



ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 10, 2018

**NOTICE OF MEETING AND
MANAGEMENT PROXY AND INFORMATION CIRCULAR**

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF NEW STRATUS ENERGY INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF NEW STRATUS ENERGY INC. TO BE HELD ON THURSDAY, MAY 10, 2018.

TO BE HELD AT:

**1000, 250 - 2nd Street S.W.
Livingston Place
Calgary, Alberta**

at 10:00 a.m.

Dated: April 6, 2018

NEW STRATUS ENERGY INC.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 10, 2018**

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING (the "**Meeting**") of holders of common shares ("**Common Shares**") of New Stratus Energy Inc. (the "**Corporation**") will be held at 1000, 250 - 2nd Street S.W., Livingston Place, Calgary, Alberta, at 10:00 a.m., on Thursday, May 10, 2018 for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended March 31, 2017 and the report of the auditor thereon, and the unaudited financial statements of the Corporation for the interim period ended December 31, 2017;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five (5);
3. to elect the board of directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor's remuneration;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the approval of a new stock option plan of the Corporation;
6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the ratification and confirmation of the new by-laws of the Corporation; and
7. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

DATED this 6th day of April, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

"Krishna Vathyam"

Krishna Vathyam

Interim Chief Executive Officer and Director

IMPORTANT

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. A proxy will not be valid unless it is deposited with our transfer agent Computershare Trust Company of Canada, (i) by mail using the enclosed return envelope or (ii) by hand delivery to 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at www.investorvote.com. All instructions are listed in the enclosed form of proxy.

NEW STRATUS ENERGY INC. MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR ("CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF NEW STRATUS ENERGY INC. (THE "CORPORATION") of proxies from the holders of common shares ("**Common Shares**") for the annual general and special meeting of the shareholders of the Corporation (the "**Meeting**") to be held on Thursday, May 10, 2018 at 10:00 a.m. at 1000, 250 - 2nd Street S.W., Livingston Place, Calgary, Alberta, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting ("**Notice of Meeting**").

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to Beneficial Shareholders (as defined below) held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the "Management Designees") in the enclosed instrument of proxy ("Instrument of Proxy") have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A proxy will not be valid unless it is deposited with our transfer agent Computershare Trust Company of Canada, (i) by mail using the enclosed return envelope or (ii) by hand delivery to 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at www.investorvote.com. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. on May 8, 2018 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any

adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person 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 Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. 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 vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to 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 shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

The Corporation will be delivering proxy-related materials to non-objecting beneficial owners of the Common Shares directly with the assistance of Broadridge. The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of the Common Shares.

All references to shareholders in this Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting, the Management Designees intend to vote in accordance with the judgment of management of the Corporation.

QUORUM

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two (2) persons are present in person or by proxy, each of whom is entitled to vote at the meeting, and who holds or represents by proxy not less than 10% of the shares entitled to vote at the meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Circular (the "**Effective Date**"), which is April 6, 2018, the Corporation has 35,770,332 Common Shares issued and outstanding. There are no other shares of any class issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one (1) vote for each Common Share held.

Holders of Common Shares of record at the close of business on April 5, 2018 (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than 10 days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation other than as set forth below:

Name	Number of Common Shares Owned or Controlled⁽¹⁾	Percent of Outstanding Common Shares⁽²⁾
Jose Francisco Arata	3,575,000	10.0%
Marino Ostos	3,575,000	10.0%

Notes:

- (1) Based on information disclosed in the public filings of the applicable party.
- (2) Based on a total of 35,770,332 Common Shares issued and outstanding as at April 6, 2018.

STATEMENT OF EXECUTIVE COMPENSATION

General

The following information of the Corporation is provided in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

For the purpose of this Statement of Executive Compensation:

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Corporation or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Corporation or any of its subsidiaries (if any).

"**NEO**" or "**named executive officer**" means:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer ("**CEO**"), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer ("**CFO**"), including an individual performing functions similar to a CFO;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

"**plan**" includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons.

"**underlying securities**" means any securities issuable on conversion, exchange or exercise of compensation securities.

The NEOs of the Corporation for financial year ended March 31, 2017 were Sandy L. Loutitt, the former President and CEO, and Michael Matishak, the former CFO. Mr. Loutitt and Mr. Matishak each resigned effective May 3, 2017 and were replaced by Krishna Vathyam, the current Interim CEO and Bruce Cameron, the current Interim CFO.

The board of directors of the Corporation (the "**Board**") for financial year ended March 31, 2017 was comprised of Sandy L. Loutitt, David E. T. Pinkman, David M. Lewis and Brent J. Walter. Mr. Lewis and Mr. Walter each resigned from the Board effective May 3, 2017 and Mr. Loutitt and Mr. Pinkman each resigned from the Board effective June 7, 2017. As at the date hereof, the Board is comprised of Jose Francisco Arata, Marino Ostos and Krishna Vathyam who were each appointed to the Board effective May 3, 2017.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation thereof to each NEO and each director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Corporation:

Name and Position	Year Ended Mar 31	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$) ⁽¹⁾	Value of all other Compensation (\$)	Total Compensation (\$)
Sandy L. Loutitt	2017	9,534	Nil	Nil	Nil	Nil	9,534
Former President, CEO and Director	2016	120,000	Nil	Nil	Nil	Nil	120,000
Michael Matishak	2017	5,459	Nil	Nil	Nil	Nil	5,459
Former CFO	2016	12,500	Nil	Nil	Nil	Nil	12,500
David E. T. Pinkman	2017	Nil	Nil	Nil	Nil	Nil	Nil
Former Vice-President, Corporate Secretary and Director	2016	18,000	Nil	Nil	Nil	Nil	18,000
David M. Lewis	2017	Nil	Nil	Nil	Nil	Nil	Nil
Former Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
Brent J. Walter	2017	Nil	Nil	Nil	Nil	Nil	Nil
Former Director	2016	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) "Perquisites" include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are greater than: (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director's total salary for the financial year is \$500,000 or greater.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Corporation or any subsidiary thereof in the year ended March 31, 2017 for services provided, or to be provided, directly or indirectly, to the Corporation or any subsidiary thereof:

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Sandy L. Loutitt Former President, CEO and Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A
Michael Matishak Former CFO	Nil	Nil	N/A	N/A	N/A	N/A	N/A
David E. T. Pinkman Former Vice-President, Corporate Secretary and Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A
David M. Lewis Former Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A
Brent J. Walter Former Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A

Exercise of Compensation Securities by Directors and NEOs

The following table sets out all compensation securities exercised by directors and NEOs in the year ended March 31, 2017:

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Exercise Price Per Security (\$)	Date of Exercise	Closing Price per Security on Date of Exercise (\$)	Difference Between Exercise Price and Closing Price on the Date of Exercise (\$)	Total Value on Exercise Date (\$)
Sandy L. Loutitt Former President, CEO and Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A
Michael Matishak Former CFO	Nil	Nil	N/A	N/A	N/A	N/A	N/A

David E. T. Pinkman Former Vice-President, Corporate Secretary and Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A
David M. Lewis Former Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A
Brent J. Walter Former Director	Nil	Nil	N/A	N/A	N/A	N/A	N/A

Stock Option Plans and Other Incentive Plans

The Corporation's current stock option plan (the "**Plan**") is a "rolling" stock option plan, whereby the aggregate number of Common Shares reserved for issuance, together with any other Common Shares reserved for issuance under any other plan or agreement of the Corporation, shall not exceed 10% of the total number of issued Common Shares (calculated on a non-diluted basis) at the time an option is granted. As at the financial year ended March 31, 2017, there were no stock options outstanding under the Plan. As at the Effective Date, there were 3,500,000 options outstanding under the Plan.

The Plan complies with the policies of the TSX Venture Exchange (the "**TSX-V**"). Under the Plan, the Board may, from time to time, grant options to purchase Common Shares to certain directors, officers, employees and consultants of the Corporation and of its subsidiaries and affiliates. The maximum number of Common Shares issuable under the Plan and all other security based compensation arrangements of the Corporation is 10% of the Common Shares outstanding from time to time, subject to the following additional limitations:

- (a) 5% the total number of outstanding Common Shares to any one individual in a 12 month period;
- (b) 2% of the total number of outstanding Common Shares to any one consultant in a 12 month period;
- (c) 2% of the total number of outstanding Common Shares to persons employed to provide investor relations activities in any 12 month period; and
- (d) 10% of the total number of outstanding Common Shares to insiders of the Corporation in any 12 month period;

unless the Corporation receives the permission of the TSX-V to exceed such threshold.

Pursuant to the Plan, the exercise price for each option shall be determined by the Board, but shall in no event be less than the Market Price (as defined in the Plan) less the maximum discount permitted under the regulations of the TSX-V or such other price as may be agreed to by the Corporation and approved by the TSX-V. All options granted shall be exercisable for a period as determined by the Board but in any event, not exceeding 10 years from the date the option is granted. The Plan also provides that the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, subject to any vesting restrictions imposed by the TSX-V.

In the event of a change of control of the Corporation (as defined in the Plan), the vesting period for all options outstanding shall be accelerated so that such options may be exercised, in whole or in part, at any time during the 15 day period prior to the date upon which the change of control occurs. In the event of a change of control, the Board 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 Common 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 Common 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.

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

As discussed in this Circular under "*PARTICULARS OF MATTERS TO BE ACTED UPON – Approval of New Stock Option Plan*", the Board approved the adoption of a new stock option plan (the "**New Plan**") in substantially the form attached hereto as Schedule "A". The Corporation is seeking shareholder approval of the New Plan.

Employment, Consulting and Management Agreements

The Corporation was not party to any formal, written employment, consulting or management agreements with any NEO or director during the financial year ended March 31, 2017.

Oversight and Description of Director and NEO Compensation

The Board has not created or appointed a compensation committee given the Corporation's current size and stage of development. All tasks related to developing and monitoring the Corporation's approach to the compensation of the Corporation's NEOs and directors are performed by the members of the Board. The compensation of the NEOs, directors and the Corporation's employees or consultants, if any, is reviewed, recommended and approved by the Board without reference to any specific formula, criteria or peer group. NEOs that are also directors of the Corporation are involved in discussions relating to compensation, but disclose their interest in, and abstain from voting on, decisions related to their own respective compensation.

The overall objective of the Corporation's compensation strategy is to offer short, medium and long-term compensation components to ensure that the Corporation has in place programs to attract, retain and develop management of the highest calibre and has in place a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the CEO, if any, in this regard. The Corporation currently has a short term compensation component in place, which includes the payment of management fees to certain NEOs, and a long-term compensation component in place, which includes the grant of stock options under the Plan. The Corporation intends to further develop these compensation components. The Board may in the future consider, on an annual basis, an award of bonuses to key executives and senior management. The amount and award of such bonuses is expected to be discretionary, depending on, among other factors, the financial performance of the Corporation and the performance of the executive officer. The Board considers that the payment of such discretionary annual cash bonuses may satisfy the medium term compensation component.

The objectives of the Corporation's compensation policies and procedures are to align the interests of the Corporation's employees with the interests of the shareholders of the Corporation. Therefore, a significant portion of total compensation granted by the Corporation, being the grant of stock options, is based upon overall corporate performance. The Corporation relies on Board discussion, without formal objectives, criteria and analysis, when determining executive compensation. There are currently no formal performance goals or similar conditions that must be satisfied in connection with the payment of executive compensation.

Pension Plan Benefits

The Corporation does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year.

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 issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)⁽¹⁾
Equity compensation plans approved by securityholders	Nil	N/A	5,133,767 Common Shares (pre-consolidation)
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	Nil	N/A	5,133,767 Common Shares (pre-consolidation)

Note:

- (1) The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. As at March 31, 2017, the number of Common Shares issued and outstanding was 51,137,679; however, the Corporation completed a one (1) for 13.35 share consolidation on April 20, 2017. As at the Effective Date, the Corporation had 35,770,332 Common Shares and 3,500,000 stock options issued and outstanding, leaving 77,033 Common Shares remaining available for issuance under the Plan.

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation except as disclosed in the audited financial statements.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer,

proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation or its subsidiaries.

CORPORATE GOVERNANCE

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

Pursuant to National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, the Corporation is required to disclose its corporate governance practices as summarized below.

Board of Directors

The Board is currently comprised of the following three (3) members: Jose Francisco Arata, Marino Ostos and Krishna Vathyam. All of these directors are being nominated for re-election at the Meeting. Wuilian Mauco and Bruce Cameron are also nominated for election to the Board at the Meeting.

Jose Francisco Arata and Marino Ostos are independent directors of the Corporation and, if elected to the Board at the Meeting, Wuilian Mauco will also be an independent director of the Corporation. Mr. Arata, Mr. Ostos and Mr. Mauco have no ongoing interest or relationship with the Corporation other than their security holdings in the Corporation and serving as directors.

Krishna Vathyam, the Interim Chief Executive Officer of the Corporation, is a member of management and, as a result, is not an independent director. If elected to the Board at the Meeting, Bruce Cameron, the Interim Chief Financial Officer of the Corporation, is a member of management and, as a result, will not be an independent director. The Board is responsible for determining whether a director is an independent director.

National Policy 58-201 — *Corporate Governance Guidelines* suggests that the board of directors of a public Corporation should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. The Board is comprised of a majority of independent directors.

Directorships

No current or proposed director of the Corporation is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction.

Orientation and Continuing Education

At present, each new director is given an outline of the nature of the Corporation's business, its corporate strategy, and current issues with the Corporation along with a description of the committees constituted by the Board. New directors are also expected to be required to meet with management of the Corporation to discuss and better understand the Corporation's business and will be advised by counsel to the Corporation of their legal obligations as directors of the Corporation. New directors are also given copies of the Corporation's policies.

The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

Ethical Business Conduct

The Corporation requires the highest standards of professional and ethical conduct from its directors, officers and employees and believes that its reputation for honesty and integrity among its stakeholders is key to the success of its business. In that regard, to create a culture of honesty, integrity and accountability, discussion, on an informal basis, is had amongst the Board, management and employees respecting such matters as the retention of confidential information, the obligation to declare conflicts of interests and the necessity to comply with applicable laws, regulations and rules.

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. The Board has also found that the in camera sessions of the independent directors held in conjunction with Board meetings also help to ensure that directors exercise independent judgment in considering transactions and agreements.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**"), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

Nomination of Directors

The Board presently seeks and determines new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among the Board members and officers.

Compensation

The Board has not appointed a compensation committee as the Board determines compensation matters as a whole.

Other Board Committees

The Corporation has no other standing committees at this time other than the Audit Committee. See "Audit Committee Information" in the Corporation's annual information form for the financial year ended March 31, 2017, which is available on SEDAR at www.sedar.com, for information relating to the Audit Committee, including its mandate and composition and fees paid to the Corporation's auditors.

Assessments

The Board has not implemented a process for assessing its effectiveness but is considering doing so. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board has considered a formal assessment process to be inappropriate at this time.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Report and Financial Statements

The audited financial statements of the Corporation for the year ended March 31, 2017 and the report of the auditor thereon, as well as the unaudited interim financial statements for the period ended December 31, 2017 (collectively, the "**Financial Statements**") will be placed before the Meeting. The Board has approved all of the information in the Financial Statements, copies of which are delivered herewith. The approval of the shareholders is not required in relation to the Financial Statements.

2. Fix Number of Directors to be Elected at the Meeting

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that five (5) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).**

3. Election of Directors

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five (5) years, the period during which the nominee has served as a director, and the number and percentage of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the ABCA to which the Corporation is subject.

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five (5) Years	Number and Percentage of Common Shares Held or Controlled as at the Effective Date ⁽⁴⁾⁽⁵⁾
Jose Francisco Arata ⁽¹⁾ Punta Cana, Dominican Republic Director since May 4, 2017	Mr. Arata was the President of Pacific Exploration & Production Corp. (TSX) (" Pacific Exploration ") from January 23, 2008 until July 2015. He was also Chief Executive Officer and director of Pacific Stratus International Energy Ltd. (TSX) (" Pacific Stratus ") from August 21, 2006 to January 23, 2008. Mr. Arata was also a director of Pacific Coal Resources Ltd. and CGX Energy Inc. (TSX-V) (" CGX "). Mr. Arata is a geologist with vast experience in Latin America markets. He presently serves on boards of various private companies.	3,575,000 (10.0%)
Marino Ostos ⁽¹⁾ Bogotá, Colombia Director since May 4, 2017	Mr. Ostos was Senior Vice President, New Business Areas for Pacific Exploration from January 23, 2008 until July 2016. He was also Chief Operating Officer of Pacific Stratus from August 2006 to October 2007, President of Colombian Operations of Pacific Stratus from May 2006 to May 2007 and President and Chief Executive Officer of Pacific Stratus from October 2004 to August 2006. Mr. Ostos was Principal of Estudios de Ingenieria Geologica LITOS C.A. from December 1999 to October 2004. Mr. Ostos was also a director of CGX until December 2016.	3,575,000 (10.0%)
Krishna Vathyam ⁽¹⁾ Calgary, Alberta, Canada Interim CEO Director since May 4, 2017	Mr. Vathyam is currently an independent businessman and serves in various private oil and gas companies and oilfield services companies as President and/or director, and was previously the Chairman and CEO of Petrodorado Energy Ltd. (TSX-V), a Colombia focused junior E&P which Mr. Vathyam founded in early 2009. He has extensive experience in international markets, having spent 23 years with Schlumberger, a leading global oilfield services company.	3,500,000 (9.8%)
Wuilian Mauco Panama City, Panama Nominee	Mr. Mauco is an engineer with a Masters degree in International trading. Mr Mauco is vastly experienced in refining and marketing of petroleum products. He started his professional career with PDVSA, the national oil company of Venezuela. He last served as Vice President Marketing at Pacific Exploration.	3,500,000 (9.8%)
Bruce Cameron Calgary, Alberta, Canada Interim CFO Nominee	Mr. Cameron is a CPA (CMA) and President of Frontera Services Inc. a private consulting company. He provides CFO/Controller services to early stage and recap private and public clients to establish financial reporting and internal control procedures.	200,000 (less than 1%)

Notes:

- (1) Member of the Audit Committee.
- (2) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based on information furnished to the Corporation by the above individuals.
- (3) Assumes a total of 35,770,332 Common Shares issued and outstanding as at the Effective Date.

Cease Trade Orders or Bankruptcies

Other than as set forth below, no proposed director, within 10 years before the date of this Circular, has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade 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;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade 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; or
- (c) within a year of that person ceasing to act in such 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.

Bruce Cameron was the Chief Financial Officer of Expand Energy Corporation ("**Expand Energy**") from August, 2011 to September, 2013. Expand Energy was placed in receivership by a secured creditor and Grant Thornton LLP of Calgary was appointed by the Court of Queen's Bench of Alberta to act as receiver in September, 2013.

Personal Bankruptcies

No proposed director has within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was 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 such person.

Penalties and Sanctions

No proposed director has been subject to:

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

other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

4. Appointment of Auditor

The shareholders of the Corporation will be asked to vote for the appointment of Deloitte LLP, Chartered Professional Accountants, as auditor of the Corporation. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favor of a resolution appointing Deloitte LLP, Chartered Professional Accountants, as auditor of the Corporation for the next ensuing year,** to hold office until the close of the next annual general meeting of shareholders or until the firm of Deloitte LLP is removed from office or resigns as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares

represented by any such proxy in favor of a resolution authorizing the Board to fix the compensation of the auditor. Deloitte LLP was appointed auditor of the Corporation effective August 28, 2017.

5. Approval of New Stock Option Plan

The Corporation is proposing to replace the Plan with the New Plan in substantially the form attached hereto as Schedule "A". The following information is intended as a brief description of the New Plan and is qualified in its entirety by the full text of the New Plan.

The New Plan complies with the policies of the TSX-V. The New Plan permits the granting of stock options to purchase Common Shares ("**Options**") to directors, officers, employees of, and consultants to, the Corporation. The New Plan limits the total number of Common Shares that may be issued on exercise of Options outstanding at any time under the New Plan to 10% of the number of Common Shares issued and outstanding (less the number of Common Shares reserved for issuance under any other share compensation arrangement of the Corporation), subject to the following additional limitations:

- (a) the aggregate number of Options granted to any one person (and companies wholly owned by that person) in a 12 month period must not exceed 5% of the issued Common Shares, calculated on the date an Option is granted to the person (unless the Corporation has obtained the requisite disinterested shareholder approval), less the aggregate number of Common Shares reserved for issuance to such person under any other share compensation arrangement of the Corporation;
- (b) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders of the Corporation (as defined in the policies of the TSX-V) (as a group) at any point in time must not exceed 10% of the issued Common Shares, less the aggregate number of Common Shares reserved for issuance to Insiders under any other share compensation arrangement of the Corporation;
- (c) the grant to Insiders (as a group), within a 12 month period, of an aggregate number of Options must not exceed 10% of the issued Common Shares, calculated at the date an Option is granted to any Insider, less the aggregate number of Common Shares reserved for issuance to Insiders under any other share compensation arrangement of the Corporation;
- (d) the aggregate number of Options granted to any one consultant of the Corporation in a 12 month period must not exceed 2% of the issued Common Shares, calculated at the date an Option is granted to the consultant, less the aggregate number of Common Shares reserved for issuance to such consultant under any other share compensation arrangement of the Corporation; and
- (e) the aggregate number of Options granted to all persons retained to provide Investor Relations Activities (as defined in the policies of the TSX-V) must not exceed 2% of the issued Common Shares in any 12 month period, calculated at the date an Option is granted to any such person, less the aggregate number of Common Shares reserved for issuance to such person under any other share compensation arrangement of the Corporation. Options issued to persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the Options vesting in any three month period.

Each Option and all rights thereunder will expire on the date set out in the applicable option agreement and will be subject to the earlier termination provisions of the New Plan, provided that in no circumstances will the duration of an Option exceed the maximum term prescribed by the TSX-V of 10 years. Under the New Plan, in the event of the death of a participant, the Options previously granted to such participant will be exercisable only within one year after such death and then only to the extent that such deceased participant was entitled to exercise his Option at the date of his death.

Pursuant to the New Plan, the exercise price shall be fixed by the Board at the time that the Option is granted;

however, no Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Common Shares on the TSX-V on the first day preceding the date of grant. The New Plan also provides that the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, subject to any vesting restrictions imposed by the TSX-V.

The New Plan includes a black-out provision. Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "black-out periods". A black-out period is designed to prevent a person from trading while in possession of material information that is not yet available to other Shareholders. The TSX-V recognizes these black-out periods might result in an unintended penalty to employees who are prohibited from exercising their Options during that period because of their Corporation's internal trading policies. As a result, the TSX-V provides a framework for extending Options that would otherwise expire during a black-out period. The New Plan includes a provision that should an Option expiration date fall within a black-out period or immediately following a black-out period, the expiration date will automatically be extended without any further act or formality to that date which is the 10th business day after the end of the black-out period, and the 10 business day period may not be further extended by the Board.

Based on the policies of the TSX-V, the New Plan specifies the types of amendments to the New Plan and the Options granted thereunder that can be made by the Board without the approval of the shareholders. The New Plan allows the Board to terminate or discontinue the New Plan at any time without the consent of the Option holders, provided that such termination or discontinuance shall not alter or impair any Option previously granted under the New Plan. The only amendments to the New Plan that would be subject to shareholder approval are amendments that would:

- (a) reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option;
- (b) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of the black-out provision noted above or an extension of the early termination provisions of the New Plan by the Board);
- (c) amend the limitations on the maximum number of Common Shares reserved or issued to Insiders;
- (d) make any amendments to the New Plan that would permit an Option holder to transfer or assign Options to a new beneficial owner other than for estate settlement purposes;
- (e) increase the maximum number of Common Shares issuable pursuant to the New Plan; or
- (f) amend the amendment provisions of the New Plan.

Pursuant to the New Plan, all benefits, rights and options accruing to any participant are not transferable or assignable unless in the event of the death of a participant.

Policy 4.4 of the TSX-V requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual general meeting. In accordance with Policy 4.4, shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving, adopting and ratifying the New Plan as the Corporation's stock option plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. the stock option plan of the Corporation in substantially the form attached as Schedule "A" to

the Management Information Circular of the Corporation dated April 6, 2018 (the "**Plan**") be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;

2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. all issued and outstanding stock options previously granted are hereby continued under and governed by the Plan;
4. the shareholders of the Corporation hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
5. any one (or more) 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 corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution approving the New Plan. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution.

6. Ratification and Confirmation of the New By-laws

The shareholders of the Corporation will be asked to ratify and confirm the replacement of the By-laws of the Corporation (the "**Old By-laws**") with the new By-laws (the "**New By-laws**"), which were approved by the Board on April 6, 2018.

The New By-laws have been modernized as compared to the Old By-laws and reflect changes to corporate law in Alberta, general technological advancements and standard corporate practices. The New By-laws also reflect changes with respect to the electronic transfer of securities required to support the Direct Registration System ("**DRS**") for the Corporation's securities. The DRS provides for electronic direct registration of securities in an investor's name on the books for the transfer agent or issuer, and allows shares to be transferred between a transfer agent and broker electronically. The DRS provides investors with an alternate approach to holding their securities in certificate or "street" form. Under DRS, investors can elect to have their securities registered directly on the issuer's records in book-entry form. An investor electing to hold a security in a DRS book-entry position will receive a statement from the issuer or its transfer agent evidencing ownership of the security. The investor can subsequently transfer electronically the DRS book-entry position to their bank or broker/dealer.

The New By-laws also incorporate an advance notice provision with respect to the nomination of directors. The New By-laws set forth a procedure requiring advance notice to the Corporation by any shareholder who intends to nominate any person for election as a director of the Corporation other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the ABCA, or (ii) a shareholder proposal made pursuant to the provisions of the ABCA. Among other things, the New By-laws set a deadline by which such shareholders must notify the Corporation in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and set forth the information that the shareholder must include in the notice for it to be valid.

The Board believes that the New By-laws provide a clear and transparent process for all shareholders to follow if they intend to nominate directors. In that regard, the New By-laws provide a reasonable time frame for shareholders to notify the Corporation of their intention to nominate directors and require shareholders to disclose

information concerning the proposed nominees that is mandated by applicable securities laws. The Board will be able to evaluate the proposed nominees' qualifications and suitability as directors and respond as appropriate in the best interests of the Corporation. The New By-laws are also intended to facilitate an orderly and efficient meeting process.

In the case of an annual meeting of shareholders notice to the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting of shareholders was made.

The foregoing is only a summary of the substantive differences between the Old By-laws and the New By-laws and is qualified by reference to the full text of the New By-laws included at Schedule "B" to this Circular. Shareholders are urged to review the New By-laws in their entirety.

The New By-laws are in effect until they are confirmed, confirmed as amended or rejected by shareholders at the Meeting and, if the New By-laws are confirmed at the Meeting, they will continue in effect in the form in which they were so confirmed. Accordingly, at the Meeting, shareholders will be asked to pass the following ordinary resolution:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. the replacement of the current by-laws of the Corporation by the deletion in their entirety and replacement with the by-laws substantially in the form attached as Schedule "B" to the Management Information Circular of the Corporation dated April 6, 2018 (the "**New By-laws**") and the New By-laws are hereby ratified, confirmed and approved as the by-laws of the Corporation;
2. any director or officer be and is hereby authorized to send to the applicable regulatory authorities the New By-laws of the Corporation, and any one or more directors are hereby authorized to prepare, execute and file the New By-laws in order to give effect to this ordinary resolution, and to execute and deliver all such other deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this ordinary resolution; and
3. notwithstanding approval of the shareholders of the Corporation as herein provided, the directors of the Corporation may, in their sole discretion, revoke the ordinary resolution before it is acted upon without further approval of the shareholders of the Corporation."

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution ratifying and confirming the New By-laws. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a 66²/₃% majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR.

Also see "Audit Committee Information" in the Corporation's annual information form for the financial year ended March 31, 2017, which is available on SEDAR at www.sedar.com, for information relating to the Audit Committee, including its mandate and composition and fees paid to the Corporation's auditors.

A shareholder may contact the Corporation at Suite 3300, 205 - 5th Avenue S.W., Calgary, Alberta T2P 2V7, Attn: Chief Financial Officer to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the Board.

DATED this 6th day of April, 2018.

SCHEDULE "A"

NEW STRATUS ENERGY INC. STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the "**Plan**") of New Stratus Energy Inc. (the "**Corporation**"), a corporation incorporated under the *Business Corporation Act* (Alberta), is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the "**Shares**"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the Board.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into hereunder, to define the terms used in the Plan and in all option agreements entered into hereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option ("**Option**") to purchase a Share granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each Option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including Options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

3. STOCK EXCHANGE RULES

All Options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

4. SHARES SUBJECT TO PLAN

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of Shares of the Corporation's authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares from time to time less the aggregate number of Shares reserved for issuance under any other Share Compensation Arrangement (as defined herein). If any Option granted hereunder shall expire or terminate for any reason in

accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

"Share Compensation Arrangement" means any share option, share option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to directors, executive officers, employees or consultants of the Corporation.

5. MAINTENANCE OF SUFFICIENT CAPITAL

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. ELIGIBILITY AND PARTICIPATION

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective Option agreements, the time or times at which such Options shall be granted and vested, and the number of Shares to be subject to each Option. In the case of employees or consultants of the Corporation or Management Company Employees, the Option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange and terms hereof, be granted an additional Option or Options if the Board shall so determine.

7. EXERCISE PRICE

- (a) Options may be exercised at a price that shall be fixed by the Board at the time that the Option is granted. No Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Shares on the Exchange on the first day preceding the date of grant on which at least one board lot of Shares traded.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval, provided that in the case of Options held by Insiders (as defined in the policies of the Exchange) of the Corporation, the exercise price of an Option may be reduced only if disinterested shareholder approval is obtained.

8. NUMBER OF OPTIONED SHARES

- (a) The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares from time to time less the aggregate number of Shares reserved for issuance under any other Share Compensation Arrangement, subject to the following additional limitations:

- (i) the aggregate number of Options granted to any one Participant (and companies wholly owned by that Participant) in a 12 month period must not exceed 5% of the issued and outstanding Shares, calculated on the date an Option is granted to the Person (unless the Corporation has obtained the requisite disinterested shareholder approval), less the aggregate number of Shares reserved for issuance to such person under any other Share Compensation Arrangement;
 - (ii) the aggregate number of Shares reserved for issuance under Options granted to Insiders (as a group) at any point in time must not exceed 10% of the issued and outstanding Shares, less the aggregate number of Shares reserved for issuance to Insiders under any other Share Compensation Arrangement;
 - (iii) the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Options must not exceed 10% of the issued and outstanding Shares, calculated at the date an Option is granted to any Insider, less the aggregate number of Shares reserved for issuance to Insiders under any other Share Compensation Arrangement; and
 - (iv) the aggregate number of Options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued Shares in any 12 month period, calculated at the date an Option is granted to any such Person, less the aggregate number of Shares reserved for issuance to such Person under any other Share Compensation Arrangement. Options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the Options vesting in any three month period.
- (b) The number of Shares subject to an Option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange.

9. DURATION OF OPTION

Each Option and all rights thereunder shall be expressed to expire on the date set out in the Option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange ("TSX-V"), the maximum term may not exceed 10 years (subject to extension where the expiry date falls within a Black Out Period, as defined herein). The Toronto Stock Exchange does not impose a maximum term for the duration of an Option.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth (10th) business day after the end of the Black Out Period, such tenth (10th) business day to be considered the expiry date for such Option for all purposes under the Plan. The ten (10) business day period referred to in this paragraph may not be extended by the Board.

"**Black Out Period**" means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time or a notice in writing to a Participant by a senior officer or director of the Corporation.

10. OPTION PERIOD, CONSIDERATION AND PAYMENT

- (a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.

- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 11 and 12, no Option may be exercised unless the Participant is at the time of such exercise, a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised (subject to Section 17). No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Corporation unless and until the certificates for Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.

11. CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE

If a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his Option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

12. DEATH OF PARTICIPANT

Notwithstanding Section 11, in the event of the death of a Participant, the Option previously granted to him shall be exercisable only within the one year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

13. RIGHTS OF OPTIONEE

No person entitled to exercise any Option granted under the 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 certificates representing such Shares shall have been issued and delivered.

14. PROCEEDS FROM SALE OF SHARES

The proceeds from the 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.

15. ADJUSTMENTS

If the outstanding Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another company or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of Options, or the exercise price per share as set forth in the respective Option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section 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 Share shall be required to be issued under the Plan on any such adjustment.

16. TRANSFERABILITY

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant, any benefits, rights and Options may only be exercised by the Participant.

17. WITHHOLDING TAXES

The Corporation shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the optionee to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Corporation may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a optionee;
- (b) require, as a condition of the issuance of Shares to an optionee, that the optionee make a cash payment to the Corporation equal to the amount, in the Corporation's opinion, required to be withheld and remitted by the Corporation for the account of the optionee to the appropriate governmental authority and the Corporation, in its discretion, may withhold the issuance or delivery of Shares until the optionee makes such payment; or
- (c) sell, on behalf of the optionee, all or any portion of Shares otherwise deliverable to the optionee until the net proceeds of sale equal or exceed the amount which, in the Corporation's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the optionee.

18. AMENDMENT AND TERMINATION OF PLAN

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval, however, the Board will not be entitled, in the absence of shareholder and Exchange approval, to:

- (a) reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option;
- (b) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of paragraph 9 or paragraph 11 above);
- (c) amend the limitations on the maximum number of Shares reserved or issued to Insiders under paragraphs 8(a)(ii) and 8(a)(iii) hereof;
- (d) make any amendments to the Plan that would permit a Participant to transfer or assign Options to a new beneficial owner other than for estate settlement purposes;
- (e) increase the maximum number of Shares issuable pursuant to this Plan; or
- (f) amend the amendment provisions of this Plan under this Section 18.

Where shareholder approval is sought for amendments under subsections (a), (b) and (c) above, the votes attached to Shares held directly or indirectly by Insiders benefiting from the amendments will be excluded.

19. NECESSARY APPROVALS

The ability of a Participant to exercise Options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any Option exercise price paid to the Corporation will be returned to the Participant.

20. EFFECTIVE DATE OF PLAN

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

21. INTERPRETATION

Terms used but not otherwise defined herein shall have the meanings ascribed thereto in TSX-V Policy 1.1 and 4.4.

22. GOVERNING LAW

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

SCHEDULE "B"

BY-LAW NO. 3

A by-law relating generally to
the transaction of the business
and affairs of

NEW STRATUS ENERGY INC.

(the "Corporation")

DIRECTORS AND OFFICERS

1. **Calling of and Notice of Meetings** - Meetings of the board shall be held at such place and time and on such day as the chairman of the board, president, chief executive officer or a vice-president, if any, or any two directors may determine. Notice of meetings of the board shall be given to each director not less than 48 hours before the time when the meeting is to be held. Each newly elected board may without notice hold its first meeting for the purposes of organization and the appointment of officers immediately following the meeting of shareholders at which such board was elected.
2. **Quorum** - Subject to the residency requirements contained in the Business Corporations Act, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors then elected or appointed or such greater or lesser number of directors as the board may from time to time determine.
3. **Place of Meeting** - Meetings of the board may be held in or outside Canada.
4. **Votes to Govern** - At all meetings of the board every question shall be decided by a majority of the votes cast on the question; and in case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.
5. **Interest of Directors and Officers Generally in Contracts** - No director or officer shall be disqualified by his office from contracting with the Corporation nor shall any contract or arrangement entered into by or on behalf of the Corporation with any director or officer or in which any director or officer is in any way interested be liable to be voided nor shall any director or officer so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or arrangement by reason of such director or officer holding that office or of the fiduciary relationship thereby established; provided that the director or officer shall have complied with the provisions of the Business Corporations Act.
6. **Appointment of Officers** - Subject to the articles and any unanimous shareholder agreement, the board may from time to time appoint a president, chief executive officer, chief financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Business Corporations Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to the provisions of this by-law, an officer may but need not be a director and one person may hold more than one office.
7. **Chairman of the Board** - The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the managing director or to the president; and he shall, subject to the provisions of the Business Corporations Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any,

or by the president.

8. **Managing Director** - The board may from time to time appoint a managing director who shall be a resident Canadian and a director. If appointed, he shall have such powers and duties as the board may specify.
9. **President** - If appointed, the president shall be the chief operating officer and, subject to the authority of the board, shall have general supervision of the business of the Corporation; and he shall have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the managing director shall also have the powers and duties of that office.
10. **Vice-President** - A vice-president shall have such powers and duties as the board or the chief executive officer may specify.
11. **Secretary** - The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.
12. **Treasurer** - The treasurer shall keep proper accounting records in compliance with the Business Corporations Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board or the chief executive officer may specify.
13. **Agents and Attorneys** - The board shall have the power from time to time to appoint agents and attorneys for the Corporation in or outside Canada with such powers as the board sees fit.
14. **Advance Notice of Nominations of Directors** - Nomination of Directors. Subject only to the Act, the articles of the Corporation and applicable securities laws, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which a special meeting was called was the election of directors, (a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting of shareholders, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act, or (c) by any person (a "Nominating Shareholder") (i) who, at the close of business on the date of the giving of the notice provided for below in this Section 14 and on the record date for the receipt of notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting, or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Section 14:
 - A. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form (the "**Notice**") to the Chief Executive Officer of the Corporation at the principal executive offices of the Corporation, in accordance with this Section 14.
 - B. To be timely, a Notice to the Chief Executive Officer of the Corporation must be given:

- (i) in the case of an annual general meeting (including an annual and special meeting) of shareholders, not less than 30 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is called for at a date that is less than 50 days after the date on which the first public announcement of the date of the annual general meeting was made (the "**Notice Date**"), the Notice must be given by the Nominating Shareholder not later than the close of business on the tenth (10th) day following the Notice Date;
 - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders, called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the date on which the first public announcement of the date of the special meeting of shareholders was made; and
 - (iii) in the event shall that any adjournment or postponement of a meeting of shareholders, or the public announcement thereof, occurs, the time period for the giving of Notice shall adjust accordingly and Notice must be given in accordance with Subsections B(i) and (ii) above, taking into account the date of the adjourned or postponed annual general meeting or the Notice Date.
- C. To be in proper written form, the Notice to the Chief Executive Officer of the Corporation must set forth:
 - (i) as to each person who the Nominating Shareholder proposes to nominate for election as a director: (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) whether the person is a resident Canadian with the meaning of the Act, (d) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person; (I) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred), and (II) as of the date of such Notice, and (e) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and
 - (ii) as to the Nominating Shareholder, any proxy, contract, arrangement, understanding, relationship or any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.
- D. In addition, to be considered timely and in proper written form, a Nominating Shareholder's Notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such Notice shall be true and correct as of the record date for the meeting.
- E. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that would reasonably be expected to be material to a reasonable shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee.
- F. The Corporation may disclose and make publicly available to the shareholders of the Corporation any of the information requested and provided to the Corporation pursuant to Subsection C(i) and Section E of this By-law No. 1.
- G. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 14; provided, however, that nothing herein shall be deemed to preclude discussions by a shareholder (as distinct from seeking to nominate directors) at a meeting of shareholders,

on any matter in respect of which such shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such nomination is invalid due to its non-compliance with this Section 14.

H. For purposes of this Section 14:

- (i) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
- (ii) "**applicable securities laws**" means the securities legislation in those provinces and territories of Canada to which the Corporation is subject, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the relevant provinces and territories of Canada.

I. Notwithstanding any other provisions of the by-laws of the Corporation, Notice given to the Chief Executive Officer of the Corporation pursuant to this Section 14 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Chief Executive Officer of the Corporation for the purposes of such Notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Chief Executive Officer at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day, or later than 5:00 pm (Calgary time) on a day which is a business day, then such a delivery or electronic communication shall be deemed to have been made on the next following business day.

J. Notwithstanding any of the foregoing, the Board may, in its sole discretion, waive any requirement in this Section 14.

SHAREHOLDERS' MEETINGS

15. **Quorum** - The quorum for the transaction of business at any meeting of the shareholders shall consist of at least two persons holding or representing by proxy not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the meeting.

16. **Votes to Govern** - At any meeting of shareholders every question shall, unless otherwise required by the Business Corporations Act, be determined by the majority of votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled a second or casting vote.

17. **Show of Hands** - Subject to the provisions of the Business Corporations Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote per share. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

18. **Ballots** - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of

hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Business Corporations Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

MEETING BY TELEPHONE

19. **Directors and Shareholders** - A director may participate in a meeting of the board or of a committee of the board and a shareholder or any other person entitled to attend a meeting of shareholders may participate in a meeting of shareholders by means of telephone or other communication facilities that permit all persons participating in any such meeting to hear each other.

INDEMNIFICATION

20. **Indemnification of Directors and Officers** - The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives to the extent permitted by the Business Corporations Act.
21. **Indemnity of Others** - Except as otherwise required by the Business Corporations Act and subject to paragraph 20, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, agent of or participant in another body corporate, partnership, joint venture, trust or other enterprise, against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted honestly and in good faith with a view to the best interests of the Corporation and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction shall not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Corporation and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that his conduct was lawful.
22. **Right of Indemnity Not Exclusive** - The provisions for indemnification contained in the by-laws of the Corporation shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in his official capacity and as to action in another capacity, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and legal representatives of such a person.
23. **No liability of Directors or Officers for Certain Matters** - To the extent permitted by law, no director or officer of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or body corporate with whom or which any moneys, securities or other assets belonging to the Corporation shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen

in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

DIVIDENDS

24. **Dividends** - Subject to the provisions of the Business Corporations Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.
25. **Dividend Cheques** - A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.
26. **Non-Receipt of Cheques** - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnify, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.
27. **Unclaimed Dividends** - Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

BANKING ARRANGEMENTS, CONTRACTS, DIVISIONS ETC.

28. **Banking Arrangements** - The banking business of the Corporation, or any part thereof, shall be transacted with such banks, trust companies or other financial institutions as the board may designate, appoint or authorize from time to time by resolution and all such banking business, or any part thereof, shall be transacted on the Corporation's behalf by such one or more officers and/or other persons as the board may designate, direct or authorize from time to time by resolution and to the extent therein provided.
29. **Execution of Instruments** - Contracts, documents or instruments in writing requiring execution by the Corporation may be signed by any one officer or director and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board is authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation to sign and deliver either contracts, documents or instruments in writing generally or to sign either manually or by facsimile signature and/or counterpart signature and deliver specific contracts, documents or instruments in writing. The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically, but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities), share certificates, warrants, bonds, debentures and other securities or security instruments of the Corporation and all paper writings.

30. **Voting Rights in Other Bodies Corporate** - The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.
31. **Creation and Consolidation of Divisions** - The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.
32. **Name of Division** - Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name. Any such contracts, cheque or document shall be binding upon the Corporation as if it had been entered into or signed in the name of the Corporation.
33. **Officers of Divisions** - From time to time the board or a person designated by the board, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or a person designated by the board, may remove at its or his pleasure any officer so appointed, without prejudice to such officers rights under any employment contract. Officers of divisions or their sub-units shall not, as such be officers of the Corporation.

MISCELLANEOUS

34. **Invalidity of Any Provisions of This By-Law** - The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.
35. **Share Certificates, Acknowledgements and Direct Registration System** - Every shareholder of one or more shares of the Corporation shall be entitled, at the shareholder's option, to a share certificate that complies with the Business Corporations Act, or a non-transferable written acknowledgment that complies with the Business Corporations Act of the shareholder's right to obtain a share certificate from the Corporation in respect of the shares of the Corporation held by such shareholder in an amount as shown on the securities register of the Corporation. Any share certificate issued pursuant to this paragraph 35 shall be in such form as the board may from time to time approve, shall be signed by the Corporation in accordance with paragraph 29 and need not be under the corporate seal.

For greater certainty, but subject to paragraph 35, a registered shareholder may have his holdings of shares of the Corporation evidenced by an electronic, book-based, direct registration system or other non-certificated entry or position on the register of shareholders to be kept by the Corporation in place of a physical share certificate pursuant to such a registration system that may be adopted by the Corporation, in conjunction with its transfer agent. This by-law shall be read such that a registered holder of shares of the Corporation pursuant to any such electronic, book-based, direct registration service or other noncertificated entry or position shall be entitled to all of the same benefits, rights, entitlements and shall incur the same duties and obligations as a registered holder of shares evidenced by a physical share certificate. The Corporation and its transfer agent may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a share registration system by electronic, book-based, direct registration system or other non-certificated means.

36. **Omissions and Errors** - The accidental omission to give any notice to any shareholder, director, officer or auditor

or the non-receipt of any notice by any shareholder, director, officer or auditor or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

INTERPRETATION

37. **Interpretation** - In this by-law and all other by-laws of the Corporation words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include an individual, partnership, association, body corporate, executor, administrator or legal representative and any number or aggregate of persons; "articles" include the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement and articles of revival; "board" shall mean the board of directors of the Corporation; "Business Corporations Act" shall mean the Business Corporations Act (Alberta), R.S.A. 2000, c. B 9, as amended from time to time, or any Act that may hereafter be substituted therefor; "meeting of shareholders" shall mean and include an annual meeting of shareholders and a special meeting of shareholders of the Corporation; and "signing officers" means any person authorized to sign on behalf of the Corporation pursuant to paragraph 299.