



## SATURN OIL & GAS INC.

### NOTICE OF ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General & Special Meeting (the “Meeting”) of the Shareholders of Saturn Oil & Gas Inc. (hereinafter called the “Company”) will be held in the Company’s offices at 150 Langlois Way, Saskatoon, SK S7T 0L3 on Tuesday the 15<sup>th</sup> day of August, 2017, at 10:00 a.m. (Vancouver Time), for the following purposes:

1. To receive the audited financial statements of the Company for the financial years ended December 31, 2014, December 31, 2015 and December 31, 2016 together with the reports of the auditors on those financial statements;
2. To set the number of directors at four (4) for the ensuing year;
3. To elect directors for the ensuing year;
4. To appoint Davidson & Company LLP, Chartered Professional Accountants as auditors of the Company for the ensuing year, and to authorize the directors to fix their remuneration;
5. To consider and, if deemed appropriate, to pass a resolution approving the Company’s stock option plan as described in the Management Information Circular for the Meeting;
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this Notice are the Company’s Management Information Circular dated July 5, 2017 and a form of proxy and a financial statements request form. The accompanying Management Information Circular provides information relating to the matters to be considered at the Meeting.

**Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares are voted at the Meeting are requested to complete, date and execute the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Management Information Circular.**

**Non-registered (beneficial) shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are a non-registered (beneficial) shareholder.**

DATED at Vancouver, British Columbia, as of this 5<sup>th</sup> day of July, 2017.

BY ORDER OF THE BOARD

*(signed) “John Jeffrey”*

John Jeffrey  
Chief Executive Officer and Director

## **SATURN OIL & GAS INC.**

150 Langlois Way  
Saskatoon, SK S7T 0L3  
Tel: (306) 850-0922

### **MANAGEMENT INFORMATION CIRCULAR**

as at July 5, 2017  
(unless indicated otherwise)

#### **SOLICITATION OF PROXIES**

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Saturn Oil & Gas Inc. (the "Company") for use at the Annual General & Special Meeting of Shareholders of the Company to be held on Tuesday, August 15, 2017 or any adjournment thereof (the "Meeting") at the time and place and for the purposes set forth in the accompanying Notice of Meeting. The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation.

#### **APPOINTMENT OF PROXYHOLDER**

The individuals named in the accompanying form of proxy (the "Proxy") are directors and/or officers of the Company. A shareholder wishing to appoint some other person (who need not be a shareholder) to represent them at the meeting has the right to do so by striking out the names of those persons named in the accompanying form of proxy and inserting the desired person's name in the blank space provided in the form of proxy. A proxy will not be valid unless the completed form of proxy is received by Computershare Investor Services Inc. (the "Transfer Agent"), Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or any adjournment thereof. Proxies delivered after that time will not be accepted.

#### **REVOCAION OR PROXIES**

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at 150 Langlois Way, Saskatoon, SK S7T 0L3, at any time up to and including the last business day preceding the day of the Meeting, or to the Chairman of the Meeting on the day of the Meeting or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

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

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Common Shares of the Company ("Common Shares" or "Shares") they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their Shares in their own name (referred to herein as "Beneficial Shareholders") should note they will need to be appointed as a proxyholder in order to be able to vote in person at the Meeting. If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in such shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder's broker or any agent of that broker. In Canada, the vast majority of Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client are to be voted at the direction of the Beneficial Shareholder. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to their broker or bank holding their Shares well in advance of the Meeting.**

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

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

The Company has decided to take advantage of the provisions of NI 54-101 that permit it to deliver proxy-related materials directly to its NOBO's. By choosing to send these materials to you directly, the Company (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result if you are a NOBO of the Company, you can expect to receive a scannable Voting Instruction Form ("VIF") from the Transfer Agent. Please complete and return the VIF to the Transfer Agent in the envelope provided or by facsimile. In addition, telephone voting and internet voting can be found in the VIF. The Transfer Agent will tabulate the results of the VIF's received from the Company's NOBO's and will provide appropriate instructions at the Meeting with respect to the Shares represented by the VIF's they receive. The Company's OBO's can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above.

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

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

## **VOTING OF PROXIES**

The Shares represented by a properly executed proxy in favour of persons proposed by Management as proxyholders in the accompanying form of proxy will:

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

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

The enclosed form of proxy when properly completed and delivered confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any amendments or variations to matters identified in the Notice of Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Management Information Circular, the management of the Company is not aware of any such amendment, variation or other matter that may be presented to the Meeting.

## **QUORUM**

The Articles of the Company provide that a quorum for the transaction of business at any meeting of shareholders is two shareholders, or one or more proxyholder representing two members, or one member and a proxyholder representing another member.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

Authorized Capital: an unlimited number of Common Shares without par value  
Issued and Outstanding: 145,210,219 Common Shares as at July 5, 2017.

Only shareholders of record at the close of business on July 5, 2017 (the "Record Date") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common share registered in that shareholder's name on the list of shareholders as at the Record Date.

To the knowledge of the directors and senior officers of the Company, there are no persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company.

## **ELECTION OF DIRECTORS**

The directors have determined that the number of directors required to effectively administer the Company and perform all of the necessary executive functions is four (4) and it is intended to determine the number of directors to be elected at the meeting at four (4) and to elect four (4) directors for the ensuing year.

The term of office of each of the present directors expires at the Meeting. Management intends to formally nominate persons named below for election at the Meeting. Management does not contemplate that any of these nominees will be unable or unwilling to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporation Act* (British Columbia).

Pursuant to the Advance Notice Policy of the Company adopted by the board of directors on August 1, 2014 and approved by shareholders at the Company's Annual General Meeting held on September 19, 2017, any additional director nominations for the Meeting must have been received by the Company in compliance with the Advance Notice Policy.

The following table and notes thereto sets out the name of each person proposed to be nominated by Management for election as a director (a "proposed director"), the province and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of Shares of the Company beneficially owned by him, or over which he exercises control or direction, directly or indirectly, as at the record date. Each nominee's principal occupation, business or employment is set out under Biographies below.

<b>Nominee Name, Position with the Company, Province and Country of Residence</b>	<b>Director Since</b>	<b>Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised at the Record Date<sup>(1)</sup></b>
STAN SZARY <sup>(2)(3)</sup> Director British Columbia, Canada	Director since May 22, 2007	4,017,920
JOHN JEFFREY <sup>(2)(4)</sup> President and Chief Executive Officer and Director Saskatoon, Saskatchewan	Director since March 7, 2017	0
SCOTT NEWMAN <sup>(2)(5)</sup> Director Saskatoon, Saskatchewan	Director since March 7, 2017	0
IVAN BERGERMAN Director Saskatoon, Saskatchewan	N/A	0

- (1) The information as to principal occupation, business or employment and Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
- (2) Member of the Audit and Disclosure Committee. Mr. Stan Szary is the Chair of the Audit and Disclosure Committee.
- (3) Mr. Szary also holds options to purchase 2,500,000 Shares and warrants to purchase 340,000 Shares
- (4) Mr. Jeffrey holds options to purchase 5,000,000 Shares
- (5) Mr. Newman holds options to purchase 5,000,000 Shares

The Company does not at present have any other committee other than the Audit and Disclosure Committee.

## **AUDIT COMMITTEE**

Under National Instrument 52-110 - Audit Committee ("NI 52-110"), companies are required to provide disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor. This information with respect to the Company's Audit Committee is provided in Schedule "A".

## **COMPENSATION DISCUSSION AND ANALYSIS**

### *Compensation, Philosophy and Objectives*

The Company does not have a formal compensation program. The compensation philosophy of the Company is to provide market competitive pay to employees and reward them for their contribution to the operating and financial performance of the Company and the success in implementing the Company's short-term and long-term strategies. The objectives of the Company is to: (i) to attract and retain individuals critical to the success of the Company; (ii) to reward performance of individuals by recognizing their contribution to the Company; (iii) to align the interests of the Named Executive Officers and the broader management group, with shareholders' interest and the execution of the Company's strategic initiatives; and (iv) to compensate individuals based on their performance and, to the extent applicable and financially feasible, on similar compensation for companies at a comparable stage of development.

Base salaries, including that of the Chief Executive Officer, are evaluated annually and established with a view to the competitive levels for technology-related companies of comparable size and circumstances, dependent upon experience in the position and performance.

Stock options are granted, if and when determined appropriate by management and the Board, to participants under the Option Plan. The magnitude of a given stock option grant depends generally upon the participant's role with the Company, the number of options previously granted and individual performance. Guidelines for stock option allocations are determined periodically by the Company's senior management team in consultation with the Board.

### *Long Term Compensation and Option-Based Awards*

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

term performance of the Company's Common Shares.

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

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

- parties who are entitled to participate in the Stock Option Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the Exchange from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The board of directors reviews and approves grants of options on an annual basis and periodically during a financial year. The Company used the Black-Scholes option pricing model for calculating the fair value of options granted. The Black-Scholes model is commonly used by many public companies.

### **SUMMARY COMPENSATION TABLE**

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

- (a) a chief executive officer ("CEO") of the Company;
- (b) a chief financial officer ("CFO") of the Company; and
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total amount of salary and bonus was more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6, at the end of financial years December 31, 2016, December 31, 2015 and December 31, 2014.

### ***Summary Compensation Table***

The following table is a summary of compensation paid to the NEO(s) for each of the Company's three most recently completed financial years.

(1) All amounts shown were paid in Canadian currency, the reporting currency of the Company.

(2) The fair values of the awards as of the grant date were determined using the Black-Scholes method. This approach is consistent with the All

SUMMARY COMPENSATION TABLE									
NAME AND PRINCIPAL POSITION	FISCAL YEAR ENDED	SALARY (\$) <sup>(1)</sup>	SHARE-BASED AWARDS (\$)	OPTION-BASED AWARDS (\$) <sup>(2)</sup>	NON-EQUITY INCENTIVE PLAN COMPENSATION (\$)		PENSION VALUE (\$)	ALL OTHER COMPENSATION (\$)	TOTAL COMPENSATION (\$)
					ANNUAL INCENTIVE PLANS	LONG-TERM INCENTIVE PLANS			
Stan Szary <sup>(3)</sup> Director Former CEO	2016	145,000	Nil	39,289	Nil	Nil	Nil	Nil	184,289
	2015	238,680	Nil	200,214	Nil	Nil	Nil	Nil	438,894
	2014	72,000	Nil	88,195	Nil	Nil	Nil	Nil	160,195
John Jeffrey <sup>(4)</sup> President and CEO	2016	34,125	N/A	N/A	N/A	N/A	N/A	N/A	34,125
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Scott Davis <sup>(5)</sup> CFO	2016	42,000	Nil	1,060	Nil	Nil	Nil	Nil	43,060
	2015	42,000	Nil	10,327	Nil	Nil	Nil	Nil	52,327
	2014	42,000	Nil	33,091	Nil	Nil	Nil	Nil	75,091

- (1) All amounts shown were paid in Canadian currency, the reporting currency of the Company.
- (2) The fair values of the awards as of the grant date were determined using the Black-Scholes method. This approach is consistent with the accounting values used in the Corporation's financial statements for the relevant years. The option-based awards are calculated in the fiscal years as the fair value of the options expensed on a graded vesting schedule.
- (3) Mr. Stan Szary resigned as CEO on November 2, 2016.
- (4) Mr. John Jeffrey was appointed CEO on November 2, 2016.
- (5) Mr. Scott Davis was reappointed to the position of CFO on August 29, 2013.

## **INCENTIVE PLAN AWARDS**

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

The following table sets forth for each NEO, the incentive stock options (option-based awards), pursuant to the Stock Option Plan, outstanding as at December 31, 2016, December 31, 2015 and December 31, 2014 either granted and vested or were granted in prior years and vested or were amended during the years ended December 31, 2016, December 31, 2015 and December 31, 2014.

NAME	YEAR	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS (\$)
Stan Szary <i>Director Former CEO</i>	2014	275,000	0.17	Jan 19, 2015	Nil
		54,000	0.17	Mar 8, 2016	Nil
		201,000	0.20	Jan 11, 2017	Nil
		885,000	0.20	Sept 15, 2017	Nil
		1,300,000	0.15	Jan 1, 2019	Nil
	2015	54,000	0.17	Mar 8, 2016	Nil
		201,000	0.20	Jan 11, 2017	Nil
		885,000	0.20	Sept 15, 2017	Nil
		1,300,000	0.15	Jan 1, 2019	Nil
		750,000	0.20	Feb 24, 2020	Nil
		1,000,000	0.20	May 7, 2020	Nil
	2016	885,000	0.20	Sept 15, 2017	Nil
		1,300,000	0.15	Jan 1, 2019	Nil
		750,000	0.20	Feb 24, 2020	Nil
		1,000,000	0.20	May 7, 2020	Nil
John Jeffrey <i>President &amp; CEO</i>	2014	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A
	2016	Nil	N/A	N/A	N/A
Scott Davis <i>CFO</i>	2014	500,000	0.15	Jan 22, 2019	Nil
		75,000	0.20	Feb 20, 2020	Nil
	2015	500,000	0.15	Jan 22, 2019	Nil
		75,000	0.20	Feb 20, 2020	Nil
	2016	500,000	0.15	Jan 22, 2019	Nil
		75,000	0.20	Feb 20, 2020	Nil

- (1) Based upon the difference between the closing market price of the Common Shares on the TSX Venture Exchange on December 30, 2016, being \$0.075, and the exercise price of the options.
- (2) Based upon the difference between the closing market price of the Common Shares on the TSX Venture Exchange on December 31, 2015, being \$0.14, and the exercise price of the options.
- (3) Based upon the difference between the closing market price of the Common Shares on the TSX Venture Exchange on December 31, 2014, being \$0.145, and the exercise price of the options.

### ***Option Based Awards Exercised During the Year***

There were no option based awards exercised during the Company's financial years ended December 31, 2016, December 31, 2015 and December 31, 2014.

### ***Option-Based Awards Granted During the Year***

There were no option based awards granted during the Company's financial years ended December 31, 2016, December 31, 2015 and December 31, 2014.

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

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to Named Executive Officers during 2016, 2015 and 2014.

NAME AND TITLE	YEAR	OPTION-BASED AWARDS - VALUE VESTED DURING THE YEAR (\$) <sup>(1)</sup>	SHARE-BASED AWARDS - VALUE VESTED DURING THE YEAR (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION - VALUE EARNED DURING THE YEAR (\$)
Stan Szary <i>Director</i> <i>Former CEO</i>	2016	Nil	Nil	Nil
	2015	Nil	Nil	Nil
	2014	Nil	Nil	Nil
John Jeffrey <i>President and CEO</i>	2016	Nil	Nil	Nil
	2015	Nil	Nil	Nil
	2014	Nil	Nil	Nil
Scott Davis <i>CFO</i>	2016	Nil	Nil	Nil
	2015	Nil	Nil	Nil
	2014	Nil	Nil	Nil

- (1) The aggregate value of the option-based awards vested during the financial year is based on the difference between the closing market price of the Common Shares on the TSX Venture Exchange on the vesting date of the options and the exercise price of the options.

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

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

### **DIRECTOR COMPENSATION**

The following table sets forth the value of all compensation provided to directors who are not Named Executive Officers for the Company's financial years ended December 31, 2016, December 31, 2015 and December 31, 2014:

NAME	FISCAL YEAR ENDED	FEES EARNED (\$)	OPTION-BASED AWARDS (\$) <sup>(1)</sup>	ALL OTHER COMPENSATION (\$)	TOTAL (\$)
Will Elston <sup>(2)</sup>	2016	6,500	4,240	Nil	10,740
	2015	57,500	28,400	Nil	85,900
	2014	60,000	Nil	Nil	60,000
Stefan Szary <sup>(3)</sup>	2016	5,500	4,240	Nil	9,740
	2015	60,000	36,145	Nil	96,145
	2014	60,000	79,539	Nil	139,539

- (1) The fair value of stock options granted during the last financial year is based on the Black-Scholes Option Pricing Model. This approach is consistent with the accounting values used in the Company's financial statements for the relevant years. The option-based awards are calculated in the fiscal years as the fair value of the options expensed on a graded vesting schedule.
- (2) Mr. Will Elston became a director on June 27, 2011.
- (3) Mr. Stefan Szary is a director since December 10, 2010.

### Outstanding Option-Based Awards

The following table sets forth the options granted to the directors of the Company, not including those directors who are also Named Executive Officers, to purchase or acquire securities of the Company outstanding as of December 31, 2016, December 31, 2015 and December 31, 2014.

NAME	YEAR	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS (\$)	
Will Elston	2014	1,832,000	0.17	Mar 8, 2016	Nil	
	2015	1,832,000	0.17	Mar 8, 2016	Nil	
		300,000	0.20	Feb 24, 2020	Nil	
	2016	300,000	0.20	Feb 24, 2020	Nil	
Stefan Szary	2014	200,000	0.17	Jan 19, 2015	Nil	
		1,122,000	0.17	Mar 8, 2016	Nil	
		168,000	0.20	Jan 11, 2017	Nil	
		50,000	0.20	Sept 15, 2017	Nil	
		2015	1,200,000	0.15	Jan 22, 2019	Nil
	1,122,000		0.17	Mar 8, 2016	Nil	
	168,000		0.20	Jan 11, 2017	Nil	
	50,000		0.20	Sept 15, 2017	Nil	
		2016	1,200,000	0.15	Jan 22, 2019	Nil
	300,000		0.20	Feb 24, 2020	Nil	
	50,000		0.20	Sept 15, 2017	Nil	
	1,200,000		0.15	Jan 22, 2019	Nil	
		300,000	0.20	Feb 24, 2020	Nil	

- (1) Based upon the difference between the closing market price of the Common Shares on the TSX Venture Exchange on December 30, 2016, being \$0.075, and the exercise price of the options.
- (2) Based upon the difference between the closing market price of the Common Shares on the TSX Venture Exchange on December 31, 2015, being \$0.14, and the exercise price of the options.
- (3) Based upon the difference between the closing market price of the Common Shares on the TSX Venture Exchange on December 31, 2014, being \$0.145, and the exercise price of the options.

### Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards and non-equity incentive plan compensation paid to the directors of the Company, not including those directors who are also Named Executive Officers, during the financial years ended December 31, 2016, December 31, 2015 and December 31, 2014. The aggregate value of the option based awards vested during the years is based on the difference between the share price on the vesting day of any options that vested during 2013 and 2012 and the exercise price of the options.

NAME	YEAR	OPTION-BASED AWARDS - VALUE VESTED DURING THE YEAR <sup>(1)</sup> (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION - VALUE EARNED DURING THE YEAR (\$)
Will Elston	2016	Nil	Nil
	2015	Nil	Nil
	2014		
Stefan Szary	2016	Nil	Nil
	2015	Nil	Nil
	2014		

- (1) The aggregate value of the option-based awards vested during the financial year is based on the difference between the closing market price of the Common Shares on the TSX Venture Exchange on the vesting date of the options and the exercise price of the options.

### ***Option-Based Awards Exercised During the Year***

There were no option-based awards exercised during the Company's financial years ended December 31, 2016, December 31, 2015 and December 31, 2014.

### **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICE**

National Policy 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian securities administrators requires the Company to annually disclose certain information regarding its corporate governance practices.

The Company's approach to corporate governance is provided in Schedule "B".

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

At no time during the Company's last completed financial year was any director, executive officer, employee, proposed management nominee for election as a director of the Company, nor any associate of any such director, executive officer, or proposed management nominee of the Company, or any former director, executive officer or employee of the Company or any of its subsidiaries, indebted to the Company or any of its subsidiaries, or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

#### ***Equity Compensation Plan Information***

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance to directors, officers, employees and consultants in effect as of the end of the Company's financial years ended December 31, 2016, December 31, 2015 and December 31, 2014.

PLAN CATEGORY	YEAR	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (\$) (B)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A) (C)
Equity compensation plans <b>approved</b> by security holders	2016	18,758,800	0.19	4,282,650
	2015	35,572,827	0.21	926,650
	2014	24,437,333	0.18	5,376,650
Equity compensation plans <b>not approved</b> by security holders	2016	N/A	N/A	N/A
	2015	N/A	N/A	N/A
	2014	N/A	N/A	N/A
<b>Total</b>	2016	18,758,800	0.19	4,282,650
	2015	35,572,827	0.21	926,650
	2014	24,437,333	0.18	5,376,650

### **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

None of the proposed directors (or any of their personal holding companies) of the Company:

- (a) is, or during the ten years preceding the date of this Management Information Circular has been, a director, chief executive officer or chief financial officer of any company, including the Company, that:
  - (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while the proposed director was acting in that capacity; or
  - (ii) was subject to a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of the relevant company and which resulted from an

event that occurred while the proposed director was acting in that capacity;

- (b) is, or during the ten years preceding the date of this Management Information Circular has been, a director or executive officer, or any company, including the Company, that while the proposed director was acting in that capacity or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets, ; or
- (c) has, within the ten years preceding the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of that individual.

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

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body which would likely be considered important to a reasonable security holder of the Company in deciding whether to vote for a proposed director.

#### **INDIVIDUAL BANKRUPTCIES**

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

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

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

#### **MANAGEMENT CONTRACTS**

Management functions of the Company and its subsidiaries are substantially performed by the Company's directors and executive officers. The Company has not entered into any contracts, agreements or arrangements with parties other than its directors and executive officers for the provision of such management functions.

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

No person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors. Directors and executive officers may, however, be interested in the ratification and approval of the Company's Stock Option Plan

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

##### **FINANCIAL STATEMENTS, AUDIT REPORT & MANAGEMENT'S DISCUSSION & ANALYSIS**

The Board has approved the financial statements of the Company, the auditor's report thereon, and the Management's Discussion & Analysis for the years ended December 31, 2016, December 31, 2015 and December 31, 2014, which will be tabled at the Meeting. No approval or other action needs to be taken at the Meeting in respect of these documents.

##### **FIX NUMBER OF DIRECTORS TO BE ELECTED**

Shareholders of the Company will be asked to consider and, if thought appropriate, approve and adopt an ordinary resolution setting the number of directors to be elected at the Meeting.

At the Meeting, it will be proposed that three (3) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed, as described under 'Election of Directors'.

## **ELECTION OF DIRECTORS**

The Board currently has four (4) directors and it is intended to elect three (3) directors for the ensuing year. The term of office of each of the present directors expires at the Meeting, as described under 'Election of Directors'.

## **APPOINTMENT OF AUDITORS**

At the meeting, Management intends to re-nominate Davidson & Company LLP, Chartered Professional Accountants, to act as Auditors to the Company for the ensuing year at such compensation as determined by the Directors. Davidson & Company LLP, Chartered Professional Accountants, have been the auditors since November 2009.

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Davidson & Company LLP, Chartered Professional Accountants, as auditors of the Company. Pursuant to the Articles of the Company, the Directors will set the remuneration of the auditors.

## **APPROVAL OF STOCK OPTION PLAN**

The Company adopted its Stock Option Plan (the "Plan") in 2007. Under the Plan, the Company may grant non transferable stock options to its directors, officers, employees and consultants, among others ("Eligible Persons"). The purpose of the Plan is to permit Eligible Persons the opportunity to participate in the success of the Company by granting them stock options entitling them to purchase Shares of the Company.

The Plan is administered by the Board or a committee of the Board which may, from time to time, authorize the issuance of stock options to Eligible Persons.

Under the Plan, the exercise price of any option must not be less than the lowest discounted price permitted by the rules of the TSX Venture Exchange ("TSXV").

Options expire not more than 5 years from the date of grant or 10 years, if the Company becomes a Tier 1 TSXV listed issuer. Options generally vest and become exercisable in installments of 25% on the date of grant and 12.5% at the end of every calendar quarter thereafter. The Plan also includes provisions for accelerated vesting of options on a change of control, acceleration of the expiry date upon a take-over bid being made for the Shares of the Company and termination of options upon the Eligible Person ceasing to be employed or engaged by the Company. The Plan and the grant of options thereunder are also subject to a number of other limitations and restrictions as prescribed in the Plan and under the rules of the TSXV.

Unless the Company has obtained the requisite disinterested shareholder approval the maximum number of Common Shares which may be reserved for issuance to any one person under the Plan is 5% of the Common Shares outstanding at the time of the grant (calculated on a non-diluted basis). Unless the Company has obtained the requisite disinterested shareholder approval the maximum number of Common Shares which may be reserved for issuance to Insiders of the Company (as such term is defined in the Plan) under the Plan and any other share compensation arrangement of the Company is limited to 10% of the Common Shares outstanding at the time of the grant (calculated on a non-diluted basis). Unless the Company has obtained the requisite disinterested shareholder approval the maximum number of Common Shares which may be issued under the Plan and any other share compensation arrangement within any 12 month period is limited, with respect to insiders, to 10% and with respect to any other Optionee, to 5% of the Common Shares outstanding immediately prior to the time of the issuance (calculated on a non-diluted basis).

Any Common Shares subject to an option granted under the Plan which for any reason is cancelled or terminated prior to exercise will be available for a subsequent grant under the Plan.

The Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Company's capitalization.

Subject to approval of the TSXV and shareholders if required, the Board has the right, in its sole discretion, to amend, suspend, terminate the Plan or amend or revise the terms of any options granted thereunder at anytime.

The Option Plan does not contain any provision for financial assistance by the Company in respect of options granted thereunder.

Under the Plan as originally adopted, a fixed number of Shares representing 20% of the then outstanding Shares were reserved for issuance for options granted under the Plan. At the Company's Annual General Meeting held September 19, 2014, shareholders approved and ratified the reservation of 22,043,713 Shares for options grants under the Plan, representing 20% of the then outstanding Shares.

As of the date hereof, options representing an aggregate of 22,043,713 Shares are reserved for options granted under the Plan, representing approximately 15.2% of the outstanding Shares. Of that amount, options representing 21,155,000 Shares were

outstanding as of the date of this Management Information Circular.

Given that the Company has several active exploration programs underway, is hiring additional staff to assist with this growth, and has and expects to continue to raise additional equity financing on a regular basis in the foreseeable future, it has determined that the current aggregate fixed number of Shares reserved for issuance does not provide it with the flexibility it needs as the Company grows. At the same time, the Company wishes to reserve an appropriate number that would not, in the foreseeable future, give rise to an unnecessary or unacceptable level of dilution. Consequently, the Company wishes to update and amend the Plan to increase the number of Shares reserved for issuance to 29,042,043 Shares, representing approximately 20% of the current number of outstanding Shares. The Company believes that this would provide it with additional flexibility and an acceptable level of potential dilution.

At the Meeting, approval will be sought to ratify and approve an amendment to the Plan so as to increase the number of Shares reserved for issuance.

The above amendment of the Stock Option Plan must be approved by a majority "disinterested" vote, namely by a majority of votes cast in person or by proxy at the Meeting excluding votes attached to Shares held by any Insider or other person who is or may be entitled to receive options under the Plan. To the knowledge of the Company, approximately 7,156,898 Shares are currently held by Shareholders who would not be entitled to vote on this resolution. Unless otherwise instructed, the persons named as proxyholders in the attached form of proxy intend to vote the Shares represented thereby for the ratification and approval of the amendments to the Plan.

The Board has determined that the option plan resolution is in the best interests of Shareholders and the Company and unanimously recommends that Shareholders vote FOR the foregoing resolutions. The amendment and ratifications have been conditionally approved by the TSX Venture Exchange, subject to being approved at the meeting.

In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Company will be voted FOR the Option Plan Resolution, and as it may be amended or varied at the Meeting.

*Text of the Stock Option Plan Resolution:*

BE IT RESOLVED THAT:

- a) The Saturn Oil & Gas Inc. (the "Company") stock option plan the ("Option Plan") be amended to increase the number of common shares of the Company reserved for issuance by upon exercise of options issued pursuant to the Option Plan from 22,043,713 to 29,042,043 and the Option Plan be amended accordingly;
- b) The Stock Option Plan, as amended, is hereby ratified and approved and the Stock Option Plan as amended and restated and substantially in the form as tabled by the Chairman at the Meeting be and is hereby adopted, confirmed and approved as the Company's Stock Option Plan with effect as of and from such effective date as the Board of Directors may hereinafter so determine.
- c) Any stock options previously granted under the Stock Option Plan be and are hereby ratified and approved and such options be deemed to be valid and outstanding stock options and continued as if granted under and subject to the Stock Option Plan, as so amended and restated.
- d) The Board of Directors be and is hereby authorized to make such further changes, amendments or alterations to the Stock Option Plan as may be necessary or desirable from time to time, and without further approval of the shareholders of the Company: (i) in order that the Stock Option Plan or any Option granted hereunder complies with applicable legal or regulatory requirements; or (ii) as may be required as a condition of regulatory approval or acceptance thereof; or (iii) to correct or rectify an error, ambiguity or inconsistency in the text of the Stock Option Plan; or (iv) in any other manner as contemplated in the Stock Option Plan; and
- e) Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Company to execute and deliver or cause to be executed and delivered, all such documents, agreements and instruments as are necessary or desirable to give effect to the foregoing resolution, and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing any such act or thing.

#### **ANY OTHER MATTERS**

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

### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) "Company Profiles - Saturn Oil & Gas Inc". The Company's financial information is provided in the Company's audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the Company 150 Langlois Way, Saskatoon, SK S7T 0L3 (306) 850-0922

## Schedule "A"

### Audit Committee

#### Composition of the Audit Committee

Following the election of the directors pursuant to this Management Information Circular, the following will be the members of the Audit and Disclosure Committee ("Audit Committee"):

Scott Newman	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
John Jeffrey	Not Independent <sup>(3)</sup>	Financially literate <sup>(2)</sup>
Stan Szary	Not Independent <sup>(4)</sup>	Financially literate <sup>(2)</sup>

- (1) A member of an audit committee is independent if the member has no director or indirect material relationship with the Company that could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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 Company's financial statements.
- (3) Mr. Jeffrey is the CEO of the Company and as such is not considered independent pursuant to NI 52-110. The Audit Committee does not believe that Mr. Jeffrey's role materially affects the Audit Committee's independence from management of the Company.
- (4) Mr. Szary is the Former CEO to the Company and as such is not considered independent pursuant to NI 52-110. The Audit Committee does not believe that Mr. Szary's role materially affects the Audit Committee's independence from management of the Company.

#### Relevant Education and Experience

##### Scott Newman. COO & Director

Mr. Newman is a graduate of the University of Saskatchewan (Geology) and was Senior Project Geologist for a rare earth exploration company based in Vancouver and Vice President of a publicly traded junior resource company. Mr. Newman has extensive experience in managing junior natural resource exploration companies, with a specific focus on the structuring and financing of early stage projects. Mr. Newman has been involved as an officer or advisor of a number of private and public resources exploration companies. Mr. Newman is also the President and founding partner of Axiom Exploration Ltd., a geological and engineering consulting company that has drilled over 800 wells within western Canada.

##### Stan Szary. Director

Mr. Szary is a consultant and director of two public companies listed on the TSX Venture Exchange. He attended the University of Saskatchewan - Arts and Science / Commerce and graduated in 1978. He was with Coopers & Lybrand (now Price Waterhouse) for 2 years and gained accounting and audit experience.

##### John Jeffrey. President & CEO

Mr. Jeffrey is a graduate of the University of Saskatchewan with a degree in economics and a MBA majoring in Finance. Mr. Jeffrey was formerly the area finance manager for a Fortune 500 engineering consulting firm in Canada. Mr. Jeffrey has a strong background in operations and finance that has allowed him to successfully execute large international engineering and environmental projects. Mr. Jeffrey is also the co-founder and CFO for Axiom Exploration Ltd, a geological and engineering consulting company that has drilled over 800 wells within western Canada.

The following is the text of the Audit Committee's Charter.

#### Audit Committee Charter

##### 1. Purpose of the Committee

- 1.1 The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of the Company's financial statements and other relevant public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence and the performance of the internal audit function and the external auditors.

The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year.

## **2. Members of the Audit Committee**

- 2.1 All members of the Committee shall be financially literate, and if not so when appointed, will endeavour to obtain a working familiarity with basic finance and accounting practices within a reasonable time. An individual will be deemed financially literate when he or she has the ability to read and understand a set of financial statements that present a breadth 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 Company's financial statements.
- 2.2 The Committee shall consist of at least (3) directors. Ideally, all members of the Committee should be independent directors (pursuant to Multi-Lateral Instrument 52-110) but can be comprised of a majority of members who are not officers or employees of the Company or a member of an affiliate of the Company (pursuant to BCBCA).
- 2.3 At least one member of the Committee shall have accounting or related financial management expertise.
- 2.4 At least one member of the Audit Committee must be "independent" as defined under NI 52-110, while the Company is in the developmental stage of its business.

## **3. Relationship with External Auditors**

- 3.1 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.
- 3.2 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.
- 3.3 The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.
- 3.4 The Audit Committee will have direct communications access at all times with the external auditors.

## **4. Non-Audit Services**

- 4.1 The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.
- 4.2 Notwithstanding section 4.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:
- (i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and
  - (ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.

## **5. Appointment of Auditors**

- 5.1 The external auditors will be appointed each year by the Shareholders of the Company at the annual general meeting of the Shareholders.
- 5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

## **6. Evaluation of Auditors**

- 6.1 The Audit Committee will review the performance of the external auditors on at least an annual basis, and notify the Board and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee.

7. **Remuneration of the Auditors**

7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the Shareholders at each general meeting of the Shareholders.

7.2 The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.

8. **Termination of the Auditors**

8.1 The Audit Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, acting reasonably.

9. **Funding of Auditing and Consulting Services**

9.1 Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.

10. **Role and Responsibilities of the Internal Auditor**

10.1 At this time, due to the Company's size and limited financial resources, the Company's Chief Executive Officer and Chief Financial Officer are responsible for implementing internal controls and performing the role as the internal auditor to ensure that such controls are adequate.

11. **Oversight of Internal Controls**

11.1 The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored, and that such internal controls are effective.

12. **Continuous Disclosure Requirements**

12.1 At this time, due to the Company's size and limited financial resources, the Company's Chief Executive Officer and Chief Financial Officer are responsible for ensuring that the Company's continuous reporting requirements are met and in compliance with applicable regulatory requirements.

13. **Other Auditing Matters**

13.1 The Audit Committee may meet with the Auditors independently of the management of the Company at any time, acting reasonably.

13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors of the management of the Company.

14. **Annual Review**

14.1 The Audit Committee Charter will be reviewed annually by the Board of Directors and the Audit Committee to assess the adequacy of this Charter.

## 15. Independent Advisers

15.1 The Audit Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve, in advance, provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work that the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems may be appropriate in light of changing business, legislative, regulatory or other conditions to fulfill its responsibilities. Nothing herein is intended to expand applicable standards of liability under applicable law for directors of a corporation.

### External Auditor Service Fees (By Category)

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

<i>Financial Year Ending</i>	<i>Audit Fees<sup>(1)</sup></i>	<i>Audit Related Fees<sup>(2)</sup></i>	<i>Tax Fees<sup>(3)</sup></i>	<i>All Other Fees<sup>(4)</sup></i>
2016	\$45,900	\$Nil	\$2,000	\$Nil
2015	\$40,800	\$Nil	\$1,500	\$Nil

(1) The aggregate audit fees billed.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements that are not included under the heading "Audit Fees".

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

(4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

### Reliance on Exemption in Section 6.1 of NI 52-110

The Company has relied upon the exemption provided by section 6.1 of NI 52-110 which exempts venture issuers from the requirement to comply with the restrictions on the composition of its audit committee and the disclosure requirements of its audit committee in an annual information form as prescribed by NI 52-110.

## Schedule "B"

### Statement of Corporate Governance Practices

Corporate governance relates to the activities of the Board of Directors of the Company (the "Board"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201, *Corporate Governance Guidelines*, establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

### Board of Directors

#### Structure and Compensation

The Board is currently composed of four (4) directors and the directors have determined that the number of directors required to effectively administer the Company and perform all of the necessary executive functions is three (3) and it is intended to determine the number of directors to be elected at the Meeting at three (3) and to elect three (3) directors for the ensuing year. All of the proposed nominees for election as director at the Meeting are current directors of the Company.

National Policy 58-201 suggests that the Board of Directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under National Instrument 52-110 ("NI 52-110"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. "Material relationship" is defined as a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Of the proposed three (3) nominees for election as directors, two directors, Stan Szary Former CEO, and John Jeffrey, President and CEO considered not "independent". The one (1) remaining directors is considered by the Board to be "independent", within the meaning of NI 52-110.

The Company does not currently pay its directors any remuneration, as such, and the only compensation received by non-management directors is through the grant of incentive stock options.

#### Directorships

Certain of the directors are presently a director of one or more other reporting issuers (public companies), as follows:

Director	Other Issuers
John Jeffrey	N/A
Scott Newman	N/A
Stan Szary	Glacier Lake Resources Inc.
Ivan Bergerman	N/A

#### Mandate of the Board

The mandate of the Board is to oversee the conduct of the business and to monitor the management of the Company in discharging its duty of stewardship of the Company for the benefit of the Company's shareholders. The Board has the responsibility to act honestly and in good faith with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through the Audit and Disclosure Committee. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan; reviewing and approving the annual corporate budget and forecast; reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications. Each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

The Board believes the Company is well served and the independence of the Board from management is not compromised by the combined role. The Board believes that its proposed composition, in which one (1) of three (3) are members of management, will be sufficient to ensure that the Board can function independently of management.

#### **Nomination, Orientation and Assessment**

New directors are provided with information respecting the functioning of the Board and its committees. In addition, new directors receive copies of Board materials, corporate policies and procedures, and other information regarding the business and operations of the Company. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current level of operations.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the natural resource sector. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have access to legal counsel to the Company in the event of any questions or matters relating to the Board members' corporate and director responsibilities and to keep themselves current with changes in legislation. Board members have full access to the Company's records and general industry information and material of interest is circulated to directors on a regular basis. Reference is made to the table under the heading "Election of Directors" in the Management Information Circular for a description of the current principal occupations of the Company's Board.

#### **Expectations of Management and Ethical Business Conduct**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. The Board has adopted a written Code of Business Conduct and Ethics.

#### **Committee Responsibilities and Activities**

Committees of the Board are an integral part of the Company's governance structure. At the present time, the only standing committees are the Audit and Disclosure Committee. Please see the table under the heading "Election of Directors" in this Circular for disclosure of the membership of each committee. Disclosure with respect to the Audit Committee, as required by NI 52-110 - Audit Committee, is contained in Schedule "A" to this Management Information Circular.