CF ENERGY CORP.

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON
JULY 26, 2019

AND

MANAGEMENT PROXY CIRCULAR

June 24, 2019

CF ENERGY CORP.

Unit 2036 – 32 South Unionville Ave.,
Markham, Ontario
L3R 9S6

Notice of Annual Meeting of Shareholders
July 26, 2019

Notice is hereby given that the annual meeting (the "**Meeting**") of the holders of common shares of CF Energy Corp. (formerly, Changfeng Energy Inc.) (the "**Corporation**") will be held at the offices of Blake, Cassels & Graydon LLP in Toronto at 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario M5L 1A9 on Friday, July 26, 2019 at 10:00 AM (Toronto time) for the following purposes:

(a) to receive and consider the audited consolidated financial statements as at and for the financial year ended December 31, 2018 and the auditor's report thereon, a copy of which is enclosed herewith;
(b) to elect the directors of the Corporation;
(c) to re-appoint the Corporation's auditor;
(d) to approve amendments to the Corporation's Stock Option Plan as described in the accompanying Management Proxy Circular;
(d) to consider, and if thought advisable, approve, ratify and confirm the grant of stock options exercisable to acquire 1,145,455 common shares which were granted pursuant to the Corporation's Stock Option Plan; and
(e) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Management Proxy Circular accompanying this Notice of Meeting.

Shareholders of the Corporation are invited to attend the Meeting.

Registered shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and send it in the enclosed envelope or otherwise to the Corporate Secretary of the Corporation c/o Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or to the Corporate Secretary of the Corporation at the Corporation's office, which is located at Unit 2036 – 32 South Unionville Ave., Markham, Ontario, L3R 9S6, fax number 416-362-2393.

Non-registered shareholders who receive these materials through their broker or other intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or intermediary.

To be effective, a proxy must be received by Computershare Investor Services Inc. or the Corporate Secretary of the Corporation not later than July 24, 2019 at 10:00 AM (Toronto time), or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.

DATED the 24th day of June, 2019.

By Order of the Board of Directors

(Signed) Ann Siyin Lin

Ann Siyin Lin
Chief Executive Officer and
Chair of the Board of Directors

Unit 2036 – 32 South Unionville Ave.,
Markham, Ontario
L3R 9S6

Management Proxy Circular for the Annual Meeting of Shareholders
July 26, 2019

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation, by or on behalf of the management of CF Energy Corp. (formerly, Changfeng Energy Inc.) (the "Corporation"), of proxies to be used at the Corporation's annual meeting of the holders ("Shareholders") of common shares ("Common Shares") to be held on Friday, July 26, 2019 (the "Meeting") or at any adjournment thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Corporation's transfer agent, Computershare Investor Services Inc. at nominal cost. The cost of soliciting proxies will be borne by the Corporation.

Appointment of Proxyholder

The persons designated by management of the Corporation in the enclosed form of proxy are directors or officers of the Corporation. **Each Shareholder has the right to appoint as proxyholder a person or company (who need not be a Shareholder of the Corporation) other than the persons designated by management of the Corporation in the enclosed form of proxy to attend and act on the Shareholder's behalf at the Meeting or at any adjournment thereof.** Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy.

The Corporation is not sending proxy-related materials in connection with the Meeting to registered shareholders or non-registered shareholders using the notice-and-access provisions set out in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**").

In the case of registered Shareholders, the completed, dated and signed form of proxy should be sent in the enclosed envelope or otherwise to the Corporate Secretary of the Corporation c/o Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or to the Corporate Secretary of the Corporation at the Corporation's office, which is located at Unit 2036 - 32 South Unionville Ave., Markham, Ontario, L3R 9S6, fax number 416-362-2393.

The Corporation has distributed copies of this Circular and accompanying Notice of Meeting to intermediaries for distribution to *non-registered Shareholders*. Unless the non-registered Shareholder has waived his or her rights to receive these materials, an intermediary is required to deliver them to the non-registered Shareholder and to seek instructions on how to vote the Common Shares beneficially owned by the non-registered Shareholder. In many cases, intermediaries will have used a service company (such as Broadridge Financial Solutions Inc. in Canada ("**Broadridge**")) to forward these Meeting materials to non-registered Shareholders. The Corporation, through its transfer agent Computershare Investor Services Inc., is sending a copy of the materials related to the Meeting directly to each "non-objecting beneficial owner" (as such term is defined in NI 54-101). The Corporation is paying Broadridge to deliver, on behalf of the intermediaries, a copy of the materials related to the Meeting to each "objecting beneficial owner" (as such term is defined in NI 54-101).

To be effective, a proxy must be received by Computershare Investor Services Inc. or the Corporate Secretary of the Corporation not later than July 24, 2019 at 10:00 AM (Toronto time), or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.

Revocation of Proxy

A Shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the Shareholder or by the Shareholder's attorney, who is authorized in writing, at the office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A Shareholder may also revoke a proxy in any other manner permitted by law.

Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the persons designated by management of the Corporation in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **If a specification is not made with respect to any matter, the Common Shares will be voted on such matter as stated in the form of proxy.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, management of the Corporation is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the persons designated by management of the Corporation in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

RECORD DATE AND VOTING SHARES

The board of directors ("**Directors**") of the Company (the "**Board of Directors**") has fixed May 27, 2019 (the "**Record Date**") as the record date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common Shares of record at the close of business on the Record Date is entitled to vote the Common Shares registered in such Shareholder's name at that date on each matter to be acted upon at the Meeting.

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the Record Date, the Corporation had 65,248,155 Common Shares outstanding, each carrying the right to one vote per share. Except as otherwise noted in this Circular, a simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Directors and executive officers of the Corporation, as at the Record Date, no person beneficially owned, directly or indirectly, or exercised control or direction over, 10% or more of the voting rights attached to the outstanding Common Shares of the Corporation except as stated below.

Name	Aggregate Number of Common Shares	Percentage of Outstanding Common Shares
The estate of Huajun Lin ("**Mr. Lin**")	34,675,000 (1)	53.14%

__Note__:

(1) The approximate number of Common Shares owned, controlled or directed by the estate of Mr. Lin, not being within the knowledge of the Corporation, has been provided by the executor of the estate of Mr. Lin directly.

As of the Record Date, the Directors and senior officers of the Corporation, as a group, own beneficially, directly or indirectly, or exercise control or direction over, approximately 2,518,715 Common Shares, representing approximately 3.86% of the outstanding Common Shares.

MATTERS TO BE ACTED UPON AT MEETING

1. Election of Directors

The articles of amalgamation of the Corporation provide that the Board of Directors may consist of a minimum of three and a maximum of fifteen Directors. The number of Directors to be elected at the Meeting is six. Directors are elected annually. Each Director will hold office until the conclusion of the next annual meeting or until the successor of such Director is duly elected or appointed, unless such office is earlier vacated.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the election as Directors of the proposed nominees whose names are set forth below, each of whom has been a Director since the date indicated below opposite the proposed nominee's name. Management does not contemplate that any of the proposed nominees will be unable to serve as a Director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies given in favour of such nominee(s) may be voted by the person(s) designated by management of the Corporation in the enclosed form of proxy, in their discretion, in favour of another nominee.

The following table sets forth information with respect to each person proposed to be nominated for election as a Director, including the number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person or the person's associates or affiliates, as well as options to acquire Common Shares held, each as of the Record Date. The information as to shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

Nominee Name and Place of Residence	Principal Occupation [(1)]	Date Became Director	Number of Common Shares Beneficially Owned or Controlled or Directed by Director[(2)]	Number of Options Held
Wong Wai Keung, Frederick ("Frederick Wong")[(6)]	Senior Consultant to the Corporation (since January 1, 2018 – present) CFO, company secretary and consultant of APAC Resources Limited (at different times between January 2011 to October 2016) Independent non-executive director of the following Hong Kong listed companies: – China Infrastructure & Logistics Group Ltd. (since April 2014 – present) – Perfect Group International Holdings Limited (since January 2016 – present) Wah Sun Handbags International Holdings Limited (since January 2018 – present)	February 22, 2019	Nil	200,000[(7)]
Hui Cai[(3)(5)] Guangzhou, China	Corporate Director	January 29, 2008	Nil	100,000[(7)]
Yongbiao Ding ("Winfield Ding") [(3)(4)(5)] Toronto, ON, Canada	CFO of EA Education Group Inc. President of Oriental Sources Inc. CFO of Sparton Resources Inc.	March 10, 2015	1,002,000	300,000[(8)]
Dan Liu[(4)(5)] Beijing, China	Corporate Director	January 29, 2008	300,000	100,000[(7)]
Wencheng Zhang[(3)(4)] Beijing, China	Deputy general manager of Beijing Shoujia Lihua Technology Co., Ltd.	January 29, 2008	300,000	100,000[(7)]
Ann Siyin Lin Toronto ON, Canada	Chair, Corporate Secretary and Chief Executive Officer of the Corporation	January 15, 2018	850,500	290,000[(8)]

<u>**Notes**</u>:

(1) To the Corporation's knowledge, all companies noted are still carrying on business as of the date of this Circular unless otherwise noted.

(2) Does not include shares issuable upon exercise of options.

(3) Member of the audit committee of the Corporation (the "**Audit Committee**").

(4) Member of the corporate governance and nomination committee of the Corporation (the "**Corporate Governance and Nomination Committee**").

(5) Member of the compensation and human resources committee of the Corporation (the "**Compensation and Human Resources Committee**").

(6) Mr. Wong was appointed as a Director effective February 22, 2019, following the resignation of Mr. Lin as a Director.

(7) These options were surrendered by the respective Directors for cancellation.

(8) A portion of these options were surrendered by the respective Directors for cancellation.

2. Appointment of Independent Auditor

The Corporation's auditor is Deloitte Touche Tohmatsu ("**Deloitte**"). Deloitte was first appointed auditor of the Corporation ("**Auditor**") on June 29, 2016.

At the Meeting, the holders of Common Shares will be requested to re-appoint Deloitte as Auditor to hold office until the next annual meeting of Shareholders or until a successor is appointed.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the appointment of Deloitte as Auditor to hold office until the next annual meeting of Shareholders or until a successor is appointed.

3. Amendments to Stock Option Plan

The Corporation's stock option plan (the "**Stock Option Plan**"), which was approved by the Shareholders on June 4, 2008, allows for a fixed maximum of 6,600,000 Common Shares to be issued upon the exercise of the options granted under the Stock Option Plan. This represented approximately 10.1% of the issued and outstanding Common Shares as at the date of this Circular.

On June 24, 2019, the Board of Directors approved, subject to Shareholder approval, amendments to the Stock Option Plan to reserve for issuance under the Stock Option Plan a number of Common Shares equal to the sum of (i) 10% of the Common Shares of the Corporation issued and outstanding from time to time (6,524,815 Common Shares as of the date of this Circular), for issuance to participants under the Stock Option Plan; and (ii) the number of Common Shares issued upon the exercise of an option from time to time, so that the Common Shares which had been reserved to be issued pursuant to that option shall become available to be issued upon the exercise of subsequent option grants. The effect of the amendments will be to convert the Stock Option Plan to a "rolling" stock option plan.

The Stock Option Plan requires that any amendment to the Stock Option Plan receive the approval of the TSX Venture Exchange (the "**TSXV**"), and the TSXV requires Shareholder approval of the proposed amendments by a majority of votes cast at the Meeting as a condition of its approval. Accordingly, Shareholders are being asked to consider, and if thought advisable, approve a resolution approving the proposed amendments to the Stock Option Plan. The full text of the resolution to be approved by the Shareholders is attached to Schedule B of the Circular (the "**Stock Option Plan Amendment Resolution**").

If the amendment is approved by the Shareholders, any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Stock Option Plan, and any exercise of options will make new grants available under the Stock Option Plan effectively resulting in a re-loading of the number of options available for grant under the Stock Option Plan.

In accordance with the requirements of the TSXV regarding rolling stock option plans, if the amendments to the Stock Option Plan are approved by the Shareholders, it must be re-approved annually.

The other terms of the Stock Option Plan remain unchanged and further information about the Stock Option Plan is set out below under "Equity Compensation Plan Information – Summary of Stock Option Plan". A copy of the full text of the Stock Option Plan is set out in Schedule D of the Circular.

Stock options are an integral component of the Corporation's compensation program and the Directors believes they are a necessary component to attracting and retaining employees, officers, Directors and consultants of the Corporation and aligning their interests with the interests of Shareholders. The amendments to the Stock Option Plan will ensure that the Corporation continues to have sufficient Common Shares reserved for issuance to participants under the Stock Option Plan to enable it to achieve these objectives of its compensation program.

The Board of Directors unanimously recommends a vote "FOR" the Stock Option Plan Amendment Resolution. In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the Stock Option Plan Amendment Resolution.

4. Ratification of Option Grants

Prior to the amendments contemplated by the Stock Option Plan Amendment Resolution, the Corporation's Stock Option Plan had a fixed maximum of 6,600,000 Common Shares reserved for issuance under the Stock Option Plan. Options exercisable to acquire 3,785,000 Common Shares (representing approximately 5.80% of the total issued and outstanding Common Shares as of the date of this Circular) are currently outstanding.

To date, the Corporation has issued 3,960,455 Common Shares pursuant to exercised options granted under the Stock Option Plan. Due to a misinterpretation as to the number of Common Shares reserved for issuance under the Stock Option Plan, the Corporation has granted 1,145,455 options, which, if exercised, would result in the number of Common Shares issuable under the Stock Option Plan exceeding the fixed number reserved for issuance under the Stock Option Plan by 1,145,455 (the "**Excess Options**").

Between August 10, 2017 and April 13, 2018, the Board of Directors granted, subject to the approval of the TSXV and Shareholders of the Corporation, options exercisable to acquire 4,740,000 Common Shares to certain employees, officers, Directors and consultants of the Corporation, of which 2,440,000 options exerciseable to acquire 2,440,000 Common Shares were surrendered by the holders thereof for cancellation and 1,145,455 exerciseable to acquire 1,145,455 Common Shares remain outstanding and subject to ratification by Shareholders. These options are subject to the terms of the Stock Option Plan and may not be exercised until such time that the Corporation has obtained TSXV and Shareholder approval for the amendments to the Stock Option Plan as discussed in the above section "Matters to be Acted Upon at Meeting – Amendments to Stock Option Plan" and the grant of the Excess Options has been ratified by the Shareholders. The Excess Options will be cancelled if the Shareholders do not approve the proposed amendments to the Stock Option Plan pursuant to the Stock Option Plan Amendment Resolution and the Shareholders do not ratify the grant of the Excess Options. The following table sets forth the details of the Excess Options that require ratification:

Category of optionholder	Issue date	Number of Common Shares subject to option (#)	Option exercise price ($)	Option expiration date
Officers and Directors	August 10, 2017 August 18, 2017	100,000 200,000	$0.63 $0.65	August 10, 2025 August 18, 2025)
Employees	August 10, 2017 August 18, 2017	545,455 300,000	$0.63 $0.65	August 10, 2025 August 18, 2025

At the Meeting, Shareholders will be requested to consider and, if thought advisable, approve, ratify and confirm the grant of the Excess Options. The resolution to approve, ratify and confirm the grant of the Excess Options must be approved by a majority of the votes cast by the Shareholders, in person or by proxy, at the Meeting. The full text of the resolution to be approved by the Shareholders is attached to Schedule C of the Circular (the "**Stock Option Ratification Resolution**").

The Board of Directors unanimously recommends a vote "FOR" the Stock Option Ratification Resolution. In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the Stock Option Ratification Resolution.

Intention of Executive Officers and Directors

All of the Directors and executive officers of the Corporation have indicated that they intend to vote their Common Shares in favour of each of the above resolutions.

EXECUTIVE COMPENSATION

All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

Compensation and Human Resources Committee

The Compensation and Human Resources Committee is comprised of Hui Cai (Chair), Winfield Ding and Dan Liu. Messrs. Cai, Ding and Liu are "independent" Directors within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

The general business background and senior management experience of each member of the Compensation and Human Resources Committee are relevant to their responsibilities as members of the Compensation and Human Resources Committee for executive compensation, and enable them to implement and oversee the Corporation's compensation program, and to make decisions on the suitability of the Corporation's compensation policies and practices. See "Matters to be Acted Upon at Meeting – Election of Directors" for the senior management experience of each member of the Compensation and Human Resources Committee. In particular, certain members of the Compensation and Human Resources Committee have direct experience in executive compensation. Mr. Liu has extensive experience with human resources and organizational development through his previous senior executive management roles. In his executive role as general manager at CEIEC Shanghai, he was actively involved in senior management recruitment and compensation. Mr. Cai, through his executive roles at CNOOC Natural Gas Exploitation Co. Ltd., has worked on designing, establishing and implementing executive compensation, retention and succession planning structures. Mr. Winfield Ding, a Chartered Professional Accountant in the province of Ontario, has been an executive officer in Canadian and Chinese businesses. He previously worked as an accountant conducting audits. Mr Ding. has extensive knowledge of executive compensation programs and has been involved with the design, implementation and review of some such programs.

The Compensation and Human Resources Committee's responsibilities are, among other things:

- to compare on an annual basis the total remuneration (including benefit) and the main components thereof for the executive officers of the Corporation with the remuneration practices of peers in the same industry;

- having regard to competitive position and individual performance, annually review and recommend to the Board of Directors for approval the remuneration of the executive officers of the Corporation, namely, executives in the offices of Chief Executive Officer ("**CEO**"), President, Vice-Presidents, Chief Financial Officer (the "**CFO**") and any executive officers of the Corporation having comparable positions as may be specified by the Board of Directors, with the remuneration of the executive officers other than the CEO reflecting review and consultation with the CEO;

- to review and recommend to the Board of Directors for its approval the remuneration of Directors and executive officers, and to develop and submit to the Board of Directors recommendations with regard to other employee benefits and bonus plans;

- subject to any required shareholder and regulatory approval, to determine those Directors, officers, employees and consultants of the Corporation who will participate in long term incentive plans of the Corporation, if any; to determine the number of Common Shares of the Corporation allocated to each participant under such plans, if any; to determine the time or times when ownership of such Common Shares will vest for each participant; and to administer all matters relating to any long term incentive plan and any employee bonus plan to which the Compensation and Human Resources Committee has been delegated authority pursuant to the terms of such plans or any resolutions passed by the Board of Directors; and

- to review and recommend to the Board of Directors for approval any special employment contracts including employment offers;
- to adopt such policies and procedures as it deems appropriate to operate effectively.

Compensation Discussion & Analysis

The Corporation's Board of Directors has established a compensation program for its executive officers, which is designed to achieve the following key objectives:

- attract the most qualified and experienced executives available to create shareholder value and drive the continued development of the Corporation; and
- retain and motivate qualified and experienced executives and provide appropriate short-term and long-term financial incentives with the goal of increasing the Corporation's performance.

The Board of Directors is solely responsible for the compensation program for the Corporation's executive officers. The deliberations of the Board of Directors are private and are intended to advance the two key objectives of the compensation program as described above.

Compensation for the Corporation's Named Executive Officers (as defined below) consists of the following three components: (1) base salary or consulting fees; (ii) options granted pursuant to the Stock Option Plan; and (iii) discretionary cash bonus payments for superior performance. The relative weightings of base salary, options and discretionary bonuses payable to Named Executive Officers are reviewed and determined annually by the Compensation and Human Resources Committee based on the Corporation's short and long-term corporate goals and the performance of the Corporation against those goals and the contribution of the executive officer to that performance. Each element of compensation is considered individually and in aggregate with each other element in determining the amount of each level of compensation that is considered appropriate having regard to the factors considered relevant to compensation of the Corporation's executive officers discussed above. The Corporation does not provide its executive officers with perquisites or other personal benefits. The Corporation also does not provide any additional compensation to its executive officers for serving as Directors.

The Compensation and Human Resources Committee considered risks that might result from the type and weighting of the different elements of executive compensation. In particular, in the case of compensation under the Stock Option Plan, the Compensation and Human Resources Committee considered the fact that option entitlements vest over 3 years, and that the consideration received by a holder of options is aligned with the interests of the Corporation and the Shareholders as it is determined by reference to any increase in the market price of the Corporation's Common Shares after the date of grant of the options.

In establishing salary levels and bonus entitlements of the Corporation's executive officers, the Corporation takes into consideration factors such as current competitive market conditions, the particular skills of the executive officer, such as leadership ability and management effectiveness, internal equity, experience, responsibility and proven or expected performance of the particular executive officer. No bonus was granted to any of the Named Executive Officers in the three years ended December 31, 2018.

With respect to the base compensation of Mr. Lin, the CEO during the year ended December 31, 2018, the Corporation paid Mr. Lin $294,782. This amount was agreed upon between the CEO and the Compensation and Human Resources Committee, on behalf of the Corporation, taking into account the following considerations:

- the total number of years of the CEO's relevant experience; and
- the CEO's track record of success in leading companies.

During the year ended December 31, 2018, the Corporation paid Ling Cao, the CFO, $99,660. The amount paid to Ling Cao was agreed upon between Ling Cao and the Compensation and Human Resources Committee, on behalf of the Corporation, taking into account Ling Cao's specialized financial reporting experience gained through her various roles in the Corporation's accounting department and her role as the CFO of Sanya Changfeng Offshore Natural Gas Distribution Co. Ltd., a wholly-owned subsidiary of the Corporation.

The compensation of the independent Directors, which includes a director's fee of $17,000 per annum, an extra $4,000 per annum for the chairperson of the Audit Committee and an extra $2,000 per annum for the chairpersons of the Compensation and Human Resources Committee and the Corporate Governance Committee, respectively, a $500 attendance fee per meeting (board and committee) and the granting of options under the Stock Option Plan, is determined by the Board of Directors. The payment of the Directors' fees recognizes their contributions to the Corporation as non-executive Directors and, where applicable, members of board committees.

A Director or NEO (as defined below) of the Corporation is not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such NEO or Director.

Option Grants

The granting of options to the executive officers under the Stock Option Plan provides an appropriate long-term incentive to management to create shareholder value. Options are granted to executive officers in amounts which recognize their specific contribution to the Corporation in their capacities as executive officers of the Corporation. Previous grants of options to executive officers are taken into consideration by the Board of Directors when considering new option grants. Any amendments to the Stock Option Plan are subject to review by the Compensation and Human Resources Committee and approval of the Board of Directors.

The Compensation and Human Resources Committee considers the grant of options to the non-executive Directors under the Stock Option Plan to provide an appropriate long-term incentive to these Directors to provide proper oversight to the Corporation with a view to maximizing shareholder value. Options are granted to independent Directors in amounts that recognize their specific contributions to the Corporation in their capacities as independent Directors and, where applicable, members of committees of the Board of Directors.

Summary Compensation Table

The following table sets forth information concerning compensation of the CEO and the CFO (the "**Named Executive Officers**" or "**NEOs**") earned from the Corporation and any of the Corporation's subsidiaries, during the financial years of the Corporation ended December 31, 2018, 2017 and 2016.

SUMMARY COMPENSATION TABLE									
Name and Principal Position of Named Executive Officer	Year Ended Dec. 31	Salary ($)	Share-Based Awards ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation: Annual Incentive Plans[1] ($)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans ($)	Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
Mr. Lin[2] *Former Chief Executive Officer and Chair of the Board of Directors*	2018	95,839	Ni]	182,000	Nil	Nil	Nil	16,943	294,782
	2017	210,000	Nil	Nil	Nil	Nil	Nil	Nil	210,000
	2016	210,000	Nil	Nil	Nil	Nil	Nil	Nil	210,000
Ling Cao *Chief Financial Officer*[3]	2018	91,457	Nil	Nil	Nil	Nil	8,203	Nil	99,660
	2017	93,242	Nil	71,000	Nil	Nil	7,648	Nil	171,890
	2016	58,709	Nil	Nil	Nil	Nil	6,048	Nil	64,757

__Notes__:

(1) The Corporation does not have an annual performance bonus plan. However, the Compensation and Human Resources Committee and/or the Board of Directors may award annual discretionary bonuses based on an individual or the Corporation achieving certain designated objectives and for superior or exceptional performance in relation to such objectives. No bonus was granted to any of the Named Executive Officers in the three years ended December 31, 2018.

(2) Mr. Lin did not receive any compensation for acting as a Director. See "Director Compensation" below. Effective February 22, 2019, Mr. Lin resigned as CEO and Chairman of the Board of Directors and Ms. Ann Siyin Lin was appointed as CEO of the Corporation and Chair of the Board of Directors.

(3) Ms. Ling Cao was appointed to the position of CFO effective October 24, 2017. Prior to her appointment, Ms. Cao was the chief financial officer of Sanya Changfeng Offshore Natural Gas Distribution Co. Ltd., a wholly-owned subsidiary of the Corporation.

Termination and Change of Control Benefits

There is no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in a Named Executive Officer's responsibilities.

Incentive Plan Awards

Outstanding Option-Based and Share-Based Awards

The following table sets out, for each Named Executive Officer, information concerning all option-based and share-based awards outstanding as of December 31, 2018. This includes awards granted before the most recently completed financial year.

	Option-based Awards				Share-based Awards		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options[(1)] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Mr. Lin *Former Chief Executive Officer and Chairman of the Board of Directors*	700,000	1.09	April 13, 2028[(2)]	Nil	N/A	N/A	N/A
Ling Cao *Chief Financial Officer*	300,000 100,000	0.40 0.63	April 10, 2022 August 10, 2025	197,000	N/A	N/A	N/A

Notes:

(1) The value of "unexercised in-the-money" options was calculated using the last traded price of the Common Shares on the TSXV on December 31, 2018 for the year ended December 31, 2018 of $0.95 less the exercise price of the options. "In-the-money" options are options that can be exercised at a profit (i.e., the market value of the Common Shares is higher than the price at which they can be purchased from the Corporation).

(2) These options were set to vest from the day immediately following the successful HK IPO of the Corporation on The Stock Exchange of Hong Kong Limited and were to be exercisable for a period of 3 years from the vesting date. Regardless of the timing of completion of the HK IPO, these options were to automatically expire ten years following the grant date in accordance with the rules of the TSXV. As of the date of this Circular, these options were surrendered to the Corporation for cancellation and are no longer outstanding.

Value Vested or Earned During the Year

The following table sets out, for each Named Executive Officer, information concerning the value of incentive plan awards – option-based and share-based awards as well as non-equity incentive plan compensation – vested or earned during the financial year ended December 31, 2018.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Mr. Lin *Former Chief Executive Officer and Chairman of the Board of Directors*	Nil	Nil	Nil
Ling Cao *Chief Financial Officer*	Nil	Nil	Nil

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out information concerning the number and price of securities to be issued under equity compensation plans to employees and others.

Plan Category	Number of Securities to be Issued upon Exercise of Options, Warrants and Rights (as at December 31, 2018) (a)	Weighted – Average Exercise Price of Outstanding Options, Warrants and Rights (as at December 31, 2018) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in (a)) (as at December 31, 2018) (c)
Equity Compensation Plans Approved by Security Holders	6,225,000	$0.76	Nil
Equity Compensation Plans Not Approved by Security Holders	N/A	N/A	N/A
Total[(1)]	6,225,000	$0.76	Nil

Note:

(1) Of the 6,225,000 options outstanding as at December 31, 2018, 2,440,000 options exerciseable to acquire 2,440,000 Common Shares were surrendered by the holders thereof for cancellation and 1,145,455 options exercisable to acquire 1,145,455 Common Shares remain outstanding and subject to ratification by Shareholders. See "Matters to be Acted Upon at Meeting – Ratification of Option Grants."

Summary of Stock Option Plan

If Shareholders approve the Stock Option Plan Amendment Resolution at the Meeting, the maximum number of Common Shares that may be issued by the Corporation pursuant to options granted and outstanding under the Stock Option Plan or other share compensation arrangements will be 10% of the total issued and outstanding Common Shares from time to time. If the proposed amendments are approved by Shareholders, any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Stock Option Plan, and any exercises of options will make new grants available under the Stock Option Plan effectively resulting in a re-loading of the number of options available to grant under the Stock Option Plan. Options exercisable to acquire 3,785,000 Common Shares (representing approximately 5.80% of the total issued and outstanding Common Shares as of the date of this Circular) are currently outstanding, of which options exercisable to acquire 1,145,455 Common Shares remain subject to ratification by Shareholders (see "Matters to be Acted Upon at Meeting – Ratification of Option Grants"). Assuming approval of both the Stock Option Plan Amendment Resolution and the Stock Option Ratification Resolution, options exercisable to acquire 3,785,000 Common Shares (representing approximately 5.80% of the total issued and outstanding Common Shares as of the date of this Circular) will remain outstanding and an aggregate of options exercisable to acquire 2,739,815 Common Shares (representing approximately 4.20% of the total issued and outstanding Common Shares as of the date of this Circular) will remain available for future grant under the Stock Option Plan as of the date of this Circular.

The purpose of the Stock Option Plan is to attract, retain and motivate Directors, officers, employees and other service providers of the Corporation by providing them with the opportunity, through share options, to acquire a proprietary interest in the Corporation and benefit from its growth. The options granted under the Stock Option Plan are non-assignable and may be granted for a term not exceeding ten years.

Options may be granted under the Stock Option Plan only to Directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The number of Common Shares reserved for issue to any one person pursuant to the Stock Option Plan within any one-year period may not exceed 5% of the outstanding issue. The maximum number of Common Shares that may be reserved for issuance to insiders under the Stock Option Plan together with any other employee stock option plans or options for services, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares that may be issued to insiders under the Stock Option Plan, together with any other previously established or proposed share compensation arrangements, within any one-year period shall be 10% of the outstanding issue. The maximum number of Common Shares that may be issued to any one insider and his or her associates under the Stock Option Plan, together with any other previously established or proposed share compensation arrangements, within a one-year period shall be 5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares issuable pursuant to options that may be granted to any one consultant under the Stock Option Plan together with any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares issuable pursuant to options that may be granted to investor relations persons under the Stock Option Plan together with any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The exercise price of options issued under the Stock Option Plan may not be less than the market price of the Common Shares at the time the option is granted, subject to any discounts permitted by applicable regulatory requirements, subject to a minimum price of $0.10.

DIRECTOR COMPENSATION

Directors who are not officers or employees of the Corporation are entitled to be paid an annual fee of $17,000 and an attendance fee of $500 per meeting (board and committee). The Director who serves as the chairperson of the Audit Committee was also entitled to be paid an extra amount of $4,000 per annum, and the respective Directors who serve as the chairpersons of the Compensation and Human Resources Committee and the Corporate Governance Committee were each entitled to be paid an extra amount of $2,000. Directors who are also officers or employees of the Corporation were not paid any amount as a result of their serving as Directors. Directors are reimbursed for travel and other out of pocket expenses incurred in attending Directors', committee and Shareholders' meetings. Directors are also entitled to receive compensation to the extent that they provide services to the Corporation at rates that would be charged by such Directors for such services to arm's length parties. During the financial year of the Corporation ended December 31, 2018, no such compensation was paid to any Director of the Corporation or any of its subsidiaries. Directors are also entitled to participate in the Stock Option Plan. See "Summary of Stock Option Plan" above.

Director Compensation Table

Set out below is a summary of all compensation provided to the non-executive Directors during the financial year ended December 31, 2018. Each of Mr. Lin and Ms. Ann Siyin Lin, as executive officers of the Corporation, did not receive any compensation for acting as a Director.

Name	Fees earned (1) ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Wencheng Zhang	45,055	Nil	26,000	Nil	N/A	Nil	71,055
Dan Liu	19,413	Nil	26,000	Nil	N/A	Nil	45,413
Hui Cai	21,389	Nil	26,000	Nil	N/A	Nil	47,389
Winfield Ding	25,500	Nil	26,000	Nil	N/A	Nil	51,500

Outstanding Option-Based and Share-Based Awards

The following table sets out, for each non-executive Director, information concerning all option-based and share-based awards outstanding as of December 31, 2018.

	Option-based Awards				**Share-based Awards**		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)(1)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Wencheng Zhang	100,000	1.09	April 13, 2028(2)	Nil	N/A	N/A	N/A
Dan Liu	100,000	1.09	April 13, 2028(2)	Nil	N/A	N/A	N/A
Hui Cai	100,000	1.09	April 13, 2028(2)	Nil	N/A	N/A	N/A
Winfield Ding	200,000 100,000	0.36 1.09	July 31, 2020 April 13, 2028(2)	118,000 Nil	N/A	N/A	N/A

Note:

(1) The value of "unexercised in-the-money" options was calculated using the last traded price of the Common Shares on the TSXV on December 31, 2018 for the year ended December 31, 2018 of $0.95 less the exercise price of the options. "In-the-money" options are options that can be exercised at a profit (i.e., the market value of the Common Shares is higher than the price at which they can be purchased from the Corporation).

(2) These options were set to vest from the day immediately following the successful HK IPO of the Corporation on The Stock Exchange of Hong Kong Limited and were to be exercisable for a period of 3 years from the vesting date. Regardless of the timing of completion of the HK IPO, these options were to automatically expire ten years following the grant date in accordance with the rules of the TSXV. As of the date of this Circular, these options were surrendered to the Corporation for cancellation and are no longer outstanding.

Value Vested or Earned During the Year

The following table sets out, for each non-executive Director, information concerning the value of incentive plan awards – option-based and share-based awards as well as non-equity incentive plan compensation – vested or earned during the financial year ended December 31, 2018.

Name	Option-based awards – Value vested during the Year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Wencheng Zhang	Nil	N/A	N/A
Dan Liu	Nil	N/A	N/A
Hui Cai	Nil	N/A	N/A
Winfield Ding	Nil	N/A	N/A

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's corporate governance disclosure obligations are set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "**National Instrument**"), National Policy 58-201 – *Corporate Governance Guidelines* and NI 52-110. These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. The National Instrument requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines.

Set out below is a description of the Corporation's approach to corporate governance in relation to the Guidelines.

The Board of Directors

The National Instrument defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with such member's independent judgment. In determining whether a particular Director is an "independent director" or a "non-independent director", the Board of Directors considers the factual circumstances of each Director in the context of the Guidelines.

The Board of Directors is currently comprised of six members, a majority of whom are "independent directors" within the meaning of the National Instrument. The four independent Directors are Messrs. Zhang, Liu, Cai, and Ding. Mr. Frederick Wong and Ms. Ann Siyin Lin each have material relationships with the Corporation and are therefore not independent. Mr. Wong is not considered to be independent within the meaning of the National Instrument as a result of his role as a consultant to the Corporation and Ms. Lin is not considered to be independent because of her role as the CEO of the Corporation.

The Chair of the Board of Directors is also the CEO of the Corporation. The Board of Directors considers that this appointment is appropriate and beneficial to the Board of Directors, due to Ms. Lin's extensive knowledge of the Corporation's business and affairs. The Board of Directors believes that it functions independently of management. To enhance its ability to act independently of management, the Board of Directors may meet in the absence of members of management and the non-independent Directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

In connection with all meetings of Shareholders at which Directors are to be elected, the Corporation provides forms of proxy that provide Shareholders with the option of voting in favour of, or withholding from voting for, each individual nominee of the Corporation to the Board of Directors.

The Corporation has not adopted a majority voting policy for director elections which would provide that any nominee for Director who does not receive a greater number of votes "for" his or her election than votes "withheld" from such election would be obliged to tender his or her resignation to the Chair of the Board of Directors following the conclusion of the Corporation's annual meeting of Shareholders. As the Corporation understands that the estate of Mr. Lin beneficially owns in excess of 50% of the outstanding Common Shares, the estate's vote would ensure that a majority voting policy would not require delivery of a resignation by any elected Director if the estate voted in favour of their election. As a result, under the rules of the TSXV, the Corporation is not required to adopt a majority voting policy.

Directorships

Currently, the Directors and Director nominees listed below serve as directors on the boards of directors of the public companies listed beside their name:

Director	Public Company
Frederick Wong	China Infrastructure & Logistics Group Ltd. (HKEx: 1719) Perfect Group International Holdings Limited (HKEx: 3326) Wah Sun Handbags International Holdings Limited (HKEx: 2683)
Winfield Ding	Green Panda Capital Corp. (to be listed on TSXV) Gravitas Financial Inc. (CSE: GFI)

Orientation and Continuing Education

While the Corporation currently has no formal orientation and education program for new members of the Board of Directors, sufficient information (such as recent annual reports, prospectus, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new member of the Board of Directors to ensure that new Directors are familiarized with the Corporation's business and the procedures of the Board of Directors. In addition, new Directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its Directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

Ethical Business Conduct

The Board of Directors meets to ensure that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and the TSXV. The Board of Directors has found that the fiduciary duties placed on individual Directors by the Corporation governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual Director's participation in decisions of the Board of Directors in which the Director has an interest, have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

Nomination of Directors

While there are no specific criteria for membership on the Board of Directors, the Corporation attempts to attract and retain Directors with business knowledge and particular knowledge in other areas (such as finance, accounting, and corporate governance) which provide knowledge which would assist in guiding the officers of the Corporation. The Board of Directors has established the Corporate Governance and Nomination Committee to identify and propose to the Corporation and the Board of Directors from time to time new Director nominees with the assistance of management. As such, nominations tend to be joint efforts by management of the Corporation and the Corporate Governance and Nomination Committee and discussions among the Directors prior to the consideration of the Board of Directors as a whole.

Compensation

The Board of Directors meets on an annual basis for the purpose of reviewing the adequacy and form of compensation of Directors and the CEO to ensure that such compensation reflects the responsibilities, time commitment and risks involved in being an effective Director and/or officer. The Board of Directors has established the Compensation and Human Resources Committee comprised of Hui Cai (Chair), Dan Liu and Winfield Ding which makes recommendations to the Board of Directors with respect to the compensation of Directors and officers of the Corporation. See “Executive Compensation – Compensation and Human Resources Committee” above.

Committees of the Board of Directors

In addition to the Audit Committee and the Compensation and Human Resources Committee, the Board of Directors has established the Corporate Governance and Nomination Committee to assist with its responsibilities, including to approve and monitor any transactions involving the Corporation and "related parties" as that terms is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* as it exists on the date thereof, and to identify and propose to the Corporation and the Board of Directors from time to time new director nominees.

Assessments

The Corporate Governance and Nomination Committee assesses, on an annual basis, the contribution of the Board of Directors as a whole and of each of the individual Directors, in order to determine whether each is functioning effectively.

AUDIT COMMITTEE

NI 52-110 requires the Corporation to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Audit Committee is governed by an audit committee charter, the text of which is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

The Audit Committee during the 2018 fiscal year was comprised of Messrs. Wencheng Zhang, Hui Cai and Winfield Ding, with Mr. Winfield Ding as the chair. Messrs. Zhang, Cai and Ding are considered to be "independent" within the meaning of NI 52-110. Each member of the audit committee is considered to be "financially literate" which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues of the Corporation.

Relevant Education and Experience

Following is a brief summary of the experience of each member and former member of the Audit Committee.

Wencheng Zhang: Mr. Wencheng Zhang has extensive experience in financial matters as a result of his service as CFO of China Jing An Corp. from 1999 to 2002, as Executive Director of Zhuhai Zhang Nan Hui Chemical Corporation from May 2002 to October 2013, as CEO of Zhuhai Fucheng Investment Corporation from October 2013 to March 2019, and as deputy general manager of Beijing Shoujia Lihua Technology Co., Ltd., a position he has held since April 2019.

Hui Cai: Mr. Hui Cai has extensive experience in management and advising companies as a result of his service as a member of the executive management of CNOOC Natural Gas Exploration Co. Ltd. from 1993 to 1999, and as a senior advisor of a branch of China National Offshore Oil Corporation from 2001 to 2015.

Winfield Ding: Mr. Ding is a chartered professional accountant of Ontario working mainly as Chief Financial Officer for a number of public and private companies. He is currently part-time CFO of Sparton Resources Inc., a junior mining company operating in both China and Canada, and CFO of EA Education

Group Inc., a public company listed on the Canadian Securities Exchange. In the last few years he has also served as the CFO for a number of other TSXV-listed public companies.

Pre-Approval Policies and Procedures

The audit committee charter of the Corporation requires the Audit Committee to pre-approve all non-audit services to be provided by the external auditor. In the event that the Corporation wishes to retain the services of the Corporation's external auditor for tax compliance, tax advice or tax planning, the CFO of the Corporation shall consult with the Chair of the Audit Committee, who shall have the authority to approve or disapprove on behalf of the Audit Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Audit Committee as a whole.

Audit Fees

The following chart summarizes the aggregate fees billed by Deloitte for professional services rendered to the Corporation for audit and non-audit related services for the fiscal year of the Corporation ended December 31, 2018 and 2017.

Type of Work	Year Ended December 31, 2018	Year Ended December 31, 2017
Audit fees(1)	$376,030	$334,066
Audit-related fees(2)	$160,475	$57,519
Tax fee(3)	Nil	Nil
All other fees	Nil	Nil
Total	$536,505	$391,585

Notes:

(1) Aggregate fees billed for the Corporation's annual financial statements and services normally provided by the auditor in connection with the Corporation's statutory and regulatory filings.

(2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by regulation, consultation regarding financial accounting and reporting standards and quarterly reviews.

(3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

OTHER BUSINESS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than those set forth in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the Common Shares represented by the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative consolidated financial statements for the years ended December 31, 2018 and 2017 and related and management discussion and analysis. Copies of the following documents may be obtained, without charge, upon request to the Corporate Secretary of the Corporation at CF Energy Corp., Unit 2036 – 32 South Unionville Ave., Markham, Ontario, L3R 9S6: (a) the comparative consolidated financial statements of the Corporation for the financial years ended December 31, 2018 and 2017 together with the accompanying report of the auditor thereon, any interim consolidated financial statements of the Corporation for periods subsequent to December 31, 2018 and the related management's discussion and analysis therefor; and (b) this Circular.

SHAREHOLDER PROPOSALS

Persons entitled to vote at the next annual meeting of the Corporation who wish to submit a proposal for consideration at the meeting, must submit their proposal to the Corporation by the date that is at least three months before July 26, 2020.

CONTACTING THE BOARD

Shareholders, employees and other interested parties may communicate directly with the Board of Directors through the Chair of the Board of Directors by writing to:

Chair of the Board of Directors
CF Energy Corp.
Unit 2036 – 32 South Unionville Ave.
Markham, Ontario
L3R 9S6

APPROVAL OF MATTERS

Unless otherwise noted, approval of matters to be placed before the Meeting is by an ordinary resolution, which is a resolution passed by a simple majority of the votes cast by the Shareholders entitled to vote and present in person or represented by proxy.

DIRECTORS' APPROVAL

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

Dated as of June 24th, 2019

(Signed) Ann Siyin Lin

Ann Siyin Lin
Chief Executive Officer and
Chair of the Board of Directors

SCHEDULE "A"

CF ENERGY CORP.

Charter of the Audit Committee of the Board of Directors

I PURPOSE

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of CF Energy Corp. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;

- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;

- ensure that there is an appropriate standard of corporate conduct for senior financial personnel including, if necessary, adopting a corporate code of ethics;

- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;

- select and monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration;

- provide oversight to related party transactions entered into by the Corporation; and

- provide oversight of all disclosure relating to financing statements, management's discussion and analysis and information derived therefrom.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for advisors employed by the Committee; and

(c) communicate directly with the internal and external auditors.

III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the OSC, the TSX Venture Exchange or any other stock exchange upon which the securities of the Corporation are listed or posted from time to time, the Canada Business Corporations Act and all applicable securities regulatory authorities.

2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.

3. A majority of the members of the Committee shall be "independent" and "financially literate". 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 of Directors of the Corporation, be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of NI 52-110, as set out in Schedule "A" hereto. A "financially literate" director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial.

4. Each member of the Committee shall sit at the pleasure of the Board of Directors, and in any event, only so long as he or she shall be independent. The Committee shall report to the Board of Directors.

5. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, including at least once annually on site in Sanya City prior to the date upon which the annual financial statements of the Corporation are due for filing with applicable regulatory authorities. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.

6. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

7. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

8. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

9. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

10. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

11. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.

12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

IV RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable generally accepted accounting principles ("**GAAP**") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

3. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.

4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including any press releases containing disclosure regarding financial information, that are required to be reviewed by the Committee under any applicable laws or by one of the other Charters before the Corporation publicly discloses this information.

5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.

6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

   (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

11. The Committee shall establish the budget process, which process shall include the setting of spending limits and authorizations and periodical reports from the Chief Financial Officer of actual spending as compared to the budget.

12. The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

B Independent Auditors

1. The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide

oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.

2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

3. The pre-approval of the Committee shall be required prior to undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.

4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.

5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.

6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.

8. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.

9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

10. The Committee shall monitor and assess the relationship between management: and the external auditors and monitor and support the independence and objectivity of the external auditors.

11. The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

C Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

CF ENERGY CORP.

Procedures for Approval of Non-Audit Services

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:

   (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;

   (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

   (c) actuarial services;

   (d) internal audit outsourcing services;

   (e) management functions;

   (f) human resources;

   (g) broker or dealer, investment adviser or investment banking services;

   (h) legal services; and

   (i) any other service that the Canadian Public Accountability Board determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

SCHEDULE "A" TO AUDIT COMMITTEE CHARTER OF CF ENERGY CORP.

Sections 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* ("NI 52-110")

Meaning of Independence (section 1.4 of NI 52-110):

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,
(ii) is an employee of that firm, or
(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,
(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

(a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Additional Independence Requirements for Audit Committee Members (section 1.5 of NI 52-110):

(1) Despite any determination made under section 1.4 of NI 52-110, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Schedule "B"
STOCK OPTION PLAN AMENDMENT RESOLUTION

BE IT RESOLVED THAT:

1. The amendments to the Stock Option Plan of the Corporation (i) from a fixed number of 6,600,000 Common Shares of the Corporation to instead reserve 10% of the issued and outstanding Common Shares of the Corporation from time to time, for issuance to participants under the Stock Option Plan and (ii) to allow that upon exercise of an option the Common Shares which had been reserved to be issued pursuant to that stock option shall become available to be issued upon the exercise of subsequent stock option grants, are hereby approved and ratified.

2. Any Director or officer of the Corporation is hereby authorized to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the above resolutions.

Schedule "C"
STOCK OPTION RATIFICATION RESOLUTION

WHEREAS:

A. The Board of Directors of the Corporation adopted a stock option plan which was approved by the Shareholders of the Corporation on June 4, 2008; and

B. Between August 10, 2017 and April 13, 2018, the Board of Directors granted, subject to the approval of the TSXV and Shareholders of the Corporation, options exercisable to acquire 4,740,000 Common Shares to certain employees, officers, Directors and consultants of the Corporation, of which options exercisable to acquire 1,145,455 Common Shares exceeded the maximum number of Common Shares issuable under the Stock Option Plan and remain outstanding and therefore are subject to ratification by Shareholders (the "**Excess Options**").

BE IT RESOLVED THAT:

1. The Excess Options be and are hereby approved, ratified and confirmed.

2. Any Director or officer of the Corporation is hereby authorized to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the above resolution.

Schedule “D”
STOCK OPTION PLAN

CF ENERGY CORP.
STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the “Plan”) is to authorize the grant to Eligible Persons (as such term is defined below) of CF Energy Corp. (the “Corporation”) of options to purchase common shares (“shares”) of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. ADMINISTRATION

The Plan shall be administered by the board of directors of the Corporation (the “Board”) or a committee established by the Board for that purpose (the “Committee”). Subject to approval of the granting of options by the Board or Committee, as applicable, the Corporation shall grant options under the Plan.

3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of the Corporation which may be issued and sold under the Plan will not exceed 10% of the Corporation’s outstanding shares on the date of grant. If any option is terminated, cancelled, exercised, surrendered for cancellation by an optionee or has expired without being fully exercised, any shares which have been reserved to be issued upon the exercise of the option shall become available to be issued upon the exercise of options subsequently granted under the Plan, provided that any such termination or cancellation or surrender of options shall be conducted in accordance with the applicable rules of any stock exchange upon which the shares of the Corporation are listed. The total number of shares which may be reserved for issuance to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

4. LIMITS WITH RESPECT TO INSIDERS

(a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

(b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one-year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one-year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term “Eligible Person” means:

(a) a senior officer or director of the Corporation or any of its subsidiaries;

(b) either:

(i) an individual who is considered an employee under the Income Tax Act,

(ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or

(iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source,

any such individual, an “Employee”;

(c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a “Company”) or an individual (together with a Company, a “Person”) providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a “Management Company Employee”);

(d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:

(i) is engaged to provide on an on-going bona fide basis, consulting, technical, management or other services to the Corporation or an Affiliate of the Corporation under a written contract;

(ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;

(iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;

(iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and

(v) does not engage in Investor Relations Activities (as hereafter defined) any such individual, a "Consultant";

(e) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an "Investor Relations Consultant"); or

(f) a Person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an "Investor Relations Person").

For purposes of the foregoing, a Company is an "Affiliate" of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term "Investor Relations Activities" means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

(g) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation

(i) to promote the sale of products or services of the Corporation, or

(ii) to raise public awareness of the Corporation,

(iii) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;

(h) activities or communications necessary to comply with the requirements of

(i) applicable securities laws, policies or regulations,

(ii) the rules, and regulations of the TSX Venture Exchange ("TSX-V") or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;

(iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if

(1) the communication is only through the newspaper, magazine or publication, and

(2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or

(3) activities or communications that may be otherwise specified by the TSX-V.

For stock options to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation must represent that the optionee is a bona fide Employee, Consultant, Management Company Employee or Investor Relations Person as the case may be. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the *Securities Act* (Ontario) from time to time. Subject to the foregoing, the Board or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS

(a) The maximum number of stock options which may be granted to any one Consultant under the Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

(b) The maximum number of stock options which may be granted to Investor Relations Persons under the Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

7. PRICE

The purchase price (the “Price”) for the shares of the Corporation under each option shall be determined by the Board or Committee, as applicable, on the basis of the market price, where “market price” shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, “market price" shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days. In the event the shares are listed on the TSX-V, the price may be the market price less any discounts from the market price allowed by the TSX-V, subject to a minimum price of $0.10. The approval of disinterested shareholders will be required for any reduction in the Price of a previously granted option to an insider of the Corporation.

8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding ten years. The shares to be purchased upon each exercise of any option (the “optioned shares”) shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

9. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the Board or the Committee (provided that in no event shall such extension exceed a period of one year), as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade if required (which approval, for greater certainty, is not available under the current regulations of the TSX Venture Exchange)), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the Board or the Committee (provided that in no event shall such extension exceed a period of one year), as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade if required), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 10 below.

10. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one-year next succeeding the optionee's death (unless such period is extended by the Board or the Committee (provided that in no event shall such extension exceed a period of one year), as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade). Before expiry of an option under this paragraph 10, the Board or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the Board, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and/or in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

13. AMENDMENT AND TERMINATION OF THE PLAN

The Board or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

14. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

15. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

16. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

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

17. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the Board or Committee, as applicable, provided that if required by any stock exchange upon which the shares of the Corporation trade, (i) any options granted at a Price calculated as an allowable discount to the applicable market price shall contain such vesting restrictions may be required by such stock exchange; and (ii) any options granted to Investor Relations Consultants must vest in stages over 12 months with no more than $^{1}/_{4}$ of the aggregate number of options granted vesting in any single three month period.

18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

(a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or

(b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the Board or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the Board or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the Board or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

(c) the acquisition by any "offeror" (as defined in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;

(d) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;

(e) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or

(f) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

19. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

20. GOVERNING LAW

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

21. EXPIRY OF OPTION

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