

**BAYSHORE PETROLEUM CORP.**

**ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**NOTICE OF MEETING  
AND MANAGEMENT INFORMATION CIRCULAR**

**TO BE HELD AT:**

**SUITE 14, 3515 27<sup>th</sup> Street N.E.**

**CALGARY, ALBERTA, T1Y 5E4**

**ON FEBRUARY 28, 2017**

**AT 9:00 A.M. (MST)**

**BAYSHORE PETROLEUM CORP.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that the annual and special meeting (the "**Meeting**") of the shareholders of Bayshore Petroleum Corp. ("**Bayshore**" or the "**Company**" or the "**Corporation**") will be held at the offices of the Corporation, at Suite 14, 3515 27<sup>TH</sup> Street N.E., Calgary, Alberta on February 28, 2017 at 9:00 a.m. (local time) for the purposes of:

1. receiving and considering the audited financial statements of the Corporation for the year ended December 31, 2014, and the report of its auditors, and also for the year ended December 31, 2015, and the report of its auditors;
2. fixing the number of directors of the Corporation at four (4) members;
3. electing the directors for the ensuing year;
4. appointing auditors for the ensuing year and authorizing the directors to fix the auditor's remuneration;
5. approving the Corporation's Stock Option Plan, as more particularly described in the accompanying Information Circular; and
6. transacting such other business as may properly come before the said meeting or any adjournment thereof.

The directors of the Corporation have fixed January 27, 2017, (the "Record Date") as the record date for determination of the persons entitled to receive notice of the Meeting.

Shareholders as of the Record Date are entitled to vote their common shares except to the extent that they have transferred the ownership of any of their shares after the Record Date. The transferees of those common shares must produce properly endorsed share certificates or otherwise establish that they own the shares, and demand, not later than 10 days before the Meeting, that their name be included in the shareholder list before the Meeting, in which case the transferees are entitled to vote their common shares at the Meeting.

**DATED:** January 30, 2017

**By Order of the Board of Directors**  
*(Signed) "Peter Ho"*  
**Peter Ho**  
**Chairman and Chief Executive Officer**

<p><b>Registered shareholders unable to attend the Meeting are requested to date, sign and return their form of proxy in the enclosed envelope. If you are a non-registered (or beneficial) shareholder and receive this Notice of Meeting and the voting instruction form through your broker or through another intermediary, please complete and return the voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your common shares not being eligible to be voted by proxy at the Meeting.</b></p>
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**BAYSHORE PETROLEUM CORP.**

**INFORMATION CIRCULAR**

**(as at January 30, 2017)**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON FEBRUARY 28, 2017**

**GENERAL PROXY INFORMATION**

**PURPOSE OF SOLICITATION**

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Bayshore Petroleum Corp. (the "**Corporation**") for use at the annual and special meeting of common shareholders of the Corporation, to be held at Suite 14, 3515 27<sup>TH</sup> Street N.E., Calgary, Alberta, T1Y 5E4, on February 28, 2017 at 9:00 a.m. (MST) or at any adjournment for the purposes set out in the accompanying notice of meeting (the "**Meeting**").

The cost of such solicitation will be borne by the Corporation and will be made by mail. Directors and officers of the Corporation may without special compensation solicit proxies by telephone, facsimile or in person.

**APPOINTMENT AND REVOCATION OF PROXIES**

**Shareholders have the right to appoint a nominee (who need not be a shareholder) to represent them at the Meeting other than the persons designated in the enclosed form of proxy, and may do so by inserting the name of the appointed representative in the blank space provided in the form of proxy.**

A form of proxy will not be valid for the Meeting or any adjournment unless it is completed by the shareholder or by his attorney authorized in writing and must be delivered to: Proxy Department, Computershare Investor Services, 100 University Ave, 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the meeting or any adjournment of the meeting. The proxy can also be completed online (internet voting) at [www.investorvote.com](http://www.investorvote.com).

The common shares of the Corporation (the "Common Shares") represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for. If the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. A proxy may be revoked by either executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by depositing the proxy bearing a later date with Computershare Investor Services at any time up to and including the last business day preceding the date of the Meeting or any adjournment at which the proxy is to be used, or by depositing the revocation of proxy with the chairman of such Meeting on the day of the Meeting, or any adjournment of the Meeting.

## VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. Each shareholder may instruct his proxy how to vote his shares by completing the proxy form.

**In the absence of instructions to vote or withhold from voting the common shares of the Corporation (the "Common Shares") on such matters as the shareholder may instruct, and in the absence of any direction to vote for or against on such matters as the shareholder may direct, the management appointees named in the proxy will vote such Common Shares in favour of the matters on which the shareholder is entitled to vote as specified in the Notice of Meeting, and in favour of all other matters on which the Shareholder is entitled to vote as proposed by management at the Meeting.**

**THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSON INDICATED IN THE PROXY WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS (THE "NOTICE") AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.** At the time of printing of the Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice and the Information Circular. If any matters which are not now known to the directors and senior officers of the Corporation should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

## NOTICE AND ACCESS

Notice-and-Access is a mechanism which allows reporting issuers other than investment funds to choose to deliver proxy-related materials to registered holders and beneficial owners of its securities by posting such materials on a non-SEDAR website (usually the reporting issuer's website and sometimes the transfer agent's website) rather than delivering such materials by mail. The notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 (the "Notice-and-Access Provisions") can be used to deliver materials for both special and general meetings.

The use of the Notice-and-Access Provisions is intended to reduce paper waste and mailing costs to the issuer, although actual results vary. In order for the Corporation to utilize the Notice-and-Access Provisions to deliver proxy-related materials, the Corporation must send a notice to Shareholders indicating that the proxy-related materials for the Meeting have been posted electronically on a website that is not SEDAR and explaining how a Shareholder can access them or obtain a paper copy of those materials. Upon request, beneficial owners are entitled to delivery of a paper copy of the information circular at the reporting issuer's expense. This Information Circular has been posted in full under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

In order to use the Notice-and-Access Provisions, a reporting issuer must set the record date for the meeting at least 40 days prior to the meeting to ensure there is sufficient time for the materials to be posted on the applicable website and the notice of meeting and form of proxy to be delivered to Shareholders. The requirements for the notice of meeting are that the Corporation shall provide basic information about the Meeting and the matters to be voted on, explain how a Shareholder can obtain a paper copy of this Information Circular, and explain the Notice-and-Access process. A corporation can also rely upon the use of 'stratification'. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the information circular to some, but not all, of its shareholders, along with the notice of meeting.

**In relation to the Meeting, the Corporation shall not use the Notice-and-Access Mechanism and Process.** All Shareholders will receive a paper copy of this Information Circular and all documents required to vote at the Meeting from the Corporation or an intermediary. The Corporation will be delivering proxy-related materials to NOBOs and OBOs indirectly through the use of intermediaries.

Additional paper copies of this Information Circular, as well as copies of the Corporation's financial statements and MD&A, can also be obtained by contacting the Corporation at Suite 14, 3515 27<sup>TH</sup> Street N.E., Calgary, Alberta, T1Y 5E4. Financial information is provided in the Corporation's comparative annual financial statements and MD&A for the most recently completed financial year.

In order to ensure that a paper copy of this Information Circular can be delivered to a requesting Shareholder in time for such Shareholder to review this Information Circular and return a proxy or voting instruction form so that it is received not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment of the Meeting, it is strongly suggested that a Shareholder ensure their request is received before February 21, 2017. All Shareholders may also contact the Corporation directly at 1-403-265-8820 in order to obtain additional information or to obtain a paper copy of this Information Circular, up to and including the date of the Meeting, including any adjournment of the Meeting.

### ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold their Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, 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, a broker and its 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 Common 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 majority of the brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically uses its own machine readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to either return the proxy forms to Broadridge or alternatively provide voting instructions by utilizing an internet on-line or automated telephone system. 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 form from Broadridge cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the voting instruction form provided to them 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.

All references to shareholders in this Information Circular, the accompanying instrument of proxy and Notice are to shareholders of record unless specifically stated otherwise.

**INTERESTS OF CERTAIN PERSONS AND COMPANIES  
IN MATTERS TO BE ACTED UPON**

Management of the Corporation is not aware of any material interest of any director or nominee for director, or senior officer or anyone who held office as such since the beginning of the Corporation's last financial year, or any associate or affiliate of any of the foregoing, with respect to any matter to be acted on at the meeting except as set forth in this Information Circular.

**VOTING SHARES**

Only the Common Shares are entitled to vote at the Meeting. As of the date of this Information Circular, **32,360,815** Common Shares without nominal or par value are issued and outstanding. Each Common Share entitles the holder to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors, nor is there cumulative or similar voting rights attached to the Common Shares of the Corporation.

The directors of the Corporation have fixed January 27, 2017, as the record date for determination of the persons entitled to receive notice of the Meeting. A shareholder of record as of the record date is entitled to vote his Common Shares except to the extent that he has transferred the ownership of any of his shares after the record date, and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he owns the shares, and demands, not later than 10 days before the Meeting, that his name be included in the shareholder list before the Meeting, in which case the transferee is entitled to vote his shares at the Meeting.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**FINANCIAL STATEMENTS**

The Board of Directors of the Corporation has approved all of the information in the audited financial statements of the Corporation for the year ended December 31, 2014 and the report of the Auditor thereon, and for the year ended December 31, 2015 and the report of the Auditor thereon, enclosed herein and all of which may be reviewed on SEDAR at [www.sedar.com](http://www.sedar.com).

**FIX THE NUMBER OF DIRECTORS**

Management of the Corporation proposes at the Meeting to set the number of directors of the Corporation at four (4) and to nominate persons to fill such positions.

**ELECTION OF DIRECTORS**

Action is to be taken at the Meeting with respect to the election of four (4) directors to serve until the next annual meeting of the Corporation or until their respective successors have been elected or appointed. The persons named in the accompanying proxy intend to vote for the election, as directors, the four (4) nominees listed below. **In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote IN FAVOUR of the election of Mr. Ho (Chairman), Mr. Cheng, Mr. Roth, and Mr. McKnight as directors of the Corporation.** In the event any nominee named below should be unable to serve, the persons named in the Proxy will vote for a substitute nominee or nominees in accordance with their best judgment. All nominees named below have consented to serve as directors if elected.

The following table indicates the names of the four (4) nominees for directors, the date each such person first became a director (if applicable), the principal occupation of each such person and the number of Common Shares of the Corporation beneficially owned or controlled or directed (directly or indirectly) by each such person as of January 27, 2017. The information contained in this table as to the number of shares of the Corporation beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees. The Board of Directors is required to appoint an Audit Committee and a Corporate Governance and Compensation Committee, the proposed members of which are indicated in the table.

<b>Name, Municipality and Country of Residence</b>	<b>Number of Shares Beneficially Owned<sup>(2)</sup></b>	<b>Director Since</b>	<b>Principal Occupation</b>
Peter Ho <sup>(1)</sup> Calgary, Alberta, Canada	1,312,286	September 6, 2011	Chairman & CEO of Bayshore Petroleum
C.F. (Cheung Fuk) Cheng <sup>(1)(3)</sup> Richmond Hill, Ontario Canada	Nil	September 6, 2011	Independent businessman and lawyer
Mark Roth <sup>(1)</sup> Calgary, Alberta, Canada	339,854	October 24, 2014	President and CFO of Bayshore Petroleum
Hon. William McKnight <sup>(1)</sup> Saskatoon, Saskatchewan, Canada	Nil	October 24, 2014	Chair of Golden Opportunities Fund

## Notes:

- (1) Member of the Audit Committee and Corporate Governance and Compensation Committee.
- (2) Does not include options.
- (3) SEDI reports Mr. Cheng as controlling Excel Holdings Ltd., holding significant shares, but in fact Mr. Cheng is not a controlling member of that entity at the time of this writing. Mr. Cheng beneficially owns or controls nil shares.

The directors and officers of the Company, as a group, own, directly or indirectly, or exercise control or direction over, an aggregate of 1.65 million Common Shares, representing approximately 5% of the issued and outstanding Common Shares of the Company.

To the knowledge of the Corporation, no proposed director of the Corporation (a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee, except as follows:

Mark Roth

On November 1, 2012, while Mr. Roth was CFO and a Director, China Coal Corporation (a TSX Venture Exchange company, "CKO") was issued cease trade orders which were still in place 30 days after issuance. Cease trade orders were issued by both the TSX Venture Exchange and the Alberta Securities Commission regulatory authority because CKO failed to file its year end June 30, 2012, financial statements, management discussion and analysis, and accompanying management certificates. CKO did not release and SEDAR-file these documents as required because it did not have cash to pay its auditors and consultants in three countries, who were required by regulatory authorities to complete the year end filings. Mr. Roth ultimately left CKO in June of 2013. At that time the cease trade orders were still in effect.

## APPOINTMENT OF AUDITORS

The shareholders of the Corporation will be asked to vote, by ordinary resolution, for the appointment of Kenway Mack Slusarchuk Stewart LLP, as auditors of the Corporation:

**IT IS RESOLVED** that:

1. Kenway Mack Slusarchuk Stewart LLP be, and is hereby appointed as, the auditors of the Corporation to hold office until the close of the next annual meeting of the Shareholders or until the firm of Kenway Mack Slusarchuk Stewart LLP is removed from office or resigns as provided by law or by the Corporation's by-laws;
2. The directors are authorized to fix the remuneration of Kenway Mack Slusarchuk Stewart LLP, as auditors; and
3. Any officer or director of the Corporation is authorized and directed to do all things and execute all instruments and documents necessary or desirable to carry out the foregoing.

The Board of Directors recommends that Shareholders vote IN FAVOUR of the above resolution at the Meeting. **The persons named in the enclosed form of proxy will vote IN FAVOUR of the appointment of Kenway Mack Slusarchuk Stewart LLP as auditors of the Corporation** until the end of the next annual meeting of the Shareholders and the authorization of the directors to fix their remuneration, unless a Shareholder has specified in the proxy that his or her shares are to be withheld from voting in respect thereof. Kenway Mack Slusarchuk Stewart LLP has served as auditors of the Corporation since March 25, 2009.

## REAFFIRMATION OF STOCK OPTION PLAN

As required by TSX Venture Exchange rules, the Shareholders of the Corporation initially approved a stock option plan for the Corporation on October 22, 2003 (the "**Plan**"). A copy of the current Plan is attached to this Information Circular as Appendix "A".

The Plan was originally a "rolling" stock option plan reserving a maximum of 10% of the issued and outstanding Common Shares for issuance pursuant to stock options. To facilitate the attraction of qualified individuals to the board and management of the Corporation, on October 24, 2014, the Board of Directors and Shareholders of the Corporation changed the Plan to a "fixed" stock option plan reserving a maximum of 4,019,326 Common Shares for issuance pursuant to stock options. This fixed amount of reserved Common Shares includes those stock options that are currently outstanding under the Plan.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to approve the existing stock option plan. The other terms of the Plan are summarized below.

Options granted pursuant to the Plan will not exceed a term of 10 years and are granted at an option price and on other terms which the directors determine is necessary to achieve the goal of the Plan and in accordance with regulatory policies. The option price may be at a discount to market price, which discount will not, in any event, exceed that permitted by any stock exchange on which the Common Shares are listed for trading.

The number of Common Shares allocated to the Plan will be determined by the board of directors from time to time. In addition, the aggregate number of Common Shares so reserved for issuance in any 12 month period to any one person shall not exceed 5 percent unless the Corporation has received disinterested shareholder approval, or to any one consultant or any one employee conducting investor relations activities shall not exceed 2 percent, of the issued and outstanding Common Shares.

The Common Shares, when fully paid for by a participant, are not included in the calculation of Common Shares allocated to or within the Plan. Should a participant cease to be eligible due to the loss of corporate office (being that of an officer or director) or employment, the option shall cease for varying reasonable periods as determined by

management at the time of grant. Loss of eligibility for consultants is regulated by specific rules imposed by the directors and by regulation when the option is granted to the appropriate consultant. The Plan also provides that estates of deceased participants can exercise their options for a period not exceeding one year following death.

The board of directors may from time to time make rules, regulations and amendments to the Plan. Should any rule, regulation or amendment materially differ from the provisions set out in this management information circular, the Corporation shall obtain the necessary regulatory or shareholder approvals.

The shareholders will be asked to consider and approve the following ordinary resolution:

**IT IS RESOLVED** that the Stock Option Plan attached to this Information Circular as Appendix "A" be adopted and the same is approved and the directors of the Corporation are authorized to seek necessary regulatory approval for the Stock Option Plan, as amended, and to make such minor changes to the Plan as may be required by regulatory authorities.

The Board of Directors recommends that the shareholders vote **IN FAVOUR** of the ordinary resolution approving the Stock Option Plan.

### **OTHER BUSINESS**

The management of the Corporation is not aware of any matters to come before the Meeting other than those set out in the Notice of Meeting. However, if other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment in such matters.

## **INFORMATION CONCERNING THE CORPORATION**

### **PRINCIPAL SHAREHOLDERS**

To the knowledge of management of the Corporation, as of the date of this Information Circular, there are no shareholders who beneficially owned or exercised control or direction over, directly or indirectly, voting shares of the Corporation carrying more than ten percent (10%) of the voting rights attached to all outstanding shares of the Corporation. The shareholder Excel Holdings Ltd., previously holding 3,428,572 shares, has distributed its holdings to its shareholders, none of whom hold or will hold more than 10%.

### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this section, "Named Executive Officers" means the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Corporation and each of the Corporation's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year ended December 31, 2015 and whose compensation, in the aggregate, exceeded \$150,000.

### **Compensation Discussion and Analysis**

The Corporation's approach to executive compensation is to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Corporation attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of the Corporation. The Corporation's compensation arrangements for the Named Executive Officers may, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options.

## **Compensation Committee**

The Corporate Governance and Compensation Committee (the "CGCC") establishes and reviews the Corporation's overall compensation philosophy and its general compensation policies with respect to executive officers, including the corporate goals and objectives and the annual performance objectives relevant to such officers. The CGCC evaluates each officer's performance in light these goals and objectives and, based on its evaluation, determines and approves the salary, bonus, options and other benefits for such officers. In determining compensation matters, the CGCC and the board of directors may consider a number of factors, including the Corporation's performance, the value of similar incentive awards to officers performing similar functions at comparable companies, the awards given in past years and other factors it considers relevant. The current overall objective of the Corporation's compensation strategy is to reward management for their efforts, while seeking to conserve cash given current market conditions. With respect to any bonuses or incentive plan grants which may be awarded to executive officers in the future, the Corporation has not currently set any objective criteria and will instead rely upon any recommendations and discussion at the CGCC level with respect to the above-noted considerations and any other matters which the CGCC and board may consider relevant on a going-forward basis, including the cash position of the Corporation. The CGCC is comprised of Mr. Ho, Mr. Roth, and Mr. Cheng. See "Election of Directors".

### **Components of Executive Compensation:**

The components of the executive compensation program are described in the table below:

<b>Compensation element</b>	<b>How it is paid</b>	<b>What it is designed to reward</b>
Base salary	Cash	Rewards skills, capabilities, knowledge and experience, reflecting the level of responsibility, as well as the contribution expected from each executive.
Short-term Incentive	Cash Bonus	Rewards contribution to both department's performance and the Corporation's overall performance. Rewards for results within the current fiscal year.
Long-term Incentive	Stock Options	Provides alignment between the interests of executives and shareholders. Rewards contribution to the long-term performance of the Corporation and demonstrated potential for future contribution. Aligns with long-term corporate performance and provides added incentive for executives to enhance shareholder value.

### **Base Salary**

The base salary provides an executive with basic compensation and reflects individual responsibility, knowledge and experience, market competitiveness and the contribution expected from each individual. At its discretion, the CGCC may compare each executive officer's salary with the base salaries for similar positions in the comparator group, and recommends appropriate adjustments, as needed.

### **Short-term Incentive**

Short-term incentive compensation is based on annual results. The short-term incentive ensures that a significant portion of an executive's compensation varies with actual results in a given year, while providing financial incentives to executives to achieve short-term financial and strategic objectives. It communicates to executives the key accomplishments the CGCC wishes to reward and ensures that overall executive compensation correlates with corporate objectives. The short-term incentive component is structured to reward not only increased value for shareholders but also performance with respect to key operational factors and non-financial goals important to long-term success

### Long-term Incentive

The long-term incentive component of executive compensation is designed to ensure commonality of interests between management and shareholders. This is accomplished by connecting shareholder return and long-term compensation, motivating executives to achieve long-range objectives that directly benefit shareholders.

Stock options reward executives for growth in the value of the Corporation's stock over the long term. This is the high risk, high-return component of the executive total compensation program because stock options deliver value to an executive only if the share price is above the grant price. This long-term equity incentive includes both a corporate and personal component.

### Summary of Compensation

For the financial years ended December 31, 2014, and December 31, 2015, the Corporation had three (3) Named Executive Officers:

Peter Ho, President & Chief Executive Officer  
 Anna Lentz, Chief Financial Officer  
 Mark Roth, Chief Financial Officer

The following table sets forth information concerning the total compensation paid by the Corporation to its Named Executive Officers for the Corporation for the three most recent financial years ended December 31, 2015, 2014 and 2013, excluding compensation securities. If an executive's compensation is not shown it means that person received no compensation whatsoever:

Name and principal position	Year	Salary, Consult fee, retainer, or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (1) (\$)	Value of all other compensation (\$)	Total compensation (5) (\$)
Peter Ho <sup>(2)</sup> Chairman and Chief Executive Officer (NEO)	2015	300,000	Nil	Nil	Nil	Nil	300,000
	2014	51,050	Nil	Nil	Nil	Nil	51,050
	2013	51,975	Nil	Nil	Nil	Nil	51,975
Anna Lentz <sup>(3)</sup> Chief Financial Officer (NEO)	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2014	8,600	Nil	Nil	Nil	Nil	8,600
	2013	11,920	Nil	Nil	Nil	Nil	11,920
Mark Roth <sup>(4)</sup> President and Chief Financial Officer (NEO)	2015	270,000	Nil	Nil	Nil	Nil	270,000
	2014	14,800	Nil	Nil	Nil	Nil	14,800
	2013	3,520	Nil	Nil	Nil	Nil	3,520
Hon. William McKnight, Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2014	3,000	Nil	Nil	Nil	Nil	3,000
	2013	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year.
- (2) Mr. Ho was President, CEO, and director during 2014 and 2015. He was not compensated as President or as a director (later, Chairman) during this time or to the present time. Subsequent to December 31, 2015, Mr. Ho resigned as President and was appointed Chairman of the board. In 2015, \$270,000 of the salary compensation was accrued as a payable, and \$30,000 was actually paid. The 2015 compensation pertains to an executive compensation agreement dated January 1, 2015, related to a potential corporate transaction that did not proceed. Bayshore paid \$51,050 to Mr. Ho in 2014 via

- management fees to a corporation controlled by Mr. Ho. During the year ended December 31, 2016, Mr. Ho was paid \$74,600 (gross) in total compensation, and accrued \$225,400 in salary payable.
- (3) Ms. Lentz was appointed, and replaced the Acting CFO, effective August 26, 2011. Bayshore paid fees to a corporation controlled by Ms. Lentz pursuant to a consulting contract. Ms. Lentz resigned during the second quarter of 2014 and was not a NEO after that point in time.
- (4) Mr. Roth was CFO and director from October 2014 to the present. He was not compensated as director during this time or to the present time. Subsequent to December 31, 2015, Mr. Roth was appointed President by the board, and has not been compensated as President to the present time. In 2015, \$214,000 of the salary compensation was accrued as a payable, and \$56,000 was paid. The 2015 compensation pertains to an executive compensation agreement dated January 1, 2015, related to a potential corporate transaction that did not proceed. Bayshore paid \$14,800 to Mr. Roth in 2014 via management fees and salary. During the year ended December 31, 2016, Mr. Roth was paid \$74,600 (gross) in total compensation and accrued \$195,400 in salary payable.
- (5) Full disclosure requires compensation disclosure for each of the Issuer's three most highly compensated executive officers/directors in addition to the CEO and CFO, regardless of the amount of their compensation. In addition to Hon. William McKnight, C.F. Cheng and Raymond Go served as directors. Mr. McKnight and Mr. Cheng currently serve as directors, and Mr. Go served as a director until June 2016. Mr. Cheng and Mr. Go were not paid any compensation whatsoever during the tabled reporting period above.

### **Long Term Incentive - Stock Option Plan**

The purpose of the Stock Option Plan is to provide an incentive for directors, officers, key employees and consultants of the Corporation to directly participate in the Corporation's growth and development by providing them with the opportunity through options to purchase common shares to acquire an increased financial interest in the Corporation. The CGCC believes that granting of options is an effective way to support the achievement of the Corporation's long-term performance objectives, ensure executive and employee commitment to the longer term interests of the Corporation and its shareholders, and provide compensation opportunities to attract, retain and motivate employees critical to the success of the Corporation. At its discretion, the CGCC grants options to individuals taking into account the Corporation's long-range objectives, comparing and matching in most cases option grants and holdings for similar positions in the comparator group, and previous grants to such individuals.

### **Compensation Securities for year ended December 31, 2015:**

<b>Name and position</b>	<b>Type of compensation security<sup>(1)(2)</sup></b>	<b>Number of compensation securities, number of underlying securities, and % of class<sup>(9)</sup></b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
Peter Ho <sup>(3)</sup> Chief Executive Officer and Chairman (NEO)	Option to purchase Common Share	350,000, 350,000, 1.3%	February 12, 2015	0.12	0.10	0.15	February 12, 2020
Mark Roth <sup>(4)</sup> Chief Financial Officer and Director (NEO)	Option to purchase Common Share	370,000, 370,000, 1.4%	February 12, 2015	0.12	0.10	0.15	February 12, 2020
C.F. Cheng <sup>(5)</sup> Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Hon. William McKnight <sup>(6)</sup> Director	Option to purchase Common Share	40,000, 40,000, 0.1%	February 12, 2015	0.12	0.10	0.15	February 12, 2020
Raymond Go <sup>(7)</sup> Director	Option to purchase Common Share	20,000, 20,000, 0.1%	February 12, 2015	0.12	0.10	0.15	February 12, 2020
Ibrahim Attereh <sup>(8)</sup> VP Middle East	Option to purchase Common Share	200,000, 200,000, 0.7%	February 12, 2015	0.12	0.10	0.15	February 12, 2020

Notes:

- (1) The compensation securities granted during 2015 vest immediately.
- (2) Restrictions or conditions for converting, exercising, or exchanging the compensation securities: Options shall not be granted for a term exceeding ten years. The Shares to be purchased upon each exercise of any Option shall be paid for in full, in cash or certified cheque/wire transfer, at the time of such exercise. No Option granted under the Plan shall be transferable or assignable by an Optionee otherwise than by will or

by the laws of descent and distribution, and such Option shall be exercisable, during the Optionee's lifetime, only by him. Subject to the Provisions of the Plan, an Option may be exercised from time to time by delivering to the Secretary of the Company at its registered office a written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Shares then being purchased. Should the Company sell all or a substantial part of its assets, or that it should be purchased by a third party or merged, the Optionee will then have the right to exercise its Options for the total number of unexercised Shares within thirty (30) days following the date of the completion of such sale, purchase or merger. The Company may, at its discretion, reduce this thirty day delay.

- (3) Mr. Ho held a total of 1,007,143 Options to purchase 1,007,143 Common Shares as of December 31, 2015.
- (4) Mr. Roth held a total of 800,000 Options to purchase 800,000 Common Shares as of December 31, 2015.
- (5) Mr. Cheng held a total of 530,000 Options to purchase 530,000 Common Shares as of December 31, 2015.
- (6) Mr. McKnight held a total of 110,000 Options to purchase 110,000 Common Shares as of December 31, 2015.
- (7) Mr. Go held a total of 150,000 Options to purchase 150,000 Common Shares as of December 31, 2015, which have all since expired.
- (8) Mr. Attereh held a total of 200,000 Options to purchase 200,000 Common Shares as of December 31, 2015, which have all since expired.
- (9) Under the Plan, the Company may issue up to 752,183 additional Options to purchase Common Shares of the Company as of December 31, 2015.

#### **Exercise of Compensation Securities by Directors and NEOs for year ended December 31, 2015:**

<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of underlying securities exercised</b>	<b>Exercise price per security (\$)</b>	<b>Date of exercise</b>	<b>Closing price per security on date of exercise (\$)</b>	<b>Difference between exercise price and closing price on date of exercise (\$)</b>	<b>Total value on exercise date (\$)</b>
Peter Ho Chief Executive Officer and Chairman (NEO)	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Mark Roth Chief Financial Officer and Director (NEO)	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
C.F. Cheng Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Hon. William McKnight Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Raymond Go Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA

#### **Compensation Securities for year ended December 31, 2014:**

<b>Name and position</b>	<b>Type of compensation security<sup>(1)(2)</sup></b>	<b>Number of compensation securities, number of underlying securities, and % of class<sup>(8)</sup></b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
Peter Ho <sup>(3)</sup> Chief Executive Officer and Chairman (NEO)	Option to purchase Common Share	150,000, 150,000, 0.9%	September 23, 2014	0.185	0.20	0.135	September 23, 2019
Mark Roth <sup>(4)</sup> Chief Financial Officer and Director (NEO)	Option to purchase Common Share	430,000, 430,000, 2.6%	September 23, 2014	0.185	0.20	0.135	September 23, 2019

C.F. Cheng <sup>(5)</sup> Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Hon. William McKnight <sup>(6)</sup> Director	Option to purchase Common Share	70,000, 70,000, 0.4%	September 23, 2014	0.185	0.20	0.135	September 23, 2019
Raymound Go <sup>(7)</sup> Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA

## Notes:

- (1) The compensation securities granted during 2014 vest immediately.
- (2) Restrictions or conditions for converting, exercising, or exchanging the compensation securities: Options shall not be granted for a term exceeding ten years. The Shares to be purchased upon each exercise of any Option shall be paid for in full, in cash or certified cheque/wire transfer, at the time of such exercise. No Option granted under the Plan shall be transferable or assignable by an Optionee otherwise than by will or by the laws of descent and distribution, and such Option shall be exercisable, during the Optionee's lifetime, only by him. Subject to the Provisions of the Plan, an Option may be exercised from time to time by delivering to the Secretary of the Company at its registered office a written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Shares then being purchased. Should the Company sell all or a substantial part of its assets, or that it should be purchased by a third party or merged, the Optionee will then have the right to exercise its Options for the total number of unexercised Shares within thirty (30) days following the date of the completion of such sale, purchase or merger. The Company may, at its discretion, reduce this thirty day delay.
- (3) Mr. Ho held a total of 657,143 Options to purchase 657,143 Common Shares as of December 31, 2014.
- (4) Mr. Roth held a total of 430,000 Options to purchase 430,000 Common Shares as of December 31, 2014.
- (5) Mr. Cheng held a total of 530,000 Options to purchase 530,000 Common Shares as of December 31, 2014.
- (6) Mr. McKnight held a total of 70,000 Options to purchase 70,000 Common Shares as of December 31, 2014.
- (7) Mr. Go held a total of 130,000 Options to purchase 130,000 Common Shares as of December 31, 2014, which have all since expired.
- (8) Under the Plan, the Company may issue up to 1,947,183 additional Options to purchase Common Shares of the Company as of December 31, 2014.

**Exercise of Compensation Securities by Directors and NEOs for year ended December 31, 2014:**

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Peter Ho Chief Executive Officer and Chairman (NEO)	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Mark Roth Chief Financial Officer and Director (NEO)	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
C.F. Cheng Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Hon. William McKnight Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA
Raymound Go Director	Option to purchase Common Share	Nil	NA	NA	NA	NA	NA

### **Pension Plan Benefits**

The Corporation does not have a defined benefit, defined contribution or deferred compensation plan.

### **Executive Compensation Agreements**

On January 1, 2015, the Company entered into an agreement with the CEO which provides management services to the Company. Under this agreement, the Company will pay an annual salary for services of \$300,000 and in the event of a change in control of the Company, where a third party acquires more than 90% of the common shares of the Company, the President will be paid a bonus equal to 1% of the value of the company's common share equity, to a minimum of 36 months equivalent salary to be based on the President's salary at the time of the transaction, to be no less than \$600,000. Termination or constructive dismissal may be enacted by the Company on giving two months notice and paying the executive termination pay equivalent to the total remuneration, including any bonus received by the executive during the previous twenty-four (24) month period, provided that any such termination pay will be not less than \$300,000.

On January 1, 2015, the Company entered into an agreement with the CFO which provides management services to the Company. Under this agreement, the Company will pay an annual salary for services of \$270,000 and in the event of a change in control of the Company, where a third party acquires more than 90% of the common shares of the Company, the CFO will be paid a bonus equal to 1% of the value of the company's common share equity, to a minimum of 36 months equivalent salary to be based on the CFO's salary at the time of the transaction, to be no less than \$540,000. Termination or constructive dismissal may be enacted by the Company on giving two months notice and paying the executive termination pay equivalent to the total remuneration, including any bonus received by the executive during the previous twenty-four (24) month period, provided that any such termination pay will be not less than \$270,000.

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

Other than as disclosed in this Information Circular or in filings by the Corporation on SEDAR or as below, no informed person of the Corporation or any associate or affiliate of the foregoing had any material interest, direct or indirect, in any transaction or proposed transaction since December 31, 2015 which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

As at December 31, 2015, and 2014, the management functions of the Corporation were substantially performed by directors and senior officers of the Corporation, and, not to any substantial degree, by any other person with whom the Corporation has contracted.

## **AUDIT COMMITTEE**

### **The Audit Committee Charter**

The following is the Corporation's "Audit Committee Charter" (the "**Charter**"):

#### **Purpose**

The primary function of the audit committee of the Corporation (the "**Committee**") is to assist the board of directors (the "**Board**") of the Corporation in fulfilling its responsibilities by reviewing the financial reports and other financial information provided by the Corporation to any regulatory body or the public, the Corporation's systems of internal controls regarding preparation of those financial statements and related disclosures that management and the Board have established and the Corporation's auditing, accounting and financial reporting processes generally. Consistent

with this function, the Committee encourages continuous improvement of, and fosters adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary objectives are to:

1. assist directors in meeting their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. provide for open communication between directors and external auditors;
3. enhance the external auditor's independence;
4. increase the credibility and objectivity of financial reports; and
5. strengthen the role of the outside or "independent" directors by facilitating in depth discussions between directors on the Audit Committee, management and external auditors.

### **Composition**

The Committee is comprised of three or more directors as determined by the Board, if at all possible with the majority of whom shall be "independent" (as such term is used in National Instrument 52-110 Audit Committees ("**NI 52-110**")) unless the Board shall have determined that the exemption contained in section 3.6 of NI 52-110 would be applicable and is to be adopted by the Corporation.

All of the members of the committee shall be "financially literate" (as defined in NI 52-110) unless the Board shall determine that an exemption under NI 52-110 from such requirement in respect of any particular member would be applicable and is to be adopted by the Corporation in accordance with the provisions of NI 52-110.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and remain as members of the Committee until their successors shall be duly elected and qualified.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **Meetings**

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its mandate to foster open communication, the Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Chief Financial Officer (if appointed) is required to be present at the meetings of the Committee and may be excused from all or part of any such meetings by the independent sitting members.

Minutes of all meetings of the Committee shall be taken and the Committee shall report the results of its meetings and reviews undertaken and any associated recommendations or resolutions to the Board. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee shall be valid resolution of the Committee.

A quorum for meetings of the Committee shall be majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the committee shall be the same as those governing the Board.

Members of the Committee may participate in a meeting of the Committee by means of telephone or other communication device or facilities that permit all persons participating in any such meeting to hear one another.

## **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review
  - a. Review and update this Charter, as conditions dictate.
  - b. Review the financial statements, prospectuses, MD&A, annual information forms and all public disclosures containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval where required.
  - c. Review the reports to management prepared by the external auditors and management responses.
  - d. Established procedures for:
    - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
    - (ii) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
  - e. Review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the issuer.
  - f. Review of significant auditor findings during the year, including the status of previous audit recommendations.
  - g. Be satisfied with and periodically assess the adequacy of procedures for the review of corporate disclosure that is derived or extracted from the financial statements.
  
2. External Auditors
  - a. Be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
  - b. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.
  - c. Recommend to the Board the terms of engagement of the external auditor, including their compensation and a confirmation that the external auditors shall report directly to the Committee.
  - d. On an annual basis, review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence.
  - e. Review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.
  - f. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
  - g. Periodically consult with the external auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.
  - h. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
  - i. Pre-approved the completion of any non-audit services by the external auditors and determined which non-audit services the external auditor is prohibited from providing and the Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services, provided that such member(s) reports to the Committee at the next scheduled meeting

such pre-approval and the members(s) complies with such other procedures as may be established by the Committee from time to time.

3. Financial Reporting Processes

- a. In consultation with the external auditors and management, review the integrity of the organization's financial reporting processes both internal and external. Consider judgments concerning the appropriateness of the Corporation's accounting policies.
- b. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors or management.
- c. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).

4. Process Improvement

- a. Review with external auditors their assessment of internal controls, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit, and upon completion of the audit, their reports upon the financial statements.

5. Ethical and Legal Compliance

- a. Ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to regulatory organizations and the public satisfy legal requirements.
- b. Conduct and authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain, and to set and pay compensation for any independent counsel and other professionals to assist in the conduct of any investigation, subject to the Board approving any expenditure in excess of \$10,000 in this regard.
- c. Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

**Composition of the Audit Committee**

The Committee consists of four members:

1. Two are not considered to be independent:
  - a. Peter Ho, Chairman and CEO; and
  - b. Mark Roth, President and CFO.
2. One director is considered to be independent:
  - a. C.F. Cheng; and
  - b. Hon. William McKnight.

All are considered to be financially literate.

## **Relevant Education and Experience**

### **Mr. Peter Ho, Professional Petroleum Engineer, Canada**

Mr. Ho is the President and CEO of Bayshore Petroleum Corp and has over 30 years of oil and gas industry experience in North America, China, Middle East and Asia. He is a registered professional Engineer and has worked for multinational companies such as BP, Texaco, Kerr McGee and TransCanada Pipelines. Mr. Ho has been involved in setting up a public company in Hong Kong, Canada and has strong relationships with PetroChina, China United Coalbed Methane Corp. and many other international oil and gas companies. He has also been involved in numerous conventional and heavy oil and gas, and CBM projects in Canada and globally over the past 15 years.

### **Mr. CF Cheng, Lawyer, Canada and China (People's Republic of China)**

Mr. Cheng is a member of the Law Society of Hong Kong. He obtained his Bachelor of Arts and Bachelor of Commerce in Canada. He has been working in China for more than 17 years. His professional legal experience covers Canadian common law and Chinese law. He has extensive experience in real estate development and unconventional energy exploration and application. He has represented several publicly listed and private overseas companies dealing with commercial legal matters in China. He is experienced in designing corporate holding structures and completing mergers and acquisitions.

### **Mr. Mark Roth, CFO, MBA, Canada**

Mr. Roth is President and CFO of Bayshore Petroleum Corp and has over 20 years experience in senior roles in banking, financial analysis and accounting, public company reporting, and corporate governance. He has held CFO roles in two previous public companies in Canada, various directorships of companies globally, and participated in numerous capital raising ventures in Europe, America, and Asia.

### **The Honourable William (Bill) McKnight, P.C., Canada**

Mr. McKnight was born and raised in Wartime, Saskatchewan. He is has been a farmer, entrepreneur, and a public servant. Mr. McKnight was in public life from 1979 to 1993 serving as a Member of Parliament for Kindersley-Lloydminster. He served as minister in seven federal ministries: Labour, Canada Mortgage and Housing Corporation, Indian Affairs and Northern Development, Western Economic Diversification, National Defence (during the first Gulf War), Agriculture, and Energy, Mines and Resources. While a Member of Parliament he represented Canada at First Ministers' conferences, NATO, the General Agreement on Tariffs and Trade (GATT), and UN proceedings. He negotiated the Husky Oil Bi-Provincial Upgrader and the \$6-billion Hibernia Offshore Oil Project; served as the first minister of the Department of Western Economic Diversification; and negotiated land claims settlements in the Yukon, Northwest Territories, and Saskatchewan. Since leaving public life in 1993, Mr. McKnight has been active in the private sector. He is founding board member and current chair of the Golden Opportunities Fund and director of several public and private companies.

## **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year were any Committee's recommendations to nominate or compensate an external auditor not adopted by the Board.

## **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has it relied on any exemption under Part 8 of National Instrument 52-110.

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

The Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

## **External Auditor Service Fees**

The fees paid by the Corporation to its auditor in each of the last two fiscal years are:

<b>Financial Year Ending December 31</b>	<b>Audit Fees</b>	<b>All Other Fees</b>
2014	\$20,750	\$5,125
2015	\$21,200	\$6,250

## **Venture Issuer Exemption**

The Corporation, as a "Venture Issuer", is relying upon section 6.1 of National Instrument 52-110 exempting it from certain requirements relating to the composition of the audit committee requirements and reporting obligations.

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the board of directors (the "**Board**"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices ("**NI 58-101**") which came into effect for financial years ending on or after June 30, 2005, the Corporation is required to disclose its corporate governance practices in compliance with NI 58-101, as summarized below.

### **Board of Directors**

The Board facilitates its exercising of independent supervision over management through meetings of the Board and both directly and indirectly through its committees.

C.F. Cheng is an "independent" director in that he is independent and free from any interest, and any business or other relationship which could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Corporation, other than interests and relationships arising from shareholdings.

Peter Ho and Mark Roth also serve as management and are therefore not considered to be "independent" within the prescribed definition.

### **Nomination of Directors**

The Board determines new nominees to the Board, although no formal process has been adopted.

### **Directorship**

From time to time certain of the directors are presently directors in one or more other reporting issuers. C.F. Cheng is presently a director of Goldbrook Ventures Inc.

## **Compensation**

The Corporation has a Corporate Governance and Compensation Committee (the "CGCC") with a mandate including determination of (i) remuneration to directors and officers, (ii) allocation of incentive stock options, and (iii) monitor over-all Board activities to ensure compliance with NI 58-101. The CGCC members are Mark Roth, Peter Ho, and C.F. Cheng. See "Election of Directors".

## **Orientation and Continuing Education**

Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Corporation's business will be necessary and relevant to each new director. The Corporation provides continuing education to its directors as such need arises and encourages open discussion at all meetings which format encourages learning by the directors.

## **Ethical Business Conduct**

The Corporation endeavours to select only people of the highest personal moral stature and expects them to follow a high ethical standard when exercising their authority or discretion in all of the Corporation's business dealings.

## **Assessments**

The Corporation has contemplated a plan for the annual review of the performance of every director and officer, however to date no formal plan or procedure has been adopted.

**APPROVAL AND CERTIFICATION**

The contents and the sending of the Notice of Meeting and this Circular have been approved by the Board of Directors of the Corporation.

**DATED** this 30<sup>th</sup> day of January, 2017.

**ON BEHALF OF THE BOARD OF DIRECTORS  
OF BAYSHORE PETROLEUM CORP.**

*Per: "Peter Ho"* \_\_\_\_\_

**Peter Ho  
Chairman and Chief Executive Officer**

**APPENDIX A  
STOCK OPTION PLAN**

## BAYSHORE PETROLEUM CORP.

### STOCK OPTION PLAN

#### 1. PURPOSE

The purpose of this Stock Option Plan (the "Plan") is to authorize the grant to directors, officers, employees and consultants on an on-going basis of Bayshore Petroleum Corp. (the "Company") or any present or future subsidiary thereof of stock options ("Options") to purchase common shares ("Shares") of the Company's capital and thus benefit the Company by enabling it to attract, retain and motivate directors, officers, employees and consultants by providing them with the opportunity, through Options, to acquire an increased proprietary interest in the Company.

#### 2. ADMINISTRATION

The Plan shall be administered by the board of directors (the "Board") of the Company. The Board may make grants, subject to the terms of the Plan, to such eligible persons referred to above (the "Optionees") and will determine the number of Shares in the share capital of the Company which will be the object of Options, in its sole discretion.

#### 3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 12 hereof, Options may be granted in respect of authorized and un-issued Shares of the Company provided that, subject to the receipt of the approval of the principal stock exchange on which the shares are then listed (the "Exchange") and the approval of the shareholders of the Company, the maximum number of shares which may be reserved for issuance pursuant to this Plan, and any other compensation mechanism, shall be set out in the attached Schedule A.

#### 4. ISSUANCE LIMITS

- (a) **Insiders.** The aggregate number of Shares issuable pursuant to Options under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, will not result, in either: (i) the number of shares reserved for issuance pursuant to stock options granted to insiders of the Company ("Insiders") exceeding 10% of the outstanding issue, (ii) the issuance to Insiders, within a one-year period, of a number of shares exceeding 10% of the outstanding issue, or (iii) the issuance to any one Insider and such Insider's associates, within a one-year period, of a number of shares exceeding 5% of the outstanding issue;
- (b) **Consultants.** No more than 2% of the issued shares of the Company may be granted to anyone consultant to the company in any 12 month period;
- (c) **Employees.** No more than an aggregate of 2% of the issued shares of the Company may be granted to an employee of the company conducting investor relations activities, in any 12 month period;
- (d) **General.** Notwithstanding the provisions of subsections (a), (b) and (c) above, the total number of Shares which may be reserved for issuance to anyone Optionee under the Plan shall not exceed 5% of the total number of issued and outstanding Shares (on a non diluted basis) less Shares reserved for issuance under any stock option agreement.

## 5. ELIGIBILITY

Options shall be granted only to directors, officers, employees and consultants of the Company or any subsidiary. The term "subsidiary" as used in the Plan shall mean any company in which the Company owns, directly or indirectly, 50% or more of the total combined voting rights of all classes of stock. Subject to the foregoing, the Board shall have full and final authority to determine the persons who are to be granted Options under the Plan and the number of Shares subject to each Option.

## 6. PRICE

The purchase price (the "Price") for the Shares of the Company under each Option shall be determined by the Board on the basis of the market price, where "market price" shall mean the prior trading day closing price of the Shares of the Company on the Exchange and where there is no such closing price, or if the Board of Directors determines that such closing price would not be representative of the market price of the Shares, then the exercise price shall be equal to the weighted average price per share for the Shares for the five (5) consecutive trading days ending on the last trading day preceding the date of grant.

## 7. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph and paragraphs 8, 9 and 10 below, Options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding ten (10) years. The Shares to be purchased upon each exercise of any Option shall be paid for in full, in cash or by certified cheque, at the time of such exercise. Except as provided in paragraphs 8 and 9 below, no Option which is held by a director, officer or employee may be exercised unless the Optionee is then director, officer or in the employ of the Company or any subsidiary. Absence on leave approved for an officer of the Company or any subsidiary authorized to give such approval shall not be considered an interruption of employment for any purpose under the Plan.

## 8. NON TRANSFERABILITY & NON ASSIGNABILITY OF OPTION

No Option granted under the Plan shall be transferable or assignable by an Optionee otherwise than by will or by the laws of descent and distribution, and such Option shall be exercisable, during the Optionee's lifetime, only by him, as provided in paragraph 10 below.

## 9. TERMINATION OF EMPLOYMENT

If any Optionee who is a director, officer or employee shall cease to be an officer, director or employee of the Company or any subsidiary for any reason (except as otherwise provided in paragraph 10), the Optionee may exercise his options, but only within the period of ninety (90) days succeeding such cessation and in no event after the expiry date of the Optionee's Option. Before the expiry date of such Option, the Board shall notify the Optionee of such expiry in writing. The entitlement of a Consultant to Options, including the entitlement to Options upon termination, shall be determined by the terms of the Consultant's agreement and the requirements of the Plan.

## 10. DEATH OF OPTIONEE

In the event of the death of an Optionee during the currency of the Optionee's Option, the Option theretofore granted to him shall be exercisable within, but only within, the period of one year next succeeding the Optionee's death, and in no event after the expiry date of the Optionee's Option. Before expiry of an Option under this paragraph, the Board shall notify the Optionee's representatives in writing of such expiry.

## 11. EXTENSION OF OPTION

Notwithstanding the provisions of paragraph 9 and 10, the Board may extend the period of time within which an Option held by a deceased Optionee may be exercised or within which an Option may be exercised by an Optionee who has ceased to be an officer, director or employee of the Company, but such an extension shall not be granted beyond a period of twelve (12) months in the case of officers and directors who are not also employees and thirty-six (36) months in the case of employees and, in any event, shall not extend beyond the original expiry date of the Option. Any extension of Options granted under this Plan are subject to regulatory approval.

## 12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and class of Shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of Shares, merger, consolidation, share issuance pursuant to a rights offering or any other change in the corporate structure or Shares of the Company. The Option granted under the Plan shall contain such provisions as the Board may determine the appropriate adjustments to be made with respect to Options granted or to the granted relatively to the Option Price in the event of any such change. Any adjustment arising as a result of a stock dividend shall be subject to regulatory approval.

## 13. AMENDMENT AND TERMINATION OF THE PLAN

The Board may at any time amend the other terms of a stock option agreement or plan upon requisite regulatory and Exchange approval, provided, however that:

- (a) if the Optionee is an insider of the Company at the time of the amendment, the Company obtains disinterested Shareholder approval;
- (b) the option exercise price can be amended only if at least six months have elapsed since the later of the date of commencement of the term, the date the Company shares commenced trading, or the date the option exercise price was last amended;
- (c) if the option price is amended to a discounted market price, the Exchange hold period will apply from the date of the amendment. If the option price is amended to the market price, the Exchange hold period will not apply;
- (d) disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an insider of the Company at the time of the proposed amendment;
- (e) any extension of the length of the term of the stock option is treated as a grant of a new option, which must comply with pricing and other requirements of the Exchange. The term of an option cannot be extended so that the effective term of the option, exceeds 10 years in total. An option must be outstanding for at least one year before the Company can extend its term; and
- (f) the Exchange must accept a proposed amendment before the amended option is exercised.

For the purposes of this Policy, if the Company cancels a stock option and within one year grants new options to the same individual, the new options will be subject to the requirements in sections (a) to (d) above.

An amendment to the terms of a stock option may be considered to be a new grant under Securities Laws. Acceptance for filing by the Exchange does not provide assurance that the Company is complying with Securities Laws.

The Board may at any time amend or terminate the Plan upon receipt of requisite regulatory approval, provided, however that no such amendment alter or impair any of the terms of Options previously granted under the Plan without the consent of the Optionee.

#### 14. EFFECTIVE DATE OF THE PLAN

The Plan is effective on October 22, 2003, and Options may be granted immediately thereafter. Amendments to the Plan are effective as set forth under Section 21 hereof "Approval" and as indicated on Schedule "A".

#### 15. EVIDENCE OF OPTIONS

Each Option granted under the Plan shall be embodied in a written Option agreement between the Company and the Optionee which shall give the provisions of the Plan.

#### 16. EXERCISE OF OPTION

Subject to the Provisions of the Plan, an Option may be exercised from time to time by delivering to the Secretary of the Company at its registered office a written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, in cash or by certified cheque, of the purchase price of the Shares then being purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable period of time following the receipt of such notice.

Upon receipt of a certificate of an authorized officer directing the issue of Shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the Options exercised in the name of such Optionee or the Optionee's legal personal representative or as may be directed in writing by the Optionee's legal personal representative.

#### 17. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

Should the Company sell all or a substantial part of its assets, or that it should be purchased by a third party or merged, the Optionee will then have the right to exercise its Options for the total number of unexercised Shares within thirty (30) days following the date of the completion of such sale, purchase or merger. The Company may, at its discretion, reduce this thirty day delay.

#### 18. RIGHTS PRIOR TO EXERCISE

The holder of an Option shall not have any rights as a shareholder of the Company with respect to any of the shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Option price of the Shares in respect of which the Option is being exercised) and the issuance of Shares by the Company.

#### 19. GOVERNING LAW

This Agreement shall be construed in accordance with and be governed by the laws of the Province of Alberta and shall be deemed to have been made in said Province and shall be in accordance with all applicable securities laws.

#### 20. EXPIRY OF OPTION

On the expiry date of any Option granted under the Plan, and pursuant to any extension of such expiry date permitted in accordance with the Plan, such Option hereby granted forthwith expires and terminate and be of no further force or effect whatsoever as to such of the optioned Shares in respect of which the Option has not been exercised.

#### 21. APPROVAL

The Plan has been approved by the shareholders of the Company on October 22, 2003, and by the directors of the Company on October 22, 2003, and supersedes and replaces all prior stock option plans.

#### 22. ENGAGEMENT OF THE COMPANY

The Company hereby acknowledges that the Company is required to pre-clear any amendment to the Share Option Plan or to any Option within or outside such Plan with the Exchange. Consequently, the Company hereby undertakes to obtain the approval of Exchange to any amendments it proposes to make to the Plan prior to the issuance of any Shares pursuant to such amendment.

SCHEDULE A

THE PLAN

The maximum number of Shares reserved for issuance under and subject to the Plan is 4,019,326, being 20% of the issued and outstanding common shares of the Corporation on September 24th, 2014, as approved by Shareholders on October 24, 2014.