



## **QUESTOR TECHNOLOGY INC.**

Management Information Circular and Notice of the  
**ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
to be held on June 27, 2017

**Dated May 24, 2017**

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**QUESTOR TECHNOLOGY INC.**

**NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the "**Meeting**") of the Shareholders (the "**Shareholders**") of Questor Technology Inc. (the "**Corporation**") will be held on Tuesday June 27, 2017 at 3:00 p.m. MDT at the Sunlife Plaza Conference Centre, 112 - 4 Ave SW - East Tower, Room: Roxy B, Plus 15 Level, Calgary, Alberta for the purposes of:

1. receiving the audited financial statements of the Corporation for the year ended December 31, 2016 and the auditors' report thereon;
2. fixing the number of members of the Board of Directors to be elected at the Meeting at three;
3. electing the Board of Directors of the Corporation for the ensuing year;
4. consider and if thought fit, to pass an ordinary resolution to approve the stock option plan for the Corporation;
5. appointing the auditor of the Corporation for the ensuing year and authorizing the Directors of the Corporation to fix the remuneration to be paid to the auditor; and,
6. transact other matters as may properly be brought before the Meeting or any adjournment(s) thereof.

Information relating to the matters to be brought before the Meeting is set forth in the Management Information Circular which accompanies this notice and which is expressly made a part of this notice.

Only Shareholders of record at the close of business on May 23, 2017 (the "**Record Date**") will receive notice of, and be entitled to attend and vote at, the Meeting.

Shareholders who cannot attend the Meeting in person are requested to complete and sign the enclosed Form of Proxy and to deliver it by regular mail to Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 for the attention of Proxy Department. In order to be valid and acted upon at the Meeting, the Form of Proxy must be received no later than 3:00 p.m. MDT June 22, 2017 or any adjournment(s) thereof, or may be, at the discretion of the Chairman, deposited with the Chairman of the Meeting prior to its commencement.

DATED at Calgary, Alberta, this 24<sup>th</sup> day of May 2017.

**BY THE ORDER OF THE BOARD OF DIRECTORS  
OF QUESTOR TECHNOLOGY INC.**

**(Signed) "Audrey Mascarenhas"**

Audrey Mascarenhas  
President and Chief Executive Officer

## MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular ("**Information Circular**") is furnished to Shareholders in connection with the solicitation of proxies by and on behalf of the Management of Questor Technology Inc. ("**Questor**" or the "**Corporation**") for use at the Annual General Meeting (the "**Meeting**") of the Shareholders (the "**Shareholders**") of the Corporation to be held in Calgary, Alberta on Tuesday June 27, 2017 at 3:00 p.m. MDT, or any adjournment thereof, for the purposes set out in the Notice of Annual General Meeting of Shareholders (the "**Notice of Meeting**").

### VOTING INFORMATION

#### Who is soliciting my proxy?

The Management of the Corporation is soliciting your proxy for use at the Meeting. In connection with this solicitation, the Management of the Corporation is providing you with this Information Circular.

#### How are proxies solicited?

The solicitation of proxies will be primarily by mail. However, certain employees of the Corporation may also solicit proxies by telephone or in person. The cost of solicitation will be borne by the Corporation.

#### What will I be voting on?

Shareholders will be voting on:

- Fixing the number of members of the Board of Directors to be elected at the Meeting at three;
- Election of directors;
- An ordinary resolution re-approving the Option Plan; and,
- Appointment of MNP LLP as auditors.

#### How will these matters be decided at the Meeting?

A majority of the votes cast, by proxy and in person, will constitute approval of matters at the Meeting. For a special resolution, 66 2/3 percent of the votes cast will constitute approval.

#### How many votes do I have?

You will have one vote for each common share you held at the close of business on May 23, 2017 (the "**Record Date**").

To vote common shares you acquired after the Record Date, you must, no later than ten (10) days before the Meeting:

- request that your name be added to the voters' list; and,
- produce properly endorsed share certificates or otherwise establish that you own the common shares.

#### How many shares are entitled to vote?

The Corporation has an authorized capital consisting of an unlimited number of common shares without nominal or par value of which 26,457,370 common shares are issued and outstanding as of the close of business on the Information Circular date.

The By-laws of the Corporation provide that a quorum for the transaction of business at any meeting of shareholders shall be at least two (2) persons holding or representing at least five (5) percent of the common shares entitled to vote at the Meeting.

## Are there any principal shareholders?

To the best of the knowledge of the Directors and Officers of the Corporation, as of May 24, 2017, the following is the only Shareholder owning, directly or indirectly, or exercising control or direction over common shares of the Corporation, which carry ten (10) percent or more of the voting rights attached to all common shares of the Corporation:

<u>Name of Shareholder</u>	<u>Number of Common Shares Beneficially Owned, Controlled or Directed</u>	<u>Percentage of Outstanding Common Shares</u>
Audrey Mascarenhas <sup>(1)</sup>	4,280,500	16.0%

<sup>(1)</sup> Ms. Mascarenhas, President and Chief Executive Officer and a director of the Corporation, is the President and a director of Flare Energy Ltd., a family-owned business, which also owns common shares of the Corporation and such amounts are included in the above total.

## How do I vote?

If you are eligible to vote and your common shares are registered in your name, you may vote your common shares in person at the Meeting or by proxy, as outlined below.

If your common shares are held in the name of a nominee, please read the instructions below under the heading "*How can a non-registered shareholder or beneficial shareholder vote?*" and "*How can a non-registered shareholder vote in person at the Meeting?*"

## How do I vote in advance by proxy?

Your vote is important. Whether or not you attend the Meeting, you may appoint someone else to vote for you as your proxy holder. You may use the enclosed Form of Proxy, or any other acceptable Form of Proxy, to appoint your proxy holder. The persons named in the enclosed Form of Proxy, Jean-Michel Gires and James Inkster, are Directors of the Corporation. **However, you may choose another person to act on your behalf at the Meeting.** The person of your choice need not be a shareholder. You may do so by inserting that person's name in the blank space provided on the enclosed Form of Proxy or by completing another acceptable Form of Proxy. To ensure your vote is counted, the completed proxy forms must be deposited with Computershare Trust Company of Canada at the address indicated on the proxy form by 3:00 p.m. MDT on Tuesday, June 22, 2017.

## How will my proxy be voted?

On your Form of Proxy, you may indicate how you wish your proxyholder to vote your common shares. Common shares represented by properly executed Forms of Proxy in favour of the Management nominees named on the enclosed Form of Proxy will be voted or withheld from voting on any ballot that may be called for and, where you have specified a choice with respect to any matter to be acted upon, your common shares will be voted in accordance with the choice you have made.

**If you have not specified a choice, your common shares will be voted FOR the fixing of the number of members of the Board of Directors to be elected at the Meeting at three, FOR the election of the proposed nominees as Directors, FOR the approval of the option plan, and FOR the appointment of MNP LLP as auditors.**

## Proxy voting options

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders must complete, date, sign and return by regular mail the accompanying Form of Proxy in the envelope enclosed, or any other acceptable Form of Proxy, to the Corporation's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 for the attention of Proxy Department. Such votes must be received by the Corporation's transfer agent no later than 3:00 p.m. MDT on Tuesday, June 22, 2017, or any adjournment(s) thereof, or may be, at the discretion of the Chairman, deposited with the Chairman of the Meeting prior to its commencement.

Non-registered shareholders (e.g. those whose common shares are held through a "nominee",- usually banks, trust companies, securities brokers or other financial institutions) will be provided with voting instructions by the nominee. Please see further instructions under the heading "How can a non-registered or beneficial shareholder vote?"

### **What if there are amendments or if other matters are brought before the Meeting?**

The enclosed Form of Proxy gives the persons named on it authority to use their discretion in voting on amendments or variations to matters identified in the Notice of Meeting.

As of the time of printing of this Information Circular, Management is not aware of any other matter to be presented for action at the Meeting. If, however, other matters properly come before the Meeting, the persons named on the enclosed Form of Proxy will vote on them in accordance with their judgement, pursuant to the discretionary authority conferred by the Form of Proxy with respect to such matters.

### **What if I change my mind and want to revoke my proxy?**

You may revoke your proxy at any time before it is acted upon. You may do this by stating clearly, in writing, that you wish to revoke your proxy and delivering this signed written statement to the Corporation's Secretary at Questor Technology Inc., 2240, 140 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3N3, not later than 3:00 p.m. MDT on Tuesday, June 22, 2017, or any adjournment thereof, or to the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. You may also revoke your proxy by delivering to the Corporation's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 for the attention of Proxy Department, a properly executed proxy of later date, or in any other manner permitted by law.

### **Who counts the votes?**

Proxies will be counted and tabulated by the Corporation's transfer agent - Computershare Trust Company of Canada.

### **Is my vote confidential?**

The Corporation's transfer agent maintains the confidentiality of individual shareholder votes. However, proxies will be submitted to Management where they contain comments clearly intended for Management, in the event of a proxy contest or to meet legal requirements.

### **How can a non-registered or beneficial shareholder vote?**

If you do not hold your common shares in your name, you are a beneficial shareholder. Only proxies for shareholders of record or registered shareholders can be recognized and voted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those 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, most of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depository for many Canadian brokerage firms). Common 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.**

Intermediaries and brokers are required to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary and broker has its own mailing procedures and provides its own return instructions to clients, which should be followed carefully by beneficial shareholders in order to ensure that their common shares are voted at the Meeting. Often, the Form of Proxy supplied to a beneficial shareholder by its broker (or the agent of the broker) is identical to the Form of Proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (broker or agent of the

broker) as to the manner in which to vote on behalf of the beneficial shareholder. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the beneficial shareholders and asks beneficial shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Shareholders' meeting. **A beneficial shareholder receiving a proxy with a Broadridge sticker on it cannot use such proxy to vote his or her shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted at the Meeting.**

All references to shareholders in this Information Circular and the accompanying Form of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered shareholders who produce proof of their identity.

#### **How can a non-registered shareholder vote in person at the Meeting?**

Since the Corporation's transfer agent does not have a record of the names of the Corporation's non-registered shareholders, it will have no knowledge of your entitlement to vote, unless your nominee has appointed you as proxy holder. Therefore, if you are a non-registered shareholder and wish to vote in person at the Meeting, please insert your own name in the space provided on the Form of Proxy or follow the corresponding directions on the voting instruction form sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxy holder. It is not otherwise necessary to complete the Form of Proxy on voting instruction, as you will be voting at the Meeting. **In either case, you should carefully follow the instructions of your intermediary and its service company and ensure that instructions respecting the voting of your shares are communicated to the appropriate person.**

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

To the knowledge of the Directors of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting. **In the absence of instructions made on a proxy, it is the intention of the Management designees, if named as proxy, to vote FOR the approval of all the matters referred to in the Notice of Meeting and as outlined below.**

#### **Presentation of Financial Statements**

The audited financial statements of the Corporation for the year ended December 31, 2016 and the auditors' report thereon shall be placed before the shareholders. These audited financial statements have been approved by the Audit Committee of the Board of Directors and by the full Board of Directors of the Corporation. Shareholders are not required to vote on these financial statements.

#### **Fixing the Number of Members of the Board of Directors**

Unless such authority is withheld, the Management designees, if named as proxy, intend to vote the common shares represented by any such proxy for fixing the number of members of the Board of Directors to be elected at the Meeting at three.

#### **Election of Directors**

The following three nominees are proposed by Management as the nominees for election as Directors of the Corporation to serve until the next annual meeting of the Shareholders of the Corporation or until their successors are duly elected or appointed. All nominees have consented to be named as nominees herein and to serve if elected at the Meeting:

Jean-Michel Gires  
James Inkster  
Audrey Mascarenhas

The persons named in the enclosed proxy, in the absence of contrary directions, intend to vote the common shares represented thereby FOR the election of the nominees of Management so listed. Management does not contemplate that any of the nominees will be unable to serve as directors but, if that should occur for any reasons prior to the Meeting, the persons named in the proxy reserve the right to vote for another nominee in their discretion.

The names of the nominees for election as directors, their jurisdictions of residence, present principal occupations, their principal occupations during the last six years, whether they are independent within the meaning of NI 58-101, the year in which each became a director of the Corporation and numbers of common shares, if any, beneficially owned or over which control or direction is exercised by those persons, as at May 24, 2017, are as follows:

	<b>Name of Proposed Nominee <sup>(1)</sup></b>	<b>Background</b>	<b>Board Attendance during 2016; Committee Membership and Attendance; and Outside Directorships</b>								
	<p><b>Jean-Michel Gires</b> Alberta, Canada Independent</p> <p>Director since: September 2013</p> <p><b>Ownership</b> Common Shares: 8,600 Share Options: 40,000</p>	<p>Jean-Michel Gires was President &amp; CEO Total E&amp;P Canada up to December 2012. He joined Chrysalix in 2013, an Energy Venture Capital Firm where he is Venture Partner. Jean-Michel is based in Calgary and dedicates himself to innovation in the energy space.</p>	<p><b>Attendance:</b></p> <table> <tr> <td>Board</td> <td>6/6</td> </tr> <tr> <td>Audit Committee</td> <td>4/4</td> </tr> <tr> <td>Health, Safety and Environment (Chair)</td> <td>1/1</td> </tr> </table> <p><b>Current Public Board Memberships:</b> Mr. Gires is not a member of any other public boards.</p>	Board	6/6	Audit Committee	4/4	Health, Safety and Environment (Chair)	1/1		
Board	6/6										
Audit Committee	4/4										
Health, Safety and Environment (Chair)	1/1										
	<p><b>James Inkster</b> British Columbia, Canada Independent</p> <p>Director since: January 1995</p> <p><b>Ownership:</b> Common Shares: 1,859,165 Share Options: 20,000</p>	<p>James Inkster is an independent businessperson.</p> <p>James Inkster has been the President of Inland Motor Holdings Ltd., a private company, since 1975.</p>	<p><b>Attendance:</b></p> <table> <tr> <td>Board</td> <td>6/6</td> </tr> <tr> <td>Audit Committee</td> <td>4/4</td> </tr> <tr> <td>Human Resources and Compensation Committee (Chair)</td> <td>1/1</td> </tr> </table> <p><b>Current Public Board Memberships:</b> Mr. Inkster is not a member of any other public boards.</p>	Board	6/6	Audit Committee	4/4	Human Resources and Compensation Committee (Chair)	1/1		
Board	6/6										
Audit Committee	4/4										
Human Resources and Compensation Committee (Chair)	1/1										
	<p><b>Audrey Mascarenhas</b> Alberta, Canada Non-independent <sup>(2)</sup></p> <p>Director since: June 2001</p> <p><b>Ownership:</b> Common Shares: 4,280,500 Share Options: 325,000</p>	<p>Audrey Mascarenhas has been the President and Chief Executive Officer of the Corporation since June 2005.</p>	<p><b>Attendance:</b></p> <table> <tr> <td>Board</td> <td>6/6</td> </tr> <tr> <td>Health, Safety and Environment Committee</td> <td>1/1</td> </tr> <tr> <td>Human Resources and Compensation</td> <td>1/1</td> </tr> <tr> <td>Nominating Committee</td> <td>1/1</td> </tr> </table> <p><b>Current Public Board Memberships:</b> Ms. Mascarenhas is not a member of any other public boards.</p>	Board	6/6	Health, Safety and Environment Committee	1/1	Human Resources and Compensation	1/1	Nominating Committee	1/1
Board	6/6										
Health, Safety and Environment Committee	1/1										
Human Resources and Compensation	1/1										
Nominating Committee	1/1										

<sup>(1)</sup> The nominees for Directors of the Corporation collectively held approximately 23 percent of the total issued and outstanding common shares. The information as to the common shares owned includes both common shares beneficially owned, directly or indirectly, and common shares over which control or direction is exercised, and has been furnished by each of the nominees as of May 24, 2017.

<sup>(2)</sup> Ms. Audrey Mascarenhas, as President and Chief Executive Officer of the Corporation and a member of Management, is not considered independent.

## Approval of the Stock Option Plan

At the Meeting, Shareholders will be asked to reapprove the Corporation's stock option plan (the "Option Plan"). The Option Plan, approved by the Board and the shareholders effective September 15, 2016, is attached hereto as Schedule "D".

The Option Plan is made in accordance with the TSX Venture Exchange (the "Exchange" or the "TSXV") policy on listed company share-incentive arrangements. The purpose of the Option Plan is to afford persons who provide services to the Corporation, whether as directors, officers, employees or otherwise, an opportunity to obtain an interest in the Corporation by permitting them to purchase Common Shares. The Option Plan aims to attract and retain persons of desired experience and ability to the Corporation and to retain and encourage the continued involvement of such persons with the Corporation.

The Option Plan is administered by the Board. The Compensation and Governance Committee is responsible for recommending for approval to the Board the number of common shares subject to each option within the guidelines established by the TSXV.

In accordance with the policies of the TSXV, the Corporation may grant options to the following persons: (i) directors, officers and employees of the Corporation; (ii) consultants to the Corporation; (iii) a company that is wholly owned by a person listed in (i) or (iv); persons employed to provide investor relations; and (v) management company employees.

The options enable the holders to purchase common shares of the Corporation at a price fixed in accordance with the policies of the TSXV. The exercise price per common share for an option shall be not less than the "Discounted Market Price" as calculated pursuant to the TSXV policies, or such other minimum price as may be required by the TSXV.

The number of common shares reserved for issuance under the Option Plan and any other security based compensation arrangement in any 12-month period to any one Optionee may not exceed 5% of the issued and outstanding common shares at the date of the grant.

The number of common shares reserved for issuance under the Option Plan and any other security based compensation arrangement in any 12-month period to any one consultant may not exceed 2% of the issued and outstanding common shares at the date of the grant.

The number of common shares reserved for issuance under the Option Plan and any other security based compensation arrangement in any 12-month period, in aggregate, to all persons conducting investor relations activities may not exceed 2% of the issued and outstanding common shares at the date of the grant.

The aggregate number of common shares reserved for issuance to insiders in any 12-month period under the Option Plan and any other security based compensation arrangement may not exceed 10% of the outstanding common shares at the time of the grant.

All Options granted shall be exercisable for a period as determined by the Board. Every option granted under the Option Plan shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant subject to any applicable securities laws or regulations.

Subject to the Option Plan and otherwise in compliance with the policies of the TSXV, the Board shall determine the manner in which an option shall vest and become exercisable. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than one-quarter (1/4) of such options vesting in any three-month period.

Options issued pursuant to the Option Plan may not be assigned or transferred.

If a Participant is dismissed or terminated as a Director, Employee or Consultant of the Corporation or any of its subsidiaries for cause, all unexercised Options of the Participant under the Plan shall immediately terminate forthwith without further notice to the Participant, notwithstanding the original term or vesting of the Options granted to such Participant under the plan or Option Agreement.

If a Participant dies prior to otherwise ceasing to be an eligible person, each option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the expiry date and the date which is 12 months after the date of the Participant's death.

If a Participant ceases to be an eligible person other than in the circumstances set out above, each option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the expiry date and the date which is 90 days after such terminating event, always provided that the Board may allow for each option held by such Participant to terminate and cease to be exercisable on such later date following the Participant ceasing to be an eligible person as the Board in its discretion may determine is reasonable.

If any portion of an option is not vested at the time a Participant ceases, for any reason whatsoever, to be an eligible person, such unvested portion of the option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the option.

The Option Plan provides that if a change of control of the Corporation occurs (including a consolidation, merger, amalgamation, arrangement or acquisition which results in the holders of the Corporation's common shares holding less than 50% of the outstanding shares of the successor corporation), all of the options issued pursuant to the Option Plan will become vested and may be exercised in whole or in part by the Participant, subject to the approval of the TSXV, if necessary.

In accordance with the rules of the Exchange, the Option Plan must be approved by the shareholders annually. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution re-approving the Option Plan.

### **Approval Required**

At the Meeting, Shareholders will be asked to approve the following by ordinary resolution:

"BE IT RESOLVED, as an ordinary resolution of the holders of voting common shares in the capital of Questor Technology Inc. (the "Corporation"), that:

1. the stock option plan of the Corporation, in form attached as Schedule "D" to the Information Circular and Proxy Statement of the Corporation dated May 24, 2017 be the same is hereby authorized and approved until the next annual general meeting of the shareholders of the Corporation; and
2. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under seal of the Corporation or otherwise) that may be necessary or desirable to give effect to these resolutions.

**Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the common shares represented by such form of proxy FOR the approval of the Stock Option Plan.**

## Appointment of Auditors

The Corporation's present auditors are MNP LLP. Management proposes to appoint MNP LLP, 1500, 640 – 5<sup>th</sup> Avenue SW, Calgary, Alberta T2P 3G4, as auditors of the Corporation and to authorize the Board to fix the auditors' remuneration and terms of engagement.

On August 11, 2016, Deloitte LLP (the "Former Auditors") resigned as auditors of the Corporation after completion its engagement in respect of the financial year ended December 31, 2015, at the request of the Corporation.

MNP LLP was appointed as the Corporation's auditors effective as of August 12, 2016 in respect of the 2016 financial year.

Fees paid to MNP, LLP during 2016 and the Former Auditors during 2015 were as follows:

<b>Category of External Auditor Service Fee</b>	<b>2016</b>	<b>2015</b>
Audit fees	<b>\$37,000</b>	\$ 98,611
Audit-related fees <sup>(1)</sup>	<b>5,231</b>	9,791
Tax fees <sup>(2)</sup>	-	10,280
<b>Total</b>	<b>\$42,231</b>	<b>\$ 118,682</b>

<sup>(1)</sup> Represents the aggregate fees billed by the auditors for assurance and related services that were reasonably related to the performance of the audit or review of the Corporation's financial statements and were not reported under "Audit Fees".

<sup>(2)</sup> Represents the aggregate fees billed by the auditors for professional services for tax compliance, tax advice and tax planning.

**In the absence of a contrary specification made in the form of proxy, the persons named in the enclosed form of proxy intend to vote "for" the appointment of MNP LLP as auditors of the Corporation and to authorize the Board to fix their remuneration and terms of engagement.**

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

Other than as set forth in this Information Circular, none of the Directors or Senior Officers of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a Director of the Corporation, has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular, none of the Corporation's insiders, proposed nominees for election as Directors of the Corporation or their associates and affiliates, has any material interest in any transaction with the Corporation since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation which has not been previously disclosed.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual during the most recent completed financial year of the Corporation, who was a director, or senior officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them is or has been indebted to the Corporation or its subsidiaries at any time since the beginning of the most recently completed financial year of the Corporation.

## CORPORATE GOVERNANCE

Questor is committed to ensuring that the Corporation has an effective corporate governance system. The Corporation's current governance practices pursuant to NI 58-101 are specifically set out in Schedule "A" to this Information Circular in the form required by Form 58-101F2.

### **Board Mandate**

The Corporation's Board of Directors (the "**Board**") has a mandate to provide guidance to the Corporation's management in the following areas:

- long-term strategic planning;
- risk analysis and monitoring of risk management systems;
- overseeing the appointment and training of senior management and monitoring their performance, including succession planning;
- establishing and monitoring the Corporation's communications policy as implemented by the Corporation's investor relations personnel and ensuring that they address the feedback and concerns of shareholders in particular;
- ensuring the integrity of the Corporation's systems for internal controls and management information;
- developing and implementing the Corporation's corporate governance guidelines;
- reviewing management's performance on a regular basis, being at least annually;
- reviewing the Corporation's business plan on a regular basis, being at least annually;
- reviewing and approving the terms of all debt and equity financings, mergers, acquisitions and divestitures and the granting of incentive share options;
- reviewing and approving all major public disclosure documents; and,
- appointing members to the various committees.

### **Board Committees**

The Board of Directors has established four committees: the Audit Committee, the Health, Safety and Environment Committee, the Human Resources and Compensation Committee and the Governance and Nominating Committee.

#### ***Audit Committee***

The Board of Directors has developed a written charter that sets out the mandate and responsibilities of the Audit Committee. See Schedule "B" to this Information Circular for the text of this charter.

The Committee currently consists of Jean-Michel Gires and James Inkster. All of the members of the Audit Committee are independent and financially literate within the meaning of NI 52-110 and as further disclosed in Schedule "C" to this Information Circular. Mr. Gires is the chair of the Committee.

#### ***Health, Safety and Environment Committee***

The Health, Safety and Environment Committee monitors and makes recommendations to the Board of Directors with respect to the environment, health and safety policies, practices and procedures of the Corporation.

The Committee currently consists of Mr. Jean-Michel Gires, Mr. James Inkster and Ms Audrey Mascarenhas, a majority of whom are independent directors. Mr. Gires is the chair of the Committee.

### ***Human Resources and Compensation Committee***

The Human Resources and Compensation Committee assists the Board in discharging its oversight responsibilities relating to the compensation and retention of key senior management employees with the necessary skills and expertise needed to enable the Corporation to achieve its long-term strategic goals and objectives. Specifically, the Committee reviews the competitiveness of the Corporation's compensation programs and approves compensation recommendations in respect of the named Executive Officers.

The Committee currently consists of Mr. James Inkster and Ms Audrey Mascarenhas. Mr. Inkster is an independent director and is the chair of the Committee.

### ***Governance Nominating Committee***

The Governance and Nominating Committee is responsible for identifying, evaluating and nominating candidates for election to the Board of Directors.

The Committee currently consists of Audrey Mascarenhas and James Inkster, of which Mr. Inkster is independent. Mr. Inkster is the Chair of the Committee.

## **DIRECTOR COMPENSATION**

The Board of Directors, through our Corporate Governance and Compensation Committee, is responsible for the development and implementation of a compensation plan for the Directors who are not also Officers (Independent Directors). The Officers, who are also Directors, are not paid any additional compensation for acting as a Director. For information concerning the compensation paid to Mrs. Mascarenhas who is also the President and Chief Executive Officer, see "Executive Compensation".

Independent Directors are entitled to an annual retainer commensurate with their capacity as a Director and for their committee participation of \$20,000. Each Director is also entitled to a fee of \$500 for each Board or Committee meeting they attend. The annual retainer meeting fee amounts are payable in equal quarterly instalments. Directors are reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as Directors.

Stock options are granted on a discretionary basis, based on the Board and the Compensation Committee's assessments of responsibilities, recognizing that stock option awards can help preserve cash resources. Generally, the number of options granted to any Director is a function of the responsibility of the Director and the contribution of the Director to the business and affairs of the Corporation and such other factors as the Compensation Committee may consider relevant.

### **Directors' Fees**

The following table reflects the composition of fees paid to the Independent Directors of Questor during the year ended December 31, 2016:

<b>Name</b>	<b>Retainer (\$)</b>	<b>Meeting Fees (\$)</b>	<b>Fees Earned (\$)</b>
Jean-Michel Gires	20,000	3,000	23,000
James Inkster	20,000	3,000	23,000

## Directors' Summary Compensation Table

The following table reflects the aggregate compensation paid to the independent directors of Questor during the year ended December 31, 2016:

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option Based Awards (\$) <sup>(1)(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Jean-Michel Gires	23,000	-	9,010	-	-	-	32,010
James Inkster	23,000	-	9,010	-	-	-	32,010

<sup>(1)</sup> Fair value of options awarded at their grant date.

<sup>(2)</sup> Options were granted to independent directors during the fiscal year ended December 31, 2016.

## Directors' Outstanding Option-Based Awards

The following tables set forth all option-based and performance share awards outstanding at the end of the year ended December 31, 2016 for each of the independent directors.

Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised options in the money (\$) <sup>(1)</sup>
Jean-Michel Gires	20,000	3.99	June 2019	-
	20,000	0.65	December 2021	1,200
James Inkster	20,000	0.65	December 2021	1,200

<sup>(1)</sup> For all unexercised options held as of December 31, 2016, the aggregate dollar value provided is the excess of the market value of the shares underlying those options over the exercise price of those options. The closing market price of the common shares on the TSX Venture Exchange on December 30, 2016 was \$0.71 per share, which was the last trading day of the common shares in the Corporation's fiscal year.

## Directors' Option-Based Awards – Value Vested or Earned During the Year

The following table sets forth for each of our independent directors, the value of option-based awards, which vested during the year ended December 31, 2016.

Name	Number of options vested during the year	Option exercise price (\$)	Market price on vesting date price (\$)	Option based awards – Value vested during the year (\$) <sup>(1)</sup>
Jean-Michel Gires	5,000	3.99	0.98	-
James Inkster	-	-	-	-

<sup>(1)</sup> Calculated based on the difference between the market price of the common shares at on the vesting date and the exercise price of the options.

## **Directors' Option-Based Awards – Exercised During the Year**

There were no stock options granted to Directors that were exercised during the year ended December 31, 2016.

## **COMPENSATION DISCUSSION**

The Corporation compensates its executive officers through a combination of base salary, bonuses and stock options. The base salary provides an immediate cash incentive for the executive officers. Performance bonuses encourage and reward exceptional performance over the financial year. Stock options are anticipated to motivate executive officers to achieve long-term growth of the Corporation and continuing increases in shareholder value.

Base salaries are based on a number of factors and designed to best position the Corporation to compete for and retain executives critical to the Corporation's long-term success. Performance bonuses (in the form of cash bonuses) are directly tied to corporate and individual performance. Long-term incentive awards consist of stock options and are designed to align the interests of executive officers with the longer term interests of shareholders.

As an executive officer's level of responsibility increases, it is anticipated that a greater percentage of total compensation will be based on performance (as opposed to base salary and standard employee benefits) and the mix of total compensation will shift towards annual bonuses and in particular stock options, thereby further aligning the interests of executive officers and shareholders.

### **Base Salary**

Base salary of the President and Chief Executive Officer is set by the Board of Directors on the basis of that individual's responsibilities, experience and past performance. In establishing base salaries, the Compensation Committee considers factors such as experience, individual performance, length of service, contribution towards the achievement of corporate objectives and positive exploration and development results, stock price, and compensation compared to other employment opportunities for executives. In determining base salary, the Compensation Committee also reviews available market data for other comparable companies.

### **Annual Incentive Plan**

An annual performance bonus may be paid for each fiscal year based on the Board's assessment of the Corporation's general performance and the relative contribution of the Executive Officer. Bonuses are related to personal and corporate performance and may form a greater or lesser part of the entire compensation package in any given year.

### **Stock Options**

Stock options are granted on a discretionary basis, based on the Board and the Compensation Committee's assessments of responsibilities and achievements, recognizing that stock option awards can help preserve cash resources. Generally, the number of options granted to any executive officer is a function of the level of authority and responsibility of the executive officer, the contribution of the executive officer to the business and affairs of the Corporation, the number of options the Corporation has already granted to the executive officer, and such other factors as the Compensation Committee may consider relevant.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth, for the periods indicated, the compensation paid by the Corporation to the President and Chief Executive Officer, the Chief Financial Officer and Corporate Secretary and the Chief Operating Officer who are the only Named Executive Officers (NEOs) of the Corporation within the meaning of NI 51-102F6.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share-Based Awards (\$)	Option Based Awards (\$) <sup>(3)(4)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
Audrey Mascarenhas	2016	250,000	-	101,349	-	-	-	4,080	355,429
	2015	250,000	-	-	50,000	-	-	4,080	304,080
President and Chief Executive Officer	2014	250,000	-	67,091	45,000	-	-	4,080	366,171
John Sutherland	2016	185,000	-	78,827	-	-	-	4,080	267,907
	2015	182,083	-	-	30,000	-	-	4,080	216,163
Chief Operating Officer	2014	179,535	-	11,503	26,000	-	-	4,080	221,118
Dan Zivkusic <sup>(1)</sup>	2016	160,000	-	156,554	-	-	-	4,080	320,634
Chief Financial Officer and Corporate Secretary	2015	30,257	-	-	-	-	-	680	30,397
Kim Hubick <sup>(2)</sup>	2015	72,506	-	-	-	-	-	1,700	74,206
Chief Financial Officer and Corporate Secretary	2014	160,000	-	29,210	24,000	-	-	4,080	217,290

<sup>(1)</sup> Mr. Zivkusic commenced employment with the Corporation on October 16, 2015.

<sup>(2)</sup> Mr. Hubick ceased employment with the Corporation May 29, 2015.

<sup>(3)</sup> Fair value of options awarded at their grant date.

<sup>(4)</sup> There were no options granted to NEOs during the fiscal year ended December 31, 2015.

## Outstanding Option-Based Awards

The following table sets forth all share-based and option-based awards outstanding at December 31, 2016 for each Named Executive Officer. All option-based awards vest in one quarter increments annually, based on the anniversary of the date of grant and have five-year terms.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$/Share)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>
Audrey Mascarenhas	100,000	2.48	April 25, 2019	-
	225,000	0.65	December 7, 2021	13,500
John Sutherland	175,000	0.65	December 7, 2021	10,500
Dan Zivkusic	200,000	0.77	January 20, 2021	-
	100,000	0.65	December 7, 2021	6,000

<sup>(1)</sup> For all unexercised options held as of December 31, 2016, the aggregate dollar value provided is the excess of the market value of the shares underlying those options over the exercise price of those options. The closing market price of the common shares on the TSX Venture Exchange on December 30, 2016 was \$0.71 per share, which was the last trading day of the common shares in the Corporation's fiscal year.

## Option-Based Awards – Value Vested or Earned During the Year

The following table reflects all option-based awards to Named Executive Officers that vested during the Corporation's fiscal year ended December 31, 2016:

Name	Number of options vested during the year	Option exercise price (\$)	Market price on vesting date (\$)	Option based awards – Value Earned During the Year (\$) <sup>(1)</sup>
Audrey Mascarenhas	50,000	0.28	1.01	36,500
	25,000	2.48	1.00	-
John Sutherland	87,500	0.28	1.01	63,875

<sup>(1)</sup> Calculated based on the difference between the market price of the common shares at on the vesting date and the exercise price of the options.

## Option-Based Awards – Exercised During the Year

The following table reflects all option-based awards to Named Executive Officers exercised during the Corporation's fiscal year ended December 31, 2016:

Name	Number of Securities Underlying Options Exercised (#)	Option Exercise Price (\$/Share)	Option Exercise Date	Closing Market Price on Exercise Date (\$/Share)	Value Exercised (\$)
Audrey Mascarenhas	25,000	0.23	April 26, 2016	1.00	19,250
	100,000	0.28	August 25, 2016	0.71	43,000
John Sutherland	330,000	0.28	August 25, 2016	0.71	141,900

## Termination of Employment, Change in Responsibilities and Employment Contracts

On July 1, 2002, the Corporation entered into an employment agreement with a senior executive of the Corporation. The agreement establishes the terms and conditions that will apply during that executive's employment with the Corporation as well as terms and conditions regarding the termination of the employment. That employment agreement is with Audrey Mascarenhas, for the provision of services as President and Chief Executive Officer of the Corporation for an indefinite term. In the event of termination for cause or her resignation, the Corporation will pay to Ms. Mascarenhas her full annual base salary, benefits and any other amounts earned under any performance, bonus or other incentive plan through to the date of termination. In the event of termination without cause or resignation following constructive dismissal or change of control, Ms. Mascarenhas is entitled to any unpaid annual base salary and all accrued but unpaid bonuses and vacation pay through to the date of termination, a severance payment equal to 18 months of her annual base salary and accelerated vesting of any share options not then exercisable but which would have become exercisable within six months of the date of termination. In the event of a change of control, all share options that are not then exercisable shall vest immediately and become exercisable. Ms. Mascarenhas' annual salary in accordance with the agreement was \$125,000 in 2007 and has been adjusted by the Board of Directors on an annual basis and as of December 31, 2016 was \$250,000.

## Securities authorized for issuance under equity compensation plan

Certain Named Executive Officers and employees have been granted share options pursuant to the Plan of the Corporation. As at December 31, 2016, the Corporation had, outstanding share options granted to its officers and employees as set out in the following table:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	1,145,500	\$1.16	1,500,237
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>1,145,500</b>	<b>\$1.16</b>	<b>1,500,237</b>

## **OTHER MATTERS**

Management knows of no amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matter properly comes before the Meeting, the accompanying instrument of proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available under the Corporation's profile through the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com). Shareholders who wish to obtain copies of the Corporation's financial statements may contact the Corporation at 2240, 140 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3N3. Financial information is provided in the Corporation's financial statements and Management's Discussion and Analysis for its most recently completed financial year.

## SCHEDULE "A"

### STATEMENT OF GOVERNANCE PRACTICES

The following table sets forth the disclosure requirements for Corporate Governance Disclosure set forth in NI 58-101F2 together with the Corporation's governance approach.

Corporate Governance Guideline	Comments
<b>1. Board of Directors</b>	
Disclose the identity of directors who are independent.	The Board of Directors during the year was comprised as follows: The independent directors were: Jean-Michel Gires: January 1 – December 31, 2016 James Inkster: January 1 – December 31, 2016
Disclose the identity of directors who were not independent and describe the basis for that determination.	The non-independent director is Audrey Mascarenhas who is the current President and Chief Executive Officer of the Corporation.
<b>2. Directorships</b>	
Disclose if a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction; identify both the director and the other issuer.	Not applicable
<b>3. Orientation and Continuing Education</b>	
Briefly describe what steps the Board takes to orient Board members, and describe any measures the Board takes to provide continuing education for directors.	There is no specific education and orientation for new Board members. Prior to standing for election Board members are provided an overview of the Company and its strategy by the President and CEO. An Audit Committee Chair candidate will meet separately with the Chief Financial Officer and Corporate Secretary (CFO) for an orientation to audit related matters.  Continuing education of all directors is offered where a need is perceived or identified from the Board performance evaluation activities or where such education is requested.
<b>4. Ethical Business Conduct</b>	
Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	A Code of Business Ethics ("COBE") and related policy is in place to frame Questor's culture of ethical business conduct. A copy of the COBE policy is provided to all directors, officers and employees at the outset of their engagement with Questor and copies of the policy are available on request from the Corporate Secretary.  All directors, officers and employees of the Corporation are expected to be familiar with the COBE Policy and to adhere to those principles and procedures set forth. From time to time, directors, officers and employees are required to affirm in writing their understanding of and compliance with this policy.

Corporate Governance Guideline	Comments
<b>5. Nomination of Directors</b>	
Describe the process by which the Board identifies new candidates for Board nomination including:	
(i) who identifies new candidates	Directors and senior management identify new candidates to the Governance and Nominating Committee (“GNC”).
(ii) the process of identifying new candidates	The GNC meets at least once annually to determine the competency requirements for new Board members, assess the appropriateness of the size of the Board, and review the candidate recommendations provided by the directors and senior management. The GNC then identifies those candidates to consider and the Chair of the GNC, who is an independent director, interviews the candidates and reports findings to the Committee and to the Board.
<b>6. Compensation</b>	
Describe the process by which the Board determines the compensation for the directors and CEO, including:	
(i) who determines compensation	The Human Resources and Compensation Committee (HRCC), a majority of whom are independent directors, establish compensation recommendations for the directors and CEO. The Board of Directors ultimately determines the compensation for the directors and CEO having first considered the recommendations of the Human Resources and Compensation Committee.
(ii) the process of determining compensation	The HRCC periodically reviews the compensation arrangements of directors and makes recommendations to the Board of Directors.  The HRCC reviews the compensation arrangements of the CEO on an annual basis with input from the CEO and the use of outside consultants, if considered necessary.
<b>7. Other Board Committees</b>	
If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board has established the Health, Safety and Environment (HSE) Committee which monitors and makes recommendations with respect to the health, safety and environment practices, policies and procedures of the Corporation. The Committee meets on an as needed basis.
<b>8. Assessments</b>	
Disclose what steps the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	The Board of Directors has a system to evaluate its performance. At least once every two years, the Board conducts a formal assessment of the effectiveness of the Board of Directors, each committee of the Board of Directors and individual members of the Board of Directors through a self-assessment and inquiry questionnaire. The results of the self-assessment are compiled by the Corporate Secretary and reported to the Board of Directors.

## SCHEDULE "B"

### AUDIT COMMITTEE CHARTER

#### A. PURPOSE

The overall purpose of the Audit Committee of the Board of Directors of the Corporation (the "**Committee**") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosures of material facts.

#### B. AUTHORITY

1. The Committee is appointed by the Board pursuant to the provisions of the *Business Corporations Act (Alberta)*, the Corporation's by-laws and applicable securities regulatory rules and policies.
2. Primary responsibility for the Corporation's financial reporting, accounting and internal controls is vested in senior management of the Corporation and is overseen by the Committee. The Committee is a standing committee of the Board of Directors of the Corporation (the "**Board**") and has the powers inherent in such appointment as a committee of the Board. The Committee is established to discharge and fulfill the roles, duties and obligations set out herein.
3. The Committee may engage independent counsel and other advisors as it determines necessary to carry out its roles, duties and obligations. The Committee shall set the compensation for any advisors so engaged, to be paid by the Corporation.
4. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its roles, duties and responsibilities.
5. The Committee shall have direct communication channels with the internal auditors (if any) and the external auditors to discuss and review specific issues as appropriate. The Corporation will require that its external auditors report directly to the Committee.
6. This charter sets out the Committee's mandates, roles, duties and responsibilities. The Committee will (a) report annually to the Board on the Committee's undertakings in respect of those mandates, roles, duties and responsibilities and how the Committee has discharged them, and (b) review the Committee's charter annually and proposes recommended changes to the Board.

#### C. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board, two of whom shall be "independent", as that term is defined in *National Instrument 52-110 - Audit Committees*, except if the Corporation is an "exchange issuer" under *National Instrument 52-110 - Audit Committees*, in which case this requirement is voluntary.
2. All of the members of the Committee shall be "financially literate" as that term is considered in *National Instrument 52-110 - Audit Committees* (i.e. able to read and understand a balance sheet, an income statement and a cash flow statement that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. If the Corporation is an "exchange issuer" under *National Instrument 52-110 - Audit Committees*, this requirement is voluntary.
3. The Board, at its organizational meeting held in conjunction with (or at its first meeting following) each annual general meeting of the shareholders, shall appoint the members of the Committee for

the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.
5. The secretary of the Committee shall be an officer of the Corporation, selected by the Committee that is "financially literate" (i.e., able to read and understand a balance sheet, an income statement and a cash flow statement), unless otherwise determined by the Committee.
6. The Committee shall meet at least four times annually, and may convene special meetings as required, at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee.
7. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee chairman shall, in consultation with management and the external auditors and internal auditors (if any), establish the agenda for Committee meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
  - (c) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:
    - Chief Executive Officer
    - Chief Financial Officer
  - (d) other management representatives may be invited to attend as necessary;
  - (e) the quorum for meetings is a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other; and
  - (f) minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee members with copies to the Board, the Chief Executive Officer of the Corporation, the Chief Financial Officer of the Corporation, and the external auditor, and copies thereof shall be kept by the secretary of the Corporation with the records of the Corporation.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

#### **D. ROLES AND RESPONSIBILITIES**

1. The overall mandate, duties, roles and responsibilities of the Committee are as follows:
  - (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly financial statements and management's discussion and analysis of financial condition and operating results;
  - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;

- (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfillment of its mandate, roles, duties and responsibilities.
2. The mandate, duties, roles and responsibilities of the Committee as they are related to the external auditors are as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
  - (b) to review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) the Committee is directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (c) to review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Corporation's financial and accounting personnel;
    - (iv) co-operation received from the Corporation's personnel during the audit;
    - (v) internal resources used;
    - (vi) significant transactions outside of the normal business of the Corporation;
    - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - (viii) the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles;
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and
  - (j) review and pre-approve all engagements (including fees for such services) for non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditors (or an entity affiliated with the external auditors), and consider the impact thereof on the independence of the external auditors, all in accordance with *National Instrument 52-110 - Audit Committees*;
  - (g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
  - (h) establish a periodic review procedure to ensure that the external auditors of the Corporation comply with the Canadian Public Accountability Regime under *National Instrument 52-108 - Auditor Oversight*.
3. The mandate, duties, roles and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

- (b) review compliance under the Corporation's business conduct policy, if any, and to periodically review this policy and recommend to the Board changes that the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
  - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented;
4. The Committee is also charged with the responsibility to:
- (a) review the Corporation's quarterly and annual financial statements, including the impact of unusual items and changes in accounting principles and estimates, and management's discussion and analysis of financial condition and operating results, and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to shareholders;
    - (ii) the annual information form;
    - (iii) prospectuses; and
    - (iv) other public reports requiring approval by the Board;and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Corporation's financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's financial statements and other required disclosure documents and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Corporation's financial statements;
  - (f) review the minutes of any Audit Committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and if necessary with legal counsel any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the financial statements;
  - (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, management's discussion and analysis of financial condition and operating results, tax matters and disclosure of material facts; and
  - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
5. Acknowledging that the Corporation is required to make certain public disclosures under applicable securities laws, the Committee will (without in any way limiting the generality of the foregoing matters set forth in this charter):
- (a) *General:* review the Corporation's financial statements, management's discussion and analysis of financial condition and operating results ("**MD&A**"), and annual and interim earnings news releases before the Corporation publicly discloses this information;

- (b) *AIF/ Management Information Circular*: review the disclosures required under *National Instrument 52-110 - Audit Committees* for inclusion in the Corporation's annual information form or proxy-related materials sent to shareholders, as applicable;
  - (c) *Annual Financial Information*: prior to the Corporation's filing with applicable securities regulatory authorities or sending to its shareholders, review and consider for approval the annual audited financial statements, annual MD&A, any Letter to Shareholders, and related news releases, and if approved recommend the approval of such financial information to the Board, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditors;
  - (d) *Annual Report*: review the MD&A section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report;
  - (e) *Interim Financial Information*: prior to the Corporation's filing with applicable securities regulatory authorities or sending to its shareholders, review and consider for approval the quarterly interim financial statements, interim MD&A, any Letter to Shareholders, and related news releases, and, if approved, recommend the approval of such financial information to the Board; and
  - (f) *Earnings Guidance/Forecasts*: review forecasted financial information and forward looking statements prior to any public dissemination of same.
6. The Committee shall establish procedures 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 (or its subsidiary entities) of concerns regarding questionable accounting or auditing matters.

## SCHEDULE "C"

### AUDIT COMMITTEE INDEPENDENCE AND FINANCIAL LITERACY

The Audit Committee reviews the annual financial statements of the Corporation and meets with the external independent auditors to review and consider audit procedures and to assess the appropriateness and effectiveness of the Corporation's policies, business practices, internal controls and management information systems that affect the financial integrity of the Corporation. The members of the Audit Committee have direct access to the external auditors of the Corporation. The Audit Committee also reviews the unaudited quarterly financial statements and management's discussion and analysis of financial results. The Charter of the Audit Committee is attached as Schedule "B".

All members of the Audit Committee are "financially literate" in accordance with the meaning of that term in NI 52-110. In addition, the Audit Committee has the authority to engage specialists and professionals for counsel and advice on complex topics. Committee members understand and are able to evaluate internal controls and procedures.

The relevant experience of the Audit and Governance Committee members are as follows:

<b>Name of Member</b>	<b>Independent</b>	<b>Financially Literate</b>	<b>Relevant Education and Experience</b>
Jean-Michel Gires	Yes	Yes	Mr. Gires had a long and distinguished career with Total, a global energy company and most recently served as President and Chief Executive Officer of Total E&P Canada from 2009 through 2012. Prior to that, Mr. Gires served for three years as Executive Vice President of Sustainable Development & Environment at Total SA and as President at Total Energy Ventures International SAS. Mr. Gires was a member of Total S.A. Management Committee commencing in 2003. Over the past 25 years, Mr. Gires led a range of projects around the world and was instrumental in establishing best practices for Total's projects in the areas of advanced research & development, project management, environmental responsibility, stakeholder relations, and community capacity building
James Inkster	Yes	Yes	James Inkster is an entrepreneur and is experienced in business management, finance function leadership and financing arrangements. His volunteer experience with numerous community organizations includes oversight of budgeting and planning processes for large capital projects.

**SCHEDULE "D"**  
**AMENDED STOCK OPTION PLAN**  
(see attached)

QUESTOR TECHNOLOGY INC.  
(the "**Corporation**")

STOCK OPTION PLAN

**1. The Plan**

A Stock Option Plan (the "**Plan**") pursuant to which options to purchase common shares ("**Shares**") in the capital of the Corporation may be granted to the directors, officers, employees and consultants of the Corporation, and to holding companies wholly owned by the Corporation, is hereby established on the terms set forth below.

**2. Purpose**

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and key employees of the Corporation and consultants retained by the Corporation or any of its subsidiaries to acquire Shares, thereby (i) increasing the proprietary interests of such persons in the Corporation, (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally, (iii) encouraging such persons to remain associated with the Corporation, and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation. It is the intention of the Corporation that this Plan will at all times be in compliance with the rules and policies of the TSX Venture Exchange (the "**Exchange**") as amended from time to time (or, if applicable, the rules and policies of the NEX) and any inconsistencies between this Plan and the rules and policies of the Exchange will be resolved in favor of the latter.

**3. Definitions**

Capitalized words and phrases used but not defined herein shall have the same meanings herein as ascribed thereto in the Corporate Finance Manual of the Exchange and, in particular, in policies 1.1 and 4.4 of the Corporate Finance Manual, and "**Outstanding Common Shares**" shall mean, at the time of any share issuance or grant of options, the number of Shares that are outstanding immediately prior to the share issuance or grant of options in question on a non-diluted basis, or such other number as may be determined under applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Exchange.

**4. Implementation**

The grant and exercise of any options under the Plan are subject to compliance with the applicable requirements of the Exchange and each stock exchange on which the shares of the Corporation are or become listed and of any governmental authority or regulatory body to which the Corporation is subject.

**5. Administration**

- (a) This Plan shall be administered by the board of directors of the Corporation (the "**Board**").
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all Option Agreements (as hereinafter defined) entered into hereunder, (ii) prescribe, amend and rescind rules and regulations relating to this Plan and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the

Board or to the President or any other officer of the Corporation. Whenever used herein, the term "Board" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this section 5.

- (d) Options to purchase the Shares granted hereunder ("**Options**") shall be evidenced by an agreement ("**Option Agreement**"), signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve.

## 6. Eligibility and Participation

- (a) The Board may, in its discretion, select any of the following persons to participate in this Plan:
  - (i) Directors of the Corporation;
  - (ii) officers of the Corporation;
  - (iii) Employees of the Corporation;
  - (iv) Consultants retained by the Corporation, provided such Consultants have performed and continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of considerable value to the Corporation;
  - (v) Management Company Employees;
  - (vi) persons employed to provide Investor Relations Activities; and
  - (vii) a corporation wholly owned by any of the foregoing;

(any such person having been selected for participation in this Plan by the Board is herein referred to as a "**Participant**").

- (b) The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein.
- (c) For stock options granted to Employees, Consultants or Management Company Employees, the Corporation represents that the Participant is a *bona fide* Employee, Consultant or Management Company Employee as the case may be.

## 7. Number of Shares Under Plan

- (a) Subject to Section 16 below, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares. Whenever used herein, the term "Shares" shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 16 below.
- (b) The aggregate number of Shares reserved for issuance under this Plan, or any other plan of the Corporation, shall not exceed 10% of the Outstanding Common Shares of the Corporation from time to time unless the Corporation receives the permission of the Exchange or exchanges on which the Shares are listed to exceed such threshold and any requisite shareholder approval.
- (c) The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that the aggregate number of Shares reserved for issuance to any one Participant under this Plan or any other plan of the Corporation, shall not exceed:

- (i) five percent (5%) of the total number of Outstanding Common Shares to any one individual in a 12 month period;
- (ii) two percent (2%) of the total number of Outstanding Common Shares to any one Consultant in a 12 month period;
- (iii) two percent (2%) of the total number of Outstanding Common Shares to persons employed to provide Investor Relations Activities in any 12 month period; and
- (iv) ten percent (10%) of the total number of Outstanding Common Shares to Insiders in any 12 month period;

unless the Corporation receives the permission of the Exchange or exchanges on which the Shares are listed to exceed such threshold.

- (d) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

#### **8. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.

#### **9. Exercise Price**

The exercise price to each Participant for each Option shall be as determined by the Board, but shall in no event be less than the Market Price (as hereinafter defined) less the maximum discount permitted under the regulations of the Exchange or such other price as may be agreed to by the Corporation and approved by the Exchange. In the event that the Corporation proposes to reduce the exercise price of options granted to a Participant who is an Insider of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the reduction of the exercise price if required by the rules and policies of the Exchange then in effect.

For purpose of this Plan, the "**Market Price**" at any date in respect of the Shares shall mean:

- (a) the closing price of such Shares on a stock exchange on which the Shares are listed and posted for trading or a quotation system for a published market (the "**Market**") upon which the price of the Shares is quoted, as may be selected for such purpose by the Board, on the last trading day prior to the date the Option is granted; or
- (b) if no trades occurred on such day, then the next previous day on which trading took place;
- (c) in the event the Options are granted prior to the listing of the Shares on a recognized stock exchange, the issue price per share of the initial public offering of Shares of the Corporation; or
- (d) in the event that such Shares are not listed and posted for trading or quoted on any Market, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion.

#### **10. Term**

Subject to any resolution passed by the Board or any applicable securities laws or regulations, an Option shall vest and may be exercised as follows:

- (a) all Options granted shall be exercisable for a period ("**Option Period**") as determined by the Board but in any event, not exceeding ten (10) years from the date the Option is granted;
- (b) an Option may be exercised by the Participant as to such varying percentages, on a cumulative basis, during the terms thereof as the Board shall determine;
- (c) the Option Period shall be automatically reduced or vested in accordance with Sections 12 and 13 below upon the occurrence of any of the certain specified events referred to therein, but in any event Options issued to Consultants performing Investor Relations Activities must vest in stages over twelve (12) months with no more than one quarter of such Options vesting in any three (3) month period; and
- (d) no Option in respect of which shareholder approval is required under the rules of the Exchange shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation.

#### **11. Method of Exercise of Option**

- (a) Except as set forth in Sections 12 and 13 below, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a Director, Employee or Consultant of the Corporation or a corporation wholly owned by the Corporation;
- (b) Options may be exercised in whole or in part;
- (c) Any Participant (or his legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Calgary, Alberta:
  - (i) a written notice expressing the intention of such Participant (or his legal, personal representative) to exercise his Option and specifying the number of Shares in respect of which the Option is exercised;
  - (ii) a cash payment, certified cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised; and
  - (iii) if required, a cash payment, certified cheque or bank draft, representing the provincial and/or federal payroll source withholding taxes and premiums under the *Income Tax Act* (Canada), *Canada Pension Plan Act* (Canada) and the *Employment Insurance Act* (Canada) (or any applicable provincial or federal statutes) with respect to the taxable portion of the benefit realized upon exercise of the Options or an authorization signed by the Participant for the Corporation to sell that number of Shares at the time of exercise of the Options and retain a sufficient amount of proceeds from the sale required to satisfy the payroll source withholding and remittance obligations of the Corporation.

Upon the exercise of an Option as aforesaid, the Corporation shall forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares as the Participant (or his legal, personal representative) shall have then paid for less any Shares authorized by the Participant for the Corporation to sell to satisfy the payroll source withholding and remittance obligations of the Corporation.

#### **12. Expiry of Options**

- (a) **Normal Expiry** – Subject to paragraphs (b), (c), (d) and (e) hereof, options granted under the Plan shall expire on the date provided for in the respective Option Agreement or on such later date as may be permitted by the Board, which shall be no later than the tenth anniversary of the date on which any such Option is granted.
- (b) **Retirement or Disability** – Subject to paragraph (c) hereof, in the event of the termination of employment or of a consulting agreement of a Participant with the Corporation or any of its

subsidiaries due to normal retirement in accordance with the policies of the Corporation or the respective subsidiary, as the case may be, or due to permanent disability of the Participant (as determined by the board), the Participant may exercise such part of the Option as is exercisable immediately prior to the time of such termination within a period of thirty (30) days following such termination in the case of a Participant who is engaged in Investor Relations Activities and ceases to be employed to provide Investor Relations Activities and within a period of ninety (90) days following such termination in every other case but in no event later than the normal expiry date of the Option and not for more than the number of Options for which the Participant could have exercised any such Option immediately prior to retirement or disability and any such Option not fully exercised at the end of such period shall then terminate.

- (c) **Death of Participant** – In the event of the death of any Participant prior to the expiry of outstanding Options, the executors or personal representatives of the Participants shall have the right to exercise any such Option within one (1) year of the Participant's death, but in no event later than the normal expiry date of the Option and for not more than the number of Options for which the Participant could have exercised any such Option immediately prior to the Participant's death, and any such Option not fully exercised at the end of such period shall then terminate.
- (d) **Resignation or Termination not for Cause** – Subject to paragraph (e) hereof, in the event of the resignation of a Participant from, the termination of employment of a Participant with, or the removal or resignation of a Participant who is a Director, Employee or Consultant of the Corporation or any of its subsidiaries prior to the expiry of all outstanding Options granted to such participant, the Participant shall have the right to exercise any such Options within a period of thirty (30) days following the effective date of such resignation in the case of Participant who is engaged in Investor Relations Activities and ceases to be employed to provide Investor Relations Activities and within a period of ninety (90) days following the effective date of such resignation or termination in every other case but in no event later than the normal expiry date of the Options and not for more than the number of Options for which the Participant could have exercised any such Option immediately prior to such resignation or termination and any such Option not fully exercised at the end of such period shall then terminate.
- (e) **Termination for Cause** – If a Participant is dismissed or terminated as a Director, Employee or Consultant of the Corporation or any of its subsidiaries for cause, all unexercised Options of the Participant under the Plan shall immediately terminate forthwith without further notice to the Participant, notwithstanding the original term or vesting of the Options granted to such Participant under the plan or Option Agreement.

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall (i) confer upon such Participant any right to continue as a Director, Employee or Consultant of the Corporation or any of its subsidiaries, as the case may be, or (ii) be construed as a guarantee that the Participant will continue as a Director, Employee or Consultant of the Corporation or any of its subsidiaries, as the case may be.

### 13. Change of Control

Notwithstanding the provisions of Section 10 or any vesting restrictions otherwise applicable to the relevant Options, in the event of a change of control of the Corporation, the right of a Participant to exercise his Options granted to him shall be accelerated so that such Option may be exercised, in whole or in part, with respect to all Shares optioned to the Participant (including those for which the option is not yet exercisable) at any time during the fifteen (15) day period prior to the date upon which the change of control occurs.

In the event of a change of control, notwithstanding Section 11, the Board or the board of directors of any successor corporation or entity may, in its discretion, as to the outstanding Options:

- (a) provide for payment of an amount equal to the excess of the price of the Shares, as determined under the transaction causing the change of control or if no price is determinable, as determined by

the Board, over the exercise price of such Shares as of the date of the change of control, in exchange for the surrender of the right to exercise such Options; or

- (b) provide for the assumption of such Options, or the substitution therefor of new options, by the successor corporation or entity.

For the purpose of this Plan, "change of control" of the Corporation means and shall be deemed to have occurred upon:

- (c) the acceptance by the holders of Shares of the Corporation, representing in the aggregate, more than 50 percent of all issued Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Shares of the Corporation; or
- (d) the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired), directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares of the Corporation, which together with such person's then owned Shares and rights to Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than fifty percent (50%) of the combined voting rights of the Corporation's then outstanding Shares;
- (e) the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; or
- (f) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind-up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a *bona fide* reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement).

#### **14. Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

#### **15. Proceeds from Exercise of Options**

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

#### **16. Adjustments**

- (a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation, and in any such event a corresponding adjustment shall be made changing the number of Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share covered by the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent their dilution or enlargement.
- (b) Adjustments under this Section 16 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued under this Plan on any such adjustment.

## **17. Transferability**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any Options granted hereunder may only be exercised by the Participant and in the event of the death or permanent disability of a Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law.

## **18. Amendment and Termination of Plan**

The Board may, at any time, suspend or terminate this Plan. The Board may also at any time amend or revise the terms of this Plan, subject to regulatory approval and, if deemed necessary or desirable by the Board, shareholder approval.

## **19. Necessary Approvals**

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

## **20. Exchange Rules**

This Plan and any option agreements entered into hereunder shall comply with the requirements of the Exchange or exchanges on which the Shares are listed, and, in the event of any inconsistency between the terms and conditions of the Plan and the rules and regulations of any such exchange, the rules and regulations of such exchange shall prevail.

## **21. No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Shares issuable thereunder or the tax consequences to a Participant. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Corporation.

## **22. Gender**

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

## **23. Interpretation**

This Plan will be governed by and construed in accordance with the laws of the Province of Alberta.



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