiry Date of any Option falls within any Blackout Period (the "Restricted Options"), then the Expiry Date of such Restricted Options shall, without any further action, be extended to the last day of the Black-Out Extension Term. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options. Unless approved by the Board, no Options may be exercised by an Optionholder during a Blackout Period.

4.5 Early Expiry

- (a) An Option shall be exercisable only for so long as the Optionholder is a director, officer, Key Manager or Consultant of the Corporation or a Subsidiary.
- (b) If at any time prior to the close of business on the Expiry Date, but subject to 4.3(c), the Optionholder ceases to be a director, officer, Key Manager or Consultant of the Corporation or a Subsidiary, whether by reason of termination of employment by the Corporation with cause, termination of employment by the Corporation without cause, resignation by the Optionholder with the consent of the Corporation, resignation of the Optionholder without the consent of the Corporation, retirement by the Optionholder, early retirement by the Optionholder with the consent of the Corporation, death of the Optionholder or otherwise (any such event being hereinafter referred to as a "Termination of Employment" and the date of such event being hereinafter referred to as the "Termination Date"), then:
 - (i) with respect to any Optioned Shares which, pursuant to the terms of the Option, could as at the Termination Date be then exercised and purchased (the "Vested Optioned Shares"), the Optionholder may exercise the Option to purchase all or any portion of the Vested Optioned Shares within a period of 30 days after the Termination Date, and the Option to purchase any Vested Optioned Shares which are not purchased within such period of 30 days shall then expire

and terminate (except in the case of death of the Optionholder while the Optionholder is a director, officer, Key Manager or Consultant of the Corporation or a Subsidiary, in which case the legal representative of the estate of the Optionholder may exercise the Option to purchase all or any portion of the Vested Optioned Shares within a period of three months after the date of death of the Optionholder and the Option to purchase any Vested Optioned Shares which are not purchased within such period of three months shall then expire and terminate), subject in all cases to the earlier expiration of an Option on its applicable Expiry Date; and

- (ii) with respect to any Optioned Shares which, pursuant to the terms of the Option, could not as at the Termination Date be then exercised and purchased (the "Unvested Optioned Shares"), the Option to purchase the Unvested Optioned Shares shall immediately expire and terminate on the Termination Date.
- (c) The rights to the Vested Optioned Shares under Section 4.5(b)(i) are the only rights to which the Optionholder is entitled on the Termination of Employment. If on the Termination of Employment the Optionholder is entitled to a reasonable notice period of termination of employment or compensation in lieu thereof, or is entitled to a specific notice period of termination of employment or compensation in lieu thereof, then the Optionholder is not entitled to claim any other rights to any Vested Optioned Shares or any right to any Unvested Optioned Shares during such notice period or compensation in lieu thereof, whether by way of general or specific damages and whether in contract, tort or otherwise.

4.6 Non-Assignable

Except as provided in section 4.5(b)(i), an Option may be exercised only by the Optionholder and will not be assignable.

4.7 No Rights as Shareholder or to Remain an Eligible Person

- (a) An Optionholder will only have rights as a shareholder of the Corporation with respect to those of the Optioned Shares that the Optionholder has acquired through exercise of the Option in accordance with its terms.
- (b) Nothing in this Plan or in any Option Agreement will confer on any Optionholder any right to remain as a director, officer, Key Manager or Consultant of the Corporation or any Subsidiary.

4.8 Adjustments to Class B Subordinate Voting Shares

The number of Class B Subordinate Voting Shares delivered to an Optionholder upon exercise of an Option will be adjusted in the following events and manner, subject to the right of the Board to make such other or additional adjustments as the Board deems appropriate in the circumstances:

- (a) upon a subdivision of the Class B Subordinate Voting Shares into a greater number of Class B Subordinate Voting Shares, a consolidation of the Class B Subordinate Voting Shares into a lesser number of Class B Subordinate Voting Shares or the issue of a stock dividend to holders of the Class B Subordinate Voting Shares, then effective immediately after the effective date of such subdivision or consolidation or the record date for such dividend, as the case may be, for each Option then outstanding:
 - (i) the Exercise Price will be adjusted by multiplying the Exercise Price in effect immediately prior to that effective date or record date, as the case may be, by a fraction, the numerator of which is the total number of Class B Subordinate Voting Shares outstanding immediately prior to giving effect to such subdivision, consolidation or dividend and the denominator of which is the total number of Class B Subordinate Voting Shares that are or would be outstanding immediately after giving effect to such subdivision, consolidation or dividend, as the case may be; and

- (ii) the number of Optioned Shares will be adjusted by multiplying the number of Optioned Shares purchasable immediately prior to that effective date or record date, as the case may be, by a fraction which is the reciprocal of the fraction described in subparagraph (i) of this paragraph 4.8(a);
- (b) upon the distribution by the Corporation to holders of the Class B Subordinate Voting Shares of shares of any class (whether of the Corporation or another corporation) other than Class B Subordinate Voting Shares, rights, options or warrants, evidences of indebtedness or cash (other than dividends in the ordinary course), securities or other property or assets, then the Board shall reduce the Exercise Price by an amount which it determines represents the value of such distribution or the Corporation will deliver upon exercise of an Option, in addition to the number of Optioned Shares in respect of which the right to purchase is being exercised and without the Optionholder making any additional payment, such other securities, evidence of indebtedness or assets as result from such distribution;
- (c) upon a capital reorganization, reclassification or change of the Class B Subordinate Voting Shares, a consolidation, an amalgamation, arrangement or other form of business combination of the Corporation with another corporation or a sale, lease or exchange of all or substantially all of the property of the Corporation, then the Board shall reduce the Exercise Price by an amount which it determines represents the value of such event or the Corporation will deliver upon exercise of an Option, in lieu of the Optioned Shares in respect of which the right to purchase is being exercised, the kind and amount of shares or other securities or property as result from such event;
- (d) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative; and
- (e) the Corporation will not be required to issue fractional Class B Subordinate Voting Shares or other securities under the Plan and any fractional interest in a Class B Subordinate Voting Share or other security that would otherwise be delivered upon the exercise of an Option will be cancelled.

ARTICLE 5

EXERCISE OF OPTIONS

5.1 Manner of Exercise

An Optionholder who wishes to exercise an Option may do so by delivering the following to the Corporation on or before the Expiry Date of the Option:

- (a) a completed Notice of Exercise; and
- (b) a cheque (which need not be a certified cheque) or bank draft payable to the Corporation for the aggregate Exercise Price for the Optioned Shares being acquired.

If the Optionholder is deceased, the Option may be exercised by the legal personal representatives of the Optionholder who, in addition to delivering to the Corporation the Notice of Exercise and cheque or bank draft described above, must also deliver to the Corporation evidence of their status.

5.2 Delivery of Share Certificate

Not later than three business days after receipt of the Notice of Exercise and payment in full for the Optioned Shares being acquired, the Corporation will direct its transfer agent to issue a certificate in the name of the Optionholder (or, if deceased, his estate) for the number of Optioned Shares purchased by the Optionholder (or his estate), which will be issued as fully paid and non-assessable Class B Subordinate Voting Shares.

**ARTICLE 6
ADDITIONAL PROVISIONS**

6.1 Additional Provisions

The Plan shall be subject to the following additional provisions and conditions:

- (a) Options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within 90 days after the Optionee ceases to be in at least one of those categories.
- (b) Options granted to an Optionee who is engaged in Investor Relations Activities must expire within 30 days after the Optionee ceases to be employed to provide Investor Relations Activities.
- (c) Any capitalized terms noted above and not otherwise defined in this Plan shall have the meaning ascribed thereto in the TSX Venture Exchange Policy 4.4.

SCHEDULE A - FORM OF OPTION AGREEMENT
ORCA EXPLORATION GROUP INC.
STOCK OPTION PLAN
OPTION AGREEMENT

This Option Agreement is entered into between Orca Exploration Group Inc. (the "Corporation") and the Optionholder named below pursuant to the Orca Exploration Group Inc. Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on _____ (the "Grant Date");
2. _____ (the "Optionholder");
3. was granted a non-assignable option to purchase _____ Class B Subordinate Voting Shares (the "Optioned Shares") of the Corporation;
4. at a price (the "Exercise Price") of \$_____ per Class B Subordinate Voting Share; and
5. for a term expiring at 5:00 p.m., Calgary time, on _____ (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. By signing this agreement, the Optionholder acknowledges that he or she has read and understands the Plan.

IN WITNESS WHEREOF the Corporation and the Optionholder have executed this Option Agreement as of _____, 20_____

ORCA EXPLORATION GROUP INC.

By: _____

By: _____

Name of Optionholder

Signature of Optionholder

SCHEDULE B - FORM OF NOTICE OF EXERCISE
ORCA EXPLORATION GROUP INC.
STOCK OPTION PLAN
NOTICE OF EXERCISE

TO Orca Exploration Group Inc.
Oyster Plaza Building, 5th Floor
Haile Selassie Road, Box 80139
Dar Es Salaam, Tanzania
Attention: Chief Financial Officer

Reference is made to the Option Agreement made as of _____, 20____ between Orca Exploration Group Inc. (the "Corporation") and the Optionholder named below. The Optionholder hereby exercises the Option to purchase Class B Subordinate Voting Shares of the Corporation as follows:

Number of Optioned Shares for which Option being exercised:

Exercise Price per Class B Subordinate Voting Share:

\$ _____

Total Exercise Price:

\$ _____

Name of Optionholder as it is to appear on share certificate:

Address of Optionholder as it is to appear on the register of Class B Subordinate Voting Shares of the Corporation:

Dated _____, 20_____.

Cheque attached

☐

Name of Optionholder

Cheque to be provided
within 3 working days

☐

Signature of Optionholder