

EGUANA TECHNOLOGIES INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

November 4, 2019

The annual general meeting ("**Meeting**") of holders of common shares (the "**Common Shares**"), class A preferred shares (the "**Class A Preferred Shares**" and collectively with the Common Shares, the "**Voting Securities**"), and first preferred shares, series 8 (the "**Series 8 Preferred Shares**" and collectively with the Common Shares and the Class A Preferred Shares, the "**Securities**") in the capital of Eguana Technologies Inc. ("**Corporation**") will be held on November 4, 2019 at 10:00 AM MDT on the sixth floor in the BDO LLP Calgary office, 620, 903 – 8th Avenue S.W. Calgary, Alberta T2P 0P7 for the following purposes:

1. to receive the audited financial statements for the financial year ended September 30, 2018 and the report of the auditor thereon, and the unaudited financial statements of the Corporation for the interim period ended June 30, 2019;
2. to set the number of directors at five (5);
3. to elect directors of the Corporation;
4. to appoint the auditor of the Corporation and authorize the directors to fix the auditors' remuneration; and
5. to transact such other business as may properly be brought before the Meeting.

Shareholders are referred to the accompanying management information circular of the Corporation for more detailed information with respect to the matters to be considered at the Meeting.

The board of directors of the Corporation has fixed the close of business on September 18, 2019 as the record date for determining holders of the Voting Securities who are entitled to vote at the Meeting.

Holders of the Voting Securities who are unable to be present at the Meeting are requested to date, sign, and return the accompanying form of proxy to TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, Ontario M5H 4H1 or by fax 416-595-9593 or by voting online: www.voteproxyonline.com, prior to 4:30 PM EDT on October 31, 2019, being at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment.

Dated the 18th day of September, 2019

BY ORDER OF THE BOARD OF DIRECTORS

"George W. Powlick"

George W. Powlick

Chairman of the Board of Directors

EGUANA TECHNOLOGIES INC.

Management Information Circular

dated September 18, 2019

for the Annual General Meeting to be held on November 4, 2019

SOLICITATION OF PROXIES

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Eguana Technologies Inc. (the "**Corporation**") for use at the annual general meeting (the "**Meeting**") of holders of Voting Securities (the "**Shareholders**") to be held on November 4, 2019 at 10:00 AM on the sixth floor in the BDO LLP Calgary office, 620, 903 – 8th Avenue S.W. Calgary, Alberta T2P 0P7 .

The record date for the purpose of determining Shareholders is September 18, 2019 (the "**Record Date**"). Shareholders of record on that date are entitled to receive notice of and attend the Meeting and vote their Voting Securities, except to the extent that any registered Shareholders have transferred the ownership of any Voting Securities subsequent to the Record Date and the transferee of those Voting Securities produces properly endorsed share certificates, or otherwise establishes that he or she owns the Voting Securities and demands, not later than 10 calendar days before the Meeting, that his or her name be included on the Shareholders list, in which case, the transferee will be entitled to vote his or her Voting Securities at the Meeting.

This solicitation is made on behalf of management. The Corporation will bear the costs incurred in the preparation and mailing of the Meeting materials. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by directors, officers and employees of the Corporation who will not be remunerated for their services.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and directors of the Corporation. As a Shareholder, you have the right to appoint a person, who need not be a Shareholder, to represent you at the Meeting. To exercise this right you should insert the name of your representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy. The form of proxy should be dated and executed by the Shareholder or an attorney, authorized in writing and with proof of the authorization attached. A proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting his Voting Securities in person.

A form of proxy will not be valid for the Meeting or any adjournment unless it is completed and delivered to TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, Ontario M5H 4H1 no later than 4:30 PM EDT on October 31, 2019 or any adjournment thereof. You may also send your proxies by fax to (416) 595-9593 or vote your shares online at www.voteproxyonline.com.

The Voting Securities represented by the Shareholder proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and that, if the Shareholder specifies a choice with respect to the matter to be acted upon, the Voting Securities will be voted accordingly.

A Shareholder may revoke his proxy at any time prior to a vote. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or by his authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney duly authorized, either at the registered office of the Corporation or with TSX Trust Company, 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 with the Chair of the Meeting on the day of the Meeting, or any adjournment.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold Voting Securities, in which they have a beneficial interest, in their own name (the "**Beneficial Shareholders**").

Beneficial Shareholders should note that only proxies deposited by Shareholders who appear on the records of the registrar and transfer agent will be recognized at the Meeting. If the Voting Securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those Voting Securities will, in all likelihood, not be registered in the Shareholder's name. Without specific instructions, brokers and their nominees are prohibited from voting shares held by Beneficial Shareholders.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every broker and other intermediaries have their own mailing procedures and provide their own return instructions to clients which should be carefully followed by Beneficial Shareholders in order to ensure that their Voting Securities are voted at the Meeting. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada ("**Broadridge**"). Broadridge mails a Voting Information Form (the "**VIF**") asking the Beneficial Shareholders to return the VIF to Broadridge by mail or by way of the Internet or telephone. A Beneficial Shareholder who receives a VIF cannot use that VIF to vote directly at the Meeting.

All reference to Shareholders in this Circular, the form of proxy and Notice are to registered Shareholders unless specifically stated otherwise.

NOTICE-AND-ACCESS

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer ("NI 54-101") for the Meeting in respect of the mailing of the Meeting materials to Shareholders. The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials required to be physically mailed to shareholders by allowing a reporting issuer to post its proxy-related meeting materials on a website.

REQUEST FOR FINANCIAL STATEMENTS

National Instrument 51-102-*Continuous Disclosure Obligations* sets out the procedures, for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at the Record Date, there were 226,943,753 Common Shares, [1] the Series 8 Preferred Share, and [434,860] Series A Preferred Shares issued and outstanding.

The holders of Common Shares are entitled to one (1) vote for each Common Share held on all matters to be considered and acted upon at the Meeting. Quorum of the Shareholders holding Common Shares shall be at minimum two persons present and holding or representing by proxy not less than 5% of issued and outstanding Common Shares entitled to vote at the Meeting.

The holder of the Series 8 Preferred Share, being DHCT II Luxembourg S.a.r.l. ("**DHCT**"), is entitled to receive notice of and to attend all meetings of the Shareholders. As long as DHCT, together with its affiliates, own in the aggregate more than 10% of the issued and outstanding Common Shares and any non-voting common shares on a fully-diluted basis (calculated as the number of Common Shares and non-voting common shares that would be outstanding if all rights to acquire Common Shares and non-voting common shares were exercised, excluding

for the purposes of this calculation, all Common Shares issuable upon the conversion of any options under any stock option plan of the Corporation), the holder of the Series 8 Preferred Share, voting separately as a class, shall have the right to designate and elect one (1) director from time to time, at the meetings of the Shareholders and/or between meetings of the Shareholders, and shall not, in its capacity as holder of the Series 8 Preferred Share, be entitled, as such, to vote in the election of the remaining Directors of the Corporation. Except as set forth above, or as otherwise required by the *Business Corporations Act* (Alberta), the holder of the Series 8 Preferred Share shall not be entitled to vote at any meeting of the Shareholders of the Corporation.

The holder of the Series A Preferred Shares, being DHCT, is entitled to receive notice of, attend, and vote at all meetings of the Shareholders of the Corporation which the holders of the Common Shares are entitled to attend and shall have one (1) vote at all such meetings of the Shareholders of the Corporation for each Common Share into which a Series A Preferred Shares is convertible (on the Record Date) calculated by dividing the initial subscription price of each Series A Preferred Share (being \$10.00) by the Fixed Conversion Price then in effect (being \$0.24) and rounded down to the nearest whole number. Quorum of the Shareholders holding Series A Preferred Shares shall be at minimum two person present holding or representing by proxy not less than 10% of the Series A Preferred Shares entitled to vote at the Meeting.

To the knowledge of the directors and management, as at the Record Date, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities carrying more than 10% of the voting rights attached to all classes of Voting Securities of the Corporation, other than as follows:

| Name and Province/ Country of Residence | Number and Class of Voting Security | Percentage of Class Outstanding |
|---|-------------------------------------|---------------------------------|
| DHCT II Luxembourg S.a.r.l. Luxembourg | 58,018,920 Common Shares | 26% ⁽¹⁾ |
| DHCT II Luxembourg S.a.r.l. Luxembourg | 434,860 Series A Preferred Shares | 100% |

Notes:

(1) Percentage based on 226,943,753 Common Shares issued and outstanding as at the Record Date.

(2) Percentage based on 434,860 Series A Preferred Shares issued and outstanding as at the Record Date.

BUSINESS OF THE MEETING

The Meeting will be constituted as an annual meeting. The annual business to be transacted at the Meeting is as follows:

PRESENTATION OF FINANCIAL STATEMENTS

The Board has approved the audited financial statements for the year ended September 30, 2018, together with the auditors' report thereon and the unaudited financial statements of the Corporation for the interim period ended June 30, 2019. These financial statements have been mailed to registered and beneficial shareholders that responded to the Corporation's request card. The financial statements are available on the Corporation's SEDAR profile at www.sedar.com and will be presented at the Meeting.

FIX NUMBER OF DIRECTORS

Shareholders will be asked to vote in favour of the resolution to fix the number of directors to be elected at the Meeting at five (5). Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5) members, the text of which is as follows:

"BE IT RESOLVED that the number of directors of the Corporation be fixed at five (5) is hereby approved."

ELECTION OF DIRECTORS

There are currently five (5) directors and their term of office will expire at the Meeting unless such director is re-elected as a director at the Meeting. Management proposes that five (5) directors be elected at the Meeting. At the Meeting, Shareholders will be asked to elect the nominees set forth below. Pursuant to the terms of the seventh amended and restated investor rights agreement dated October 1, 2015 that was entered into between the Corporation and DHCT, DHCT, as the holder of the First Preferred Share, intends to nominate Mr. George Powlick for election as a director. Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote proxies in the accompanying form in favour of an ordinary resolution electing the five (5) nominees set forth below as directors of the Corporation, the text of which is as follows:

"BE IT RESOLVED that the election of George W. Powlick, Michael Carten, Robert Penner, Gregory Nelson, and Justin Holland as directors of the Corporation to hold office until the earlier of the next annual meeting of the Shareholders or until their successors are elected or appointed is hereby approved."

The following table sets forth the nominees, positions with the Corporation, their principal occupations, periods during which they have served as directors and the number of voting shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction.

| Name and Residence | Position Currently Held | Principal Occupation | Director Since | Number of Common Shares Held |
|---|--------------------------------------|--|----------------|------------------------------|
| George W Powlick ^{1,3, 5} California, USA | Director | Managing Director of Doughty Hanson & Co, a private investment company | May 2009 | Nil |
| Michael Carten ^{1,2} Alberta, Canada | Director | Retired; President and Chief Executive Officer of the Corporation until August 2015. | September 1999 | 987,076 |
| Robert Penner ^{1,4} Alberta, Canada | Director | Retired from KPMG since April 2004 | July 2004 | 1,136,845 |
| Gregory Nelson Arizona, USA | Director | Executive Vice President of the Corporation from January 2009 until April 2010 when he retired | April 2008 | 120,000 |
| Justin Holland Ontario, Canada | Director and Chief Executive Officer | Chief Executive Officer since August 2015; Former Chief Operating Officer since July 2010 | July 2016 | 3,512,796 |

Notes:

(1) Member of the audit committee of the Board (the "**Audit Committee**").

(2) Mr. Carten holds his Common Shares directly and indirectly through Michael Carten Professional Corporation and Sustainable Energy Technologies Inc.

(3) Designated appointee of DHCT.

(4) Chairman of the Audit Committee.

(5) Chairman of the Board.

Penalties, Sanctions, Cease Trade Orders or Bankruptcies

No proposed director, within 10 years before the date of this Circular, has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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 (collectively, an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) 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.

No proposed director, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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, except as noted below.

No proposed director has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director 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.

Mr. Penner was a director of Storm Cat Energy Corporation ("**Storm Cat**") of which all of the wholly owned subsidiaries filed a voluntary petition on November 10, 2008 for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado. Storm Cat was not included in the U.S. bankruptcy filing, nor did it file an application for creditor protection under the *Companies' Creditors Arrangement Act* in Canada.

Mr. Penner was a director of Terra Energy Corp. ("**Terra**"). On March 21, 2016, its lender, Canadian Western Bank ("**CWB**"), made a demand on Terra, as debtor, and each of its guarantors for payment in full of Terra's outstanding indebtedness plus accrued interest, costs and fees and CWB provided Terra and each of its guarantors with a Notice of Intention to Enforce Security under section 244(2) of the *Bankruptcy and Insolvency Act* (Canada). As a result, Terra and each of its guarantors has consented to the enforcement by CWB, as secured lender to Terra, of CWB's security pursuant to section 244(2) of the *Bankruptcy and Insolvency Act* (Canada).

RE-APPOINTMENT OF AUDITORS

BDO Canada LLP, Chartered Accountants ("**BDO**"), were appointed as auditors of the Corporation at the last annual general and special meeting of Shareholder and have been the auditors of the Corporation since September 5, 2013.

At the Meeting, Shareholders will be asked to vote in favour of a resolution to re-appoint BDO, as the auditors of the Corporation to hold office until the next annual general meeting of Shareholders and to authorize the directors to fix their remuneration. The Board, on the advice of the Audit Committee, recommends that the Shareholders vote in favour of the re-appointment of BDO as auditors until the close of the next annual meeting at such remuneration as may be approved by the Board.

Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote proxies in the accompanying form in favour of an ordinary resolution to reappoint BDO, as auditors of the Corporation to hold office until the next annual general meeting of Shareholders and to authorize the directors to fix their remuneration, the text of which is as follows:

"BE IT RESOLVED that the appointment of BDO Canada LLP as auditors of the Corporation to hold office until the next annual meeting of the Shareholders and the directors of the Corporation be authorized to fix the auditor's remuneration and the terms of their engagement is hereby approved."

AUDIT COMMITTEE

AUDIT COMMITTEE CHARTER

The Audit Committee charter is attached hereto as Appendix A.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of Michael Carten, Robert Penner, who serves as Audit Committee Chairman, and George Powlick. Messrs. Carten, Penner and Powlick are all considered financially literate. Only Mr. Penner and Mr. Powlick are considered independent. Michael Carten served as President and CEO of the Corporation until August 17, 2015; therefore, he is deemed not to be independent as defined by National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

RELEVANT EDUCATION AND EXPERIENCE

Robert Penner, CA is a chartered accountant and businessman. Mr. Penner was a senior tax partner with KPMG LLP where he worked from 1979 to 2004. Mr. Penner is a graduate of the Institute of Corporate Directors.

Michael Carten, LLB is co-founder, and former President, CEO and Chairman, and has led the Corporation from proof of concept through the product development and commercialization process to full production. Mr. Carten has more than 30 years' experience in the conventional and alternative energy industry. Mr. Carten holds a BA from Loyola College (Université de Montréal) and a Bachelors of Law from Dalhousie Law School. Mr. Carten is a graduate of the Institute of Corporate Directors.

George W. Powlick is Managing Director of Doughty Hanson Technology Ventures based in London, England. Mr. Powlick has been an active venture capitalist since 1995 in Silicon Valley and in Europe. He holds an MBA from the UCLA Anderson School of Management and a BSc in materials science and engineering from the University of California, Berkeley.

AUDIT COMMITTEE OVERSIGHT

Since the commencement of the Corporation's more recently complete financial year, each of the Audit Committee's recommendations to nominate or compensate an external auditor have been adopted by the Board.

RELIANCE ON CERTAIN EXEMPTIONS

Since the commencement of the Corporation's most recently completed financial year, it has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption granted under Part 8 (*Exemptions*) of NI 52-110.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

EXTERNAL AUDITOR SERVICE FEES

The aggregate fees billed by the external auditors in each of the last two (2) fiscal years for audit and other fees are as follows:

| Financial Year Ending | Audit Fees ¹ | Audit Related Fees ² | Tax Fees ³ | All Other Fees |
|-----------------------|-------------------------|---------------------------------|-----------------------|----------------|
| 2018 | \$118,800 | Nil | Nil | \$20,340 |
| 2017 | \$120,800 | Nil | Nil | Nil |

Notes:

(1) Fees paid for the audit of the annual financial statements and other regulatory audits and filings

(2) Fees paid for services related to the audit services

(3) Fees paid for tax compliance, tax advice, tax planning and advisory services

EXEMPTION

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and its reporting obligations under NI 52-110.

COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS

Based on the definition of NEO, during the Corporation's financial year ended September 30, 2018, the Corporation had three (3) named executive officers: (i) Justin Holland, CEO; (ii) Gregory Pollard, CFO and (iii) Brent Harris, Chief Technology Officer ("**CTO**").

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer and director of the Corporation in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Corporation for services provided and for services to be provided, directly or indirectly, to the Company, for each of the Corporation's two (2) most recent completed financial years.

The Corporation does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or defined contribution pension plans for its NEOs.

| Name and position | Fiscal Year Ended September 30 | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of all other Compensation (\$) | Total Compensation (\$) |
|--|--------------------------------|---|------------|--------------------------------|--------------------------------------|-------------------------|
| Justin Holland CEO and Director ¹ | 2018 | 252,000 | Nil | Nil | Nil | 252,000 |
| | 2017 | 238,138 | Nil | Nil | Nil | 238,138 |
| Brent Harris CTO | 2018 | 190,000 | Nil | Nil | 4,940 | 194,940 |
| | 2017 | 184,564 | Nil | Nil | 4,979 | 189,544 |
| Gregory Pollard CFO ² | 2018 | 36,000 | Nil | Nil | Nil | 36,000 |
| | 2017 | 27,000 | Nil | Nil | 47,390 | 74,390 |
| Michael Carten President, CEO and Director ³ | 2018 | Nil | Nil | 29,000 | Nil | 29,000 |
| | 2017 | Nil | Nil | 30,500 | Nil | 30,500 |

| | | | | | | |
|----------------------------|--------------|------------|------------|------------------|------------|------------------|
| George Powlick Director | 2018 2017 | Nil Nil | Nil Nil | Nil Nil | Nil Nil | Nil Nil |
| Gregory Nelson Director | 2018 2017 | Nil Nil | Nil Nil | 27,000 27,000 | Nil Nil | 27,000 27,000 |
| Robert Penner Director | 2018 2017 | Nil Nil | Nil Nil | 39,000 39,500 | Nil Nil | 39,000 39,500 |

Notes:

- (1) All compensation paid to Justin Holland has been in respect of his position as an executive officer of the Corporation and is paid to J. Holland Consulting and has been included in the table above.
- (2) All compensation paid to Gregory Pollard has been in respect of his position as an executive officer of the Corporation and is paid to Gregory Ian Pollard Professional Corporation and has been included in the table above.
- (3) On August 18, 2015, Mr. Carten resigned as the President and CEO of the Corporation. During fiscal 2014 and 2015, Mr. Carten's compensation was \$300,000 per year, of which 50% was deferred pending certain contingencies including a change of control of the Corporation, profitability, insolvency of the Corporation or termination of his employment contract. During fiscal 2015, the contract of employment was terminated with effect on September 30, 2015 which was two years in advance of the contractual term. Under the termination agreement, Mr. Carten agreed to accept payment of the deferred compensation plus statutory vacation pay in respect thereof plus \$300,000 in compensation due in respect of the last two (2) years of his contract over a period of 82 months. For the purposes of this Statement, \$300,000 payable in respect of 2017 and 2018 and statutory vacation on deferred compensation during 2014 and 2015 is treated as compensation for the 2015 fiscal year of which \$157,380 was paid in 2018. For further detail please refer to "Employment, Consulting and Management Agreements".
- (4) The Corporation did not pay any perquisites to the directors or NEOs during fiscal 2018 and 2017.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table sets forth all compensation securities granted or issued to each NEO or director by the Corporation in the most recent financial year. The Corporation does not have any share-based award plans for its NEOs. Each stock option can be exercised into one Common Share.

| Compensation Securities | | | | | | | |
|------------------------------------|-------------------------------|---|------------------------|--|--|---|-------------|
| Name and position | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) | Closing price of security or underlying security at year end (\$) | Expiry date |
| Justin Holland CEO and Director | Stock Options | 300,000 | 10/24/2017 | 0.21 | 0.21 | 0.20 | 10/24/2027 |
| Brent Harris CTO | Stock Options | 200,000 | 10/24/2017 | 0.21 | 0.21 | 0.20 | 10/24/2027 |
| Gregory Pollard CFO | Stock Options | 600,000 | 10/24/2017 | 0.21 | 0.21 | 0.20 | 10/24/2022 |
| Robert Penner Director | Stock Options | 75,000 | 10/24/2017 | 0.21 | 0.21 | 0.20 | 10/24/2027 |

During the fiscal year ended September 30, 2018, no compensation securities have been re-priced, cancelled and replaced, had their terms extended, or otherwise been materially modified, in the most recently completed financial year.

As at September 30, 2018, Mr. Holland held a total of 1,065,264 incentive stock options (each, an "Option"); Mr. Harris held a total of 773,811 Options; Mr. Pollard held a total of 800,000 Options; Mr. Carten held a total of

838,651 Options; Mr. Powlick held a total of 189,203 Options; Mr. Nelson held a total of 243,264 Options and Mr. Penner held a total of 189,412 Options. As at September 30, 2018, 1,921,667 Options granted to such persons were fully vested and exercisable, 1,794,605 Options were vested but not exercisable due to the performance indicator described below not being met, and 383,333 Options were unvested.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs

No director or NEO exercised any compensation securities during the most recently completed financial year.

STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

The Board established an incentive stock option plan (the "**Plan**") whereby the Corporation may grant Options to purchase Common Shares to the directors, officers, employees, and consultants of the Corporation. Options generally vest in three tranches, the first tranche immediately, the second tranche in one year's time and the third tranche in two years' time. The Plan allows for a maximum term of ten years on any Option issued. The Corporation has a fixed Plan and, at the discretion of the Board, may issue up to a maximum of 12,421,303 Options. The Plan was approved by the shareholders of the Corporation on July 22, 2016. The minimum price at which the Options may be granted is the Discounted Market Price (as defined by the TSX Venture Exchange Corporate Finance Manual) on the date of issue.

Options issued in June 2013, October 2014 and March 2015 are only exercisable following two consecutive quarters of positive earnings before interest, taxes, depreciation and amortization. Management has estimated that as at September 30, 2018, 3,007,083 Options are not exercisable as the performance indicator has not been achieved and there is uncertainty as to when it will be achieved, resulting in no stock-based compensation being recognized.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

CONSULTING AGREEMENT – J. HOLLAND CONSULTING

The Corporation entered into a consulting agreement with J. Holland Consulting for Mr. Holland to render his services as the COO of the Corporation for an annual consulting fee of \$150,000 effective November 15, 2010. Effective November 21, 2016, the consulting agreement was amended to increase the annual consulting fees to \$252,000. The agreement allows for a bonus of 30% of the consulting fee to be paid subject to approval from the Board. The consulting agreement remained in place following Mr. Holland's appointment as CEO in August 2015 and is currently in effect.

CONSULTING AGREEMENT – GREGORY IAN POLLARD PROFESSIONAL CORPORATION

The Corporation entered into a consulting agreement with Gregory Ian Pollard Professional Corporation for Mr. Pollard to render his services as the Interim CFO of the Corporation for a monthly consulting fee of \$3,000 effective January 1, 2017 (the "**Initial Consulting Agreement**"). The initial term of the Initial Consulting Agreement was for six months (expiry June 30, 2017). The term of the Initial Consulting Agreement was extended for a further six months effective July 1, 2017 (expiry December 31, 2017) (the "**Consulting Agreement Extension (1)**"). The Initial Consulting Agreement was further extended effective January 1, 2018 for an additional seven months (expiry July 31, 2018) (the "**Consulting Agreement Extension (2)**"). The Initial Consulting Agreement was further extended effective August 1, 2018 for an additional six months (expiry January 31, 2019) and amended to reflect an adjustment to compensation as follows (the "**Consulting Agreement Extension and Amending Agreement (3)**"):

Pollard shall be paid for actual hours incurred in the performance of his duties at a rate of \$150.00 per hour. For providing the Services, Pollard shall be paid a total of not less than \$3,000.00 on a monthly basis, exclusive of any applicable goods and services or similar taxes. In no event shall the total amount paid to Pollard with respect to Services provided in any given month exceed \$14,166, exclusive of any applicable goods and services or similar taxes.

The Initial Consulting Agreement allowed Mr. Pollard to earn 200,000 Options per quarter to a maximum of 800,000 Options. Each Option would convert into one Common Share. When the Options are granted the exercise price was to be determined using the closing price prior to the grant date, they vested immediately and had a

life of five years from the grant date.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Except as specifically described below in respect of Mr. Carten, the Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a NEOs responsibilities.

Effective September 1, 2009, the Corporation and Michael Carten entered into an employment contract, as amended from time to time, which was to expire on December 31, 2017. Under his employment contract, Mr. Carten was entitled to a salary of \$300,000 per year plus normal benefits, the payment of 1/2 of which were deferred subject to the Corporation reaching certain earnings thresholds, a change of control or Mr. Carten's termination. On August 17, 2015, Mr. Carten's employment contract was terminated and he became entitled to the deferred salary and benefits which by agreement became payable at the rate of \$13,115 per month over 82 months, subject to becoming due immediately in the event of a change in control or the Corporation achieving an average of \$1,000,000 in earnings before interest, taxes, depreciation and amortization for any two consecutive fiscal quarters.

DIRECTOR COMPENSATION

The Corporation paid independent directors an annual retainer of \$25,000 plus \$500 for each meeting of the Board or committee of the Board attended by the director during the fiscal year ended September 30, 2018. Mr. Penner receives \$10,000 per year for holding the position of Audit Committee Chair. In addition, the directors were reimbursed for expenses incurred in carrying out their duties as directors.

Mr. Powlick does not receive any retainer as a director. Mr. Powlick takes no cash compensation due to policies of Doughty Hanson Technology Ventures. Mr. Nelson served as a consultant based on a retainer of \$4,000 per month until the end of May 2016. Thereafter, he was compensated as an independent director.

The Corporation does not have share-based award plans, non-equity incentive plans or pension plans for its directors.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

NEO COMPENSATION GOVERNANCE

Objectives and Philosophy of the Compensation Program

The overall compensation program is intended to attract and retain competent, committed individuals who will ensure the long-term success of the Corporation by rewarding performance and contributions to the achievement of corporate goals and objectives. The Corporation strives to maintain alignment between the interests of shareholders with those of executives and key employees. To this end, salaries for the CEO and certain of the key employees, have been held significantly below market, and employees and executives have been awarded Options, allowing the Corporation to offer a competitive compensation package and encouraging investment in the Corporation.

Criteria for Compensation

The compensation policy is based largely upon the market value of the type of job the individual performs, the experience, skills, knowledge and responsibilities of the individual and their level of individual performance.

Elements of Compensation and Determination of Amounts for each Element

The Corporation strives to provide a competitive compensation package, with a direct link to corporate performance, by emphasizing the components of cash and Options to motivate highly qualified personnel. To this end, the Corporation compensates its executive officers through base salary and the award of Options to

acquire Common Shares under the Plan, all at levels which the Corporation believes are reasonable in light of the performance of the Corporation under the leadership of the executive officers.

Base Salary

Base salary is intended to compensate core competencies in the executive role relative to skills, level of responsibility, industry experience, individual performance and contribution to the growth of the Corporation. Base salary provides fixed compensation determined by reference to competitive market information. Salaries of certain executive officers have historically been kept significantly below those of the industry and general marketplace because a greater emphasis is placed on Options in order to better align the interests of executives with those of shareholders. Base salaries for executive officers are reviewed by the Board to ensure they are appropriate so as to protect the ability of the Corporation to hire and retain key personnel.

Options

Long-term equity-based incentive compensation through the granting of Options is an important element of the compensation policy because it rewards long-term performance by allowing executive officers and employees to participate in the long-term market appreciation of the Common Shares and the overall growth of the Corporation. The Board believes that the granting of Options is required for the Corporation to be competitive from a total remuneration standpoint and to encourage retention. The granting of Options also promotes the alignment of interests of shareholders and executives.

With respect to the granting of Options, the Board reviews the recommendation of the CEO regarding Option awards. The CEO bases his decision upon the seniority, level of responsibility and the contribution of each individual toward the Corporation's goals and objectives. Consideration is also given to the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options.

As at March 30, 2019, the maximum number of Common Shares issuable upon exercise of the outstanding Options was 5,415,006. Additionally, 2,874,083 Options had vested but were not exercisable because the performance indicator described above had not been met and 2,158,791 were unvested. Pursuant to the terms of the Plan, the Board has the discretion to determine the fixed term of the Options, which shall not exceed ten years, and vesting provisions of the Options at the time of granting, including earlier termination provisions for the Options. The Board shall have the discretion to amend the date upon which Options will terminate on a case by case basis.

Benefits

The NEOs are eligible to participate in the same benefits as offered to all full-time employees. The Corporation does not view these benefits as a significant element of its compensation structure but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Assessment of Compensation

The compensation of the CEO is determined by the Board and the compensation for all other executive officers is determined by the Board after consideration of the recommendations of the CEO.

The Corporation recognizes that past and future success of the Corporation relies on its people and strives to foster compensation packages that promote the attraction, retention and development of quality personnel. Although salaries have historically been significantly below market, total compensation of executive officers is targeted to be competitive against similarly sized companies within the industry.

DIRECTOR COMPENSATION

Director compensation is determined through review of market rates that other directors are being paid on boards of similar types of companies of similar size. The Chairman of the Board provides final approval.

PENSION PLAN BENEFITS

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information for the Options outstanding under the Option Plan as at September 30, 2018.

| Plan Category | Number of Common Shares to be Issued Upon Exercise of Outstanding Options | Weighted-Average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans |
|---|---|--|--|
| Equity compensation plans approved by securityholders | 8,619,583 | \$0.29 | 3,801,720 |
| Equity compensation plans not approved by securityholders | Nil | Nil | Nil |
| Total | 8,619,583 | \$0.29 | 3,801,720 ⁽¹⁾ |

Notes:

(1) Pursuant to the Corporation's Option Plan, the total number of Common Shares issuable shall not exceed 12,421,303.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Pursuant to National Instrument 58-101-*Disclosure of Corporate Governance Practices*, the Corporation has disclosed its corporate governance practices in Appendix B.

MANAGEMENT CONTRACTS

Management functions of the Corporation are performed by the directors and executive officers of the Corporation and are not to any substantial degree performed by any other person. The Corporation has entered into employment agreements with certain of its officers as further detailed in "Employment, Consulting and Management Agreements", above.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or officers or associates of such persons have been indebted to the Corporation or any of its subsidiaries at any time since the beginning of the most recently completed fiscal year. No such person has been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries in respect of the purchase of securities or otherwise.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or officer, any person or company beneficially owning, directly or indirectly, more than 10% of the voting securities, or any associate or affiliate of such persons in any transaction within the last fiscal year or in any proposed transaction which in either case has materially affected or will materially affect the Corporation or its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, or of any nominee for election as a director, or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

ADDITIONAL INFORMATION

Additional financial information regarding the Corporation's business is contained in the audited consolidated financial statements and accompanying management's discussion and analysis for the year ended September 30, 2018 and can be found on the Corporation's SEDAR profile at www.sedar.com. Shareholders who wish to receive copies of the Corporation's annual audited financial statements or management's discussion and analysis should send a request to Eguana Technologies Inc., Unit 3, 6143 - 4th Street SE, Calgary, Alberta T2H 2H9, or by phone at (403) 508-6990, or by fax to (403) 205-2509.

GENERAL

All matters referred to herein for approval by the Shareholders require the approval of a simple majority of the Shareholders voting, in person or by proxy, at the Meeting. The contents and sending of this Circular have been approved by the Board.

Unless otherwise stated, the information contained herein is given as of the 18th day of September, 2019.

APPENDIX A

EGUANA TECHNOLOGIES INC. (the "Corporation") Audit Committee Charter

OVERALL ROLE AND RESPONSIBILITY

The primary role and the responsibilities of the audit committee (the "**Audit Committee**") of the board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") shall be to:

1. assist the Board of Directors in its oversight role with respect to:
 - a. the quality and integrity of financial reporting and information;
 - b. the independent auditor's performance, qualifications and independence;
 - c. the performance of the Corporation's internal audit function, if applicable; and
 - d. the Corporation's compliance with legal and regulatory requirements;
2. prepare such reports of the Audit Committee as are required to be included in any documents in accordance with applicable laws or the rules of the applicable securities regulatory authorities;
3. assess the processes related to the determination and mitigation of risks and the maintenance of an effective control environment; and
4. strengthen the role of the independent directors of the Corporation by facilitating in depth discussions between the directors on the Audit Committee, management and the Corporation's independent auditors.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three (3) or more directors of the Corporation appointed by the Board of Directors. At least a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of any affiliate of the Corporation. The members of the Audit Committee shall satisfy the applicable independence and financial literacy standards required by the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities. The Board of Directors shall designate one (1) member of the Audit Committee as the committee chair (the "**Committee Chair**" or "**Chair**").

Any members of the Audit Committee may be removed or replaced at any time by the Board of Directors and will cease to be a member of the Audit Committee as soon as such member ceases to be a director of the Corporation. The Board may fill vacancies on the Audit Committee by appointment from among its members. If and whenever a vacancy exists on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution of the Audit Committee. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

The Chair will preside as chairman at all meetings of the Audit Committee, unless the Chair is not present, in which case the members of the Audit Committee that are present will designate from among such members the chairman for the purposes of the meeting.

The Audit Committee shall meet as often as it determines, but not less frequently than once per quarter. A quorum for meetings of the Audit Committee will be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Audit Committee will be the same as those governing the Board of Directors unless otherwise determined by the Audit Committee or the Board of Directors.

The Chief Financial Officer will attend meetings of the Audit Committee where matters relating to the functions as the Audit Committee are dealt with, unless otherwise excused from all or part of any such meeting by the Chairman. The Audit Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Audit Committee and assist in the discussion and consideration of the matters being considered by the Audit Committee.

The Audit Committee will meet with the Corporation's external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Audit Committee consider appropriate. The Audit Committee is expected to establish and maintain free and open communication with the Corporation's management and the independent auditor and shall periodically meet separately with each of them.

Agendas, approved by the Chair, will be circulated to the Audit Committee members along with background information on a timely basis prior to Audit Committee meetings. Minutes of all meetings of the Audit Committee will be taken and included in the minute books of the Corporation. The Audit Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Audit Committee meeting shall be tabled for the Board.

Any issues arising from these meetings that bear on the relationship between the Board and the Corporation's management should be communicated to the Chairman of the Board by the Committee Chair.

SPECIFIC DUTIES

The Audit Committee shall be responsible for providing oversight of the independent auditor of the Corporation and shall be specifically responsible for:

- Making recommendations to the Board with respect to the appointment and, if applicable, the replacement of the Corporation's independent auditor and, when there is to be a change in the Corporation's auditor, reviewing all issues relating to the change, including any reportable events, and all information to be included in the required notice to securities regulators of such change.
- Evaluating the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation; and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- The determination of the independent auditor's compensation and oversight of the work of the independent auditor (including resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- The pre-approval of all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.

- Obtaining from the independent auditor and review the independent auditor's report regarding the internal controls of the Corporation to be included in any documents as required by the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities.
- Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit of the Corporation and the audit partner responsible for reviewing the audit as required by law (currently at least every five (5) years).

FINANCIAL REPORTING

The Audit Committee shall review and discuss with management of the Corporation and the independent auditor, as applicable:

- prior to the Corporation's annual audit, the scope, planning and staffing of the annual audit;
- the annual audited financial statements of the Corporation;
- the Corporation's annual and quarterly disclosures made in management's discussion and analysis;
- the approval of any auditor's reports to be included in filings made by the Corporation;
- the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under the applicable review standards;
- significant accruals, reserves or other estimates such as the ceiling test calculation;
- accounting treatment of unusual or non-recurring transactions;
- compliance with covenants under any loan agreements of the Corporation;
- disclosure requirements for commitments and contingencies;
- adjustments raised by the external auditors, whether or not included in the financial statements;
- significant variances with comparative reporting periods;
- significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
- any significant changes in the Corporation's selection or application of accounting principles;
- any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
- other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

In addition to the foregoing, the Audit Committee shall:

- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
- Review the financial statements, prospectuses, management's discussion and analysis, annual information form and all public disclosure containing audited or unaudited financial information of the Corporation (including, press releases and any other disclosures detailing earnings or financial results) before release and prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and will periodically assess the accuracy of those procedures.
- Conduct an investigation sufficient to provide reasonable grounds for believing that the financial statements, management's discussion and analysis and any public disclosure documents containing financial information are complete in all material respects and consistent with the information known to Audit Committee members, and assess whether the financial statements reflect appropriate accounting principles.

RISK ASSESSMENT AND RISK MANAGEMENT

The Audit Committee shall:

- Periodically review and discuss with the Corporation's management guidelines and policies governing the Corporation's risk assessment and risk management processes.
- Review with the Corporation's management and the independent auditors, significant risks and exposures facing the Corporation, including management's plans and processes to minimize these risks.
- Evaluate whether the Corporation's management is adequately communicating the importance of internal control to all relevant personnel.
- Periodically privately consult with the independent auditor about the Corporation's internal controls and the completeness and accuracy of the Corporation's financial statements.
- Review whether the internal control recommendations made by the independent auditor are being implemented by the Corporation's management and, if not, why not.

OTHER RESPONSIBILITIES

- Review President, Chief Executive Officer and Chief Financial Officers' expenses and perquisites at least once a year.
- Review all consulting fees paid by the Corporation to any organization where such fees exceed \$20,000 annually.
- Institute special investigations, if necessary, and hire special counsel or experts to assist, if appropriate.
- Establish, and review annually, a procedure for:
 - the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters and resolution of such concerns, if any.
- Review with the Board, any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements and the performance and independence of the Corporation's independent auditors.
- Perform other oversight functions as requested by the Board.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

Management, the Board of Directors and the independent auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with International Financial Reporting Standards.

FUNDING FOR INDEPENDENT AUDITOR AND RETENTION OF INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain and determine the compensation of such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the

coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by an external auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from an external auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

PROCEDURE GOVERNING ERRORS OR MISSTATEMENTS IN FINANCIAL STATEMENTS

In the event a director or an officer of the Corporation has reason to believe, after discussion with management, that a material error or misstatement exists in financial statements of the Corporation, that director or officer shall forthwith notify the Audit Committee and the auditor of the error or misstatement of which the director or officer becomes aware in a financial statement that the auditor or a former auditor has reported on.

If the auditor or a former auditor of the Corporation is notified or becomes aware of an error or misstatement in a financial statement on which the auditor or former auditor has reported, and if in the auditor's or former auditor's opinion the error or misstatement is material, the auditor or former auditor shall inform each director accordingly.

When the Audit Committee or the Board is made aware of an error or misstatement in a financial statement the Board shall prepare and issue revised financial statements or otherwise inform the shareholders of the Corporation and file such revised financial statements as required.

LIMITATION ON AUDIT COMMITTEE MEMBERS' DUTIES

Nothing in this Charter is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.

APPENDIX B

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

The board of directors of the Corporation (the (the "**Board**") exercises independent supervision over management by scheduling meetings of only independent directors to ensure that non-independent directors are not unduly influencing independent directors. Independent directors are Robert Penner, Gregory Nelson, and George Powlick. Mr. Carten is not considered independent due to their former relationships with the Corporation. Mr. Holland is not considered independent due to his current relationship as Chief Executive Officer of the Corporation.

Directorships

Robert Penner is a director of Corridor Resources Inc. and Gatar Exploration Ltd.

Orientation and Continuing Education

The Board ensures that a new member is provided access to senior management to discuss the current business strategy, encourages new members to meet individually with current members to discuss historical information and has access to the minute books.

Ethical Business Conduct

The Board encourages ethical business conduct by ensuring that all members are experienced in leading corporations with ethical business standards.

Nomination of Directors

The Board as a whole proposes nominees and a majority of the independent directors meet with each nominee to ensure compatibility with current members.

Compensation

The Board reviews the CEO compensation on an annual basis. Director compensation is determined through review of market rates that other directors are being paid on boards of similar types of companies of similar size. The Chairman of the Board provides final approval. Gregory Nelson, and Robert Penner who are independent directors receive an annual stipend of \$25,000 plus \$500 per meeting. Robert Penner, chairman of the Audit Committee receives an additional \$10,000. The Board as a whole reviews the stock option plan and any grants to directors.

Assessments

The Board does not have a formal process where the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. The Chairman of the Board reviews the attendance and performance of the committees on an informal basis.

Other Board Committees

The Board has expanded the Audit Committee responsibilities to include Corporate Governance oversight.

