

## **SHOAL POINT ENERGY LTD.**

#1060-1090 West Georgia Street  
Vancouver, BC V6E 3V7  
Tel: 416 637 2181 Fax: 604-681-2310

### **MANAGEMENT INFORMATION CIRCULAR**

(This document contains information as at May 19, 2016 and all amounts are in Canadian dollars, unless otherwise indicated.)

### **GENERAL PROXY INFORMATION**

This Management Information Circular is furnished to the shareholders (the “Shareholders”) of Shoal Point Energy Ltd. (the “Company”) by the management of the Company (the “Management”) in connection with the solicitation of proxies to be voted at the Annual General and Special Meeting (the “Meeting”) of the Shareholders to be held on Thursday, June 23, 2016 at 10:00 a.m. PST at the offices of the Company situated at Suite 1060, 1090 West Georgia Street, Vancouver, BC V6E 3V7.

The solicitation of proxies will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, regular officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

### **APPOINTMENT, VOTING AND REVOCATION OF PROXY**

#### **Appointment**

Any shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the enclosed form of proxy to attend and to vote and act for and on behalf of such person at the Meeting. In order to do so the Shareholder may insert the name of such person in the blank provided in the form of proxy, or may use another appropriate form of proxy. **All proxies must be deposited with Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 no later than 9 am (EST) and 12 noon (PST) on June 21, 2016, or if the meeting is postponed or adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such postponed or adjourned meeting.**

## **Voting**

The common shares of the Company (the “**Common Shares**”) represented by any properly executed proxy in the accompanying form will be voted for or against, or withheld from voting, as the case may be, on any ballot that may be called for in accordance with the instructions given by the Shareholder. **In the absence of such direction, such Common Shares will be voted in favor of the matters set out herein.**

**The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments or variations to matters identified in the notice of Meeting or other matters that may properly come before the Meeting. As of the date hereof, Management is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Company.**

The form of proxy must be signed by the Shareholder or the duly appointed attorney of the Shareholder authorized in writing or, if the Shareholders is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as an attorney of the Shareholder or in some other representative capacity, including an officer of a corporation which is a Shareholder, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Company. A Shareholder or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such Shareholder or by or on behalf of his or her attorney, as the case may be.

## **Revocation**

In addition to revocation in any other manner permitted by law, a proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the registered shareholder or by its attorney authorized in writing, and by depositing such instrument at the office of the transfer agent indicated on the enclosed envelope not later than 5:00 p.m. (Toronto time) on the last business day (which excludes Saturdays, Sundays and statutory holidays in Toronto) before the date of the Meeting (or any adjournment or postponement thereof), or in any other manner permitted by law. However, the revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**A Beneficial Shareholder (as defined below) who has submitted a proxy may revoke it by contacting the intermediary through which the Beneficial Shareholder’s Common Shares are held and following the instructions of the intermediary respecting the revocation of proxies.**

## **Beneficial Holders**

**The information set out in this section is of significant importance to those Shareholders who do not hold shares in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the names of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name of the Canadian Depository for Securities, which acts as nominee for many Canadian broker firms.)

Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. With specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent to the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting.

**A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

All references to shareholders in this Information Circular and the accompanying instrument of proxy and notice of Meeting are to registered shareholders unless specifically stated otherwise.

### **Registered Shareholders**

Registered holders of Common Shares as shown on the shareholders list prepared as of May 19, 2016 (the "**Record Date**") will be entitled to vote such shares at the Meeting on the basis of one vote for each Common Share held.

Registered shareholders may also, rather than returning the proxy received from the Company by mail or hand delivery, elect to submit a form of proxy by use of the telephone or of the Internet. Those registered holders electing to vote by telephone require a touch-tone telephone to transmit their voting preferences.

Registered holders electing to vote by telephone or via Internet must follow the instructions included in the form of proxy received from the Company.

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

Except as otherwise disclosed herein, no: (a) person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year; (b) proposed nominee for election as director of the Company; and (c) associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any of the matters to be acted upon other than the election of directors and the appointment of auditors.

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

As of the Record Date, the Company had outstanding 544,158,743 Common Shares. Each Common Share carries one vote per share. To the knowledge of the directors and officers of the Company, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over securities carrying in excess of 10% of the voting rights to any class of outstanding voting securities of the Company.

Persons registered on the books of the Company at the close of business on the Record Date and persons who are transferees of any shares acquired after such record date and who have produced properly endorsed certificates evidencing such shares or who otherwise establish ownership thereof and demand, not later than 10 days before the Meeting, that their names be included in the list of shareholders, are entitled to vote at the Meeting of the Company.

## **PARTICULARS OF THE MATTERS TO BE ACTED UPON AT THE MEETING**

### **Financial Statements**

The Company's annual audited financial statements for the years ended January 31, 2015 and 2014 have been forwarded to Shareholders, together with the Information Circular. No formal action will be taken at the Meeting to approve the financial statements with the requirements of the Business Corporations Act (*Ontario*) having been met with the advance circulation of the financial statements. If Shareholders have questions respecting the financial statements, the questions will be addressed during the "Other Business" portion of the Meeting.

### **Appointment and Remuneration of Auditors**

Shareholders will be asked to vote for an ordinary resolution to re-appoint Dale Matheson Carr-Hilton LaBonte, Chartered Accountants of Vancouver, British Columbia, as the auditors of the Company until the next annual general meeting of the Shareholders and to authorize the Board to fix their remuneration.

**UNLESS SUCH AUTHORITY IS WITHHELD, PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF DALE MATHESON CARR-HILTON LABONTE, CHARTERED ACCOUNTANTS, LLP, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE SHAREHOLDERS AND TO AUTHORIZE THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION.**

### **Election of Directors**

The directors of the Company are elected at each annual general meeting of the Company and hold office until the next annual general meeting or until their successors are elected or appointed, unless the director's office is earlier vacated in accordance with the Company's Articles or applicable corporate statutes.

The Shareholders will be asked to pass an ordinary resolution to fix the number of directors of the Company at three (3). Management of the Company proposes to nominate each of the following persons for re-election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<b>Nominee Position with the Company and Residence</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Director of the Company Since</b>	<b>Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly</b>	<b>Committee Membership</b>
Mark Jarvis <sup>(4)</sup> British Columbia, Canada CEO and Director	Businessman; Chairman, President and CEO of the Company and President and CEO of Hard Creek Nickel Corp. from January 2004 to present; director of Terra Nova Energy Ltd. since February 2014.	June 28, 2013	17,458,000	Nomination Committee Disclosure Committee Audit Committee
Eric Schneider <sup>(3)</sup> Waterloo, Ontario Director	Partner of Miller Thomson LLP since January 2002.	June 28, 2013	3,106,972	Compensation Committee Audit Committee Nomination Committee Disclosure Committee
Brian Usher-Jones <sup>(2)</sup> <sup>(5)</sup> Toronto, Ontario Director	Merchant banker since 1995	December 16, 2013	4,333,333	Audit Committee Compensation Committee

(1) The information as to security holdings of each director has been provided by the respective proposed directors and nominees and is not within the Company's knowledge.

(2) Chairman of the Audit Committee

(3) Chairman of the Nomination Committee

(4) Chairman of the Disclosure Committee

(5) Chairman of the Compensation Committee

Management recommends shareholders to vote for the nominees for re-election as directors.

**UNLESS SUCH AUTHORITY IS WITHHELD, PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF A RESOLUTION TO ELECT AND APPOINTMENT MARK JARVIS, ERIC SCHNEIDER AND BRIAN USHER-JONES AS DIRECTORS OF THE COMPANY.**

Except as otherwise disclosed in this Information Circular, no director or proposed director of the Company is, or within the ten years prior to the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any Company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Company is, or was, within the ten (10) years before the date of this Information Circular, a director or an executive officer of any Company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

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

**CEASE TRADE ORDERS OR BANKRUPTCIES**

Other than as described below, none of the directors of the Company is, or within the past ten years prior to the date hereof has been, a director or executive officer of any issuer that, while that person was acting in that capacity:

- (a) was subject to a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or senior officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or
- (c) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

**Compensation Discussion and Analysis**

The Compensation Committee of the Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of the Company's executive officers. The Compensation Committee ensures that

total compensation paid to all NEOs is fair and reasonable and is consistent with the Company's compensation philosophy.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Company's compensation philosophy is to foster entrepreneurship at all levels of the organization through, among other things, the granting of stock options, a significant component of executive compensation. This approach is based on the assumption that the performance of the Common Share price over the long term is an important indicator of long term performance.

The Company's compensation philosophy is based on the following fundamental principles:

1. *Compensation programs align with shareholder interests* – the Company aligns the goals of executives with maximizing long term shareholder value;
2. *Performance sensitive* – compensation for executive officers should be linked to operating and market performance of the Company and fluctuate with the performance; and
3. *Offer market competitive compensation to attract and retain talent* – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of highest caliber.

The objectives of the compensation program were developed based on the above mentioned compensation philosophy and are as follows:

- to attract and retain highly qualified executive officers;
- to align the interests of executive officers with shareholders' interests and with the execution of the Company business strategy;
- to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value; and
- to tie compensation directly to those measurements and rewards based on achieving and exceeding pre-determined objectives.

### **Competitive Compensation**

Aggregate compensation for each NEO is designed to be competitive. The Compensation Committee reviews compensation practices of similarly situated companies in determining compensation policy. Although the Compensation Committee reviews each element of compensation for market competitiveness, and it may weight a particular element more heavily based on the NEO's role within the Company, it is primarily focused on remaining competitive in the market with respect to total compensation.

The Compensation Committee reviews from time to time data related to compensation levels and programs of various companies that are similar in size to the Company and to operate within the mining exploration and development industry, prior to making its decisions. These companies are used as the Company's primary peer group because they have similar business characteristics or because they compete with the Company for employees and investors.

The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and short term and long term incentive awards for the Compensation Committee's approval.

### **Aligning the Interests of the NEOs with the Interests of the Company's Shareholders**

The Company believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the NEOs. The Company's objective is to establish benchmarks and targets for its NEOs which, if achieved, will enhance shareholder value.

A combination of fixed salary, option based compensation and cash bonuses are used to motivate executives to achieve overall corporate goals. For the most recent financial year, the components of executive officer compensation program were fixed salary, option based compensation and cash bonus.

Fixed salary comprises a portion for the total cash-based compensation; however, option based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed his or her applicable performance targets; and (ii) market performance of the Company's Common Shares. To date, no specific formula has been developed to assign a specific weighting to each of these components. Instead, the board considers each performance target and the Company's performance and assigns compensation based on this assessment and the recommendation of the Compensation Committee.

### **Base Salary**

The Compensation Committee and the board of directors approve the salary ranges for the NEOs. The base salary review for each NEO is based on the assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers is consistent with the administration of salaries for all other employees.

### **Annual Incentives**

The Company, in its discretion, may award annual incentives in order to motivate executives to achieve short-term corporate goals. The Compensation Committee and the Board approve annual incentives.

The success of NEOs in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Compensation Committee assesses each NEO's performance on the basis of his or her respective contributions to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day to day basis. This assessment is used by the Compensation Committee in developing its recommendations to the Board with respect to the determination of annual bonuses for the NEOs. Where the Compensation Committee cannot unanimously agree, the matter is referred to the full Board for



decision. The Board relies heavily on the recommendation of the Compensation Committee in granting annual incentives.

### Compensation and Measurements of Performance

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, may trigger the award of a bonus payment to the NEO as determined by the Board upon the recommendation of the Compensation Committee. The NEO will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Compensation Committee's and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

### Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the board under the provision of the Plan.

### Summary Compensation Table

Particulars of compensation paid to each NEO in the most recently completed financial year, is set out in the summary compensation table below:

Name & Principal Position	Year Ending	Salary (\$)	Share-based awards (4)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mark Jarvis, <sup>(1)(2)</sup> CEO	January 31, 2016	87,000	Nil	27,470	Nil	Nil	Nil	Nil	114,470
Brian Fiddler, <sup>(3)(4)</sup> CFO	January 31, 2016	68,400	Nil	6,867	Nil	Nil	Nil	Nil	75,267
Leslie Young, <sup>(5)(6)</sup> Corporate Secretary	January 31, 2016	52,800	Nil	8,584	Nil	Nil	Nil	Nil	61,384

- (1) Mark Jarvis was appointed Chief Executive Officer of the Company on June 28, 2013.
- (2) Effective January 1, 2015, Mr. Jarvis' salary was decreased to \$8,000.00 per month, effective May 15, 2015, Mr. Jarvis' salary was decreased to \$7,000.
- (3) Brian Fiddler was appointed as Chief Financial Officer of the Company on June 28, 2013.
- (4) Effective January 1, 2015 Mr. Fiddler's salary was decreased to \$6,000.00 per month, effective May 15, 2015, Mr. Fiddler's salary was decreased to \$5,600.
- (5) Leslie Young was appointed as Corporate Secretary of the Company on June 28, 2013.
- (6) Effective January 1, 2015, Ms. Young's salary was decreased to \$5,000.00 per month, effective May 15, 2015, Ms. Young's salary was decreased to \$4,200.

**Incentive Plan Awards – Officers**

Outstanding Option-Based and Share-Based Awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price <sup>(1)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Mark Jarvis, CEO	8,000,000	\$0.05	Aug.19/21	Nil	2,666,667	Nil
Brian Fiddler, CFO	2,000,000	\$0.05	Aug.19/21	Nil	666,667	Nil
Leslie Young, Corporate Secretary	2,500,000	\$0.05	Aug.19/21	Nil	833,333	Nil

Value Vested or Earned During the Year

Options granted to the NEOs of the Company vest at the time of grant. Because the exercise price of options at the time of the grant is set at or above the market price of the Common Shares on the grant date, the value of these incentive stock option grants at the time of vesting is nil.

## Incentive Plan Awards – Directors

### Outstanding Option-Based Awards and Share-Based Awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Mark Jarvis	8,000,000	\$0.05	Aug.19/21	Nil	2,666,667	N/A
Eric Schneider	7,000,000	\$0.05	Aug.19/21	Nil	2,333,333	N/A
Brian Usher-Jones	5,500,000	\$0.05	Aug.19/21	Nil	1,833,333	N/A

*Note:*

*Calculated using the closing price of the Common Shares on the CSE on January 31, 2016 of \$.005 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.*

### Value Vested or Earned During the Year

Options granted to the independent directors of the Company vest at the time of grant. Because the exercise price of options at the time of grant is set at or above the market price of the Common Shares on the grant date, the value of these incentive stock options at the time of vesting is nil.

### **Long Term Incentive Plan (LTIP) Awards**

The Company currently has no long term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Plan.

### **Stock Appreciation Rights and Restricted Shares**

No stock appreciation rights or restricted shares of the Company were granted by the Company to the NEOs of the Company during the year ended January 31, 2016.

### **Director Compensation Table**

The following table sets forth the details of compensation provided to the directors, other than the Named Executive Officers, during the Company's most recently completed financial year:

Name	Fees Earned	Share-based Awards	Option-based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Eric Schneider <sup>(1)</sup>	Nil	Nil	24,036	Nil	Nil	Nil	24,036
Mark Jarvis <sup>(2)</sup>	Nil	Nil	27,470	Nil	Nil	Nil	27,470
Brian Usher-Jones <sup>(3)</sup>	Nil	Nil	18,885	Nil	Nil	Nil	18,885

- (1) Mr. Schneider was appointed a director of the Company on June 28, 2013.  
(2) Mr. Jarvis was appointed a director of the Company on June 28, 2013.  
(3) Mr. Usher-Jones was appointed a director of the Company on December 16, 2013.

### Pension Plan Benefits

The Company does not have any pension or retirement plans that provide for payment or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans as at the end of the most recently completed financial year:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in column (a)) (c)
Equity compensation plans approved by security holders	43,500,000	\$0.05	10,915,874 <sup>(1)</sup>
Equity compensation plans not approved by security holders	Nil	N/A	N/A
Total	43,500,000	\$0.05	10,915,874

Note: (1) The Plan is a 'rolling' stock option plan whereby the maximum number of Common Shares that may be reserved for issuance to the Plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant.

## **AUDIT COMMITTEE**

Multilateral Instrument 52-110 (“MI 52-110”) requires that certain information regarding the Audit Committee of a ‘venture issuer’ (as that term is defined in MI 52-110) be included in the management information circular sent to shareholders in connection with the issuer’s annual meeting.

### **Audit Committee Charter**

The full text of the charter of the Company’s Audit Committee is attached hereto as Appendix “A”.

### **Composition of the Audit Committee**

The Audit Committee members are as of the date hereof Brian Usher-Jones (Chair), Mark Jarvis and Eric Schneider, each of whom is a director and financially literate in accordance with MI52-110.

### **Relevant Education and Experience**

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Brian Usher-Jones (Chairman) – Member in good standing of the Ontario Institute of Chartered Professional Accountants of Ontario and over 40 years of experience in business and public companies.

Eric Schneider – Member in good standing of the Law Society of Upper Canada and Ontario Bar Association and over 30 years of experience in business and public companies.

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of MI 52-110 (which exempts all non-audit services provided by the Company’s auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor’s annual fees charged to the Company,

are not recognized as a non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or

2. an exemption from the requirements of MI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of MI 52-110.

### **Pre-Approval Policies and Procedures**

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

### **Audit Fees**

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended January 31, 2016 and 2015.

Year Ended	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
January 31, 2016	15,000	Nil	Nil	15,000
January 31, 2015	15,000	Nil	Nil	15,000

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of the review of quarterly financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice and advice related to relocating employees.

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

As of the date hereof, there was no indebtedness owing to the Company by any individuals who at any time during the fiscal period ended January 31, 2016 were directors, executive officers or senior officers of the Company or associates of the foregoing, and none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any subsidiary.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Company's Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company. The Board has confirmed the strategic objective of the Company is the exploration, development, production and acquisition of oil and gas properties located in Canada, specifically in Atlantic Canada.

National Instrument 58-101 (*Disclosure of Corporate Governance Practices*) ("NI 58-101") requires the Company to disclose its corporate governance practices by providing in the Information Circular the disclosure required by Form 58-101F2. NI 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

### Directorships

The following table is a list of directorships in other reporting issuers held by the director(s) of the Company:

Name of Director	Reporting Issuer
Mark Jarvis	Hard Creek Nickel Corporation Terra Nova Energy Ltd.
Eric Schneider	SQI Diagnostics Inc.
Brian Usher Jones	Xplore Technologies (U.S.)

### Orientation and Continuing Education

Due to the size of the Company's current Board, the Board does not have a formal process of orientation or education program for the new members of the Board. However, any new directors will be given the opportunity to: (a) familiarize themselves with the Company, the current directors and members of management; (b) review copies of recently publicly filed documents of the Company, technical reports and the Company's internal financial information; (c) have access to technical experts and consultants; and (d) review a summary of significant corporate and securities legislation. Directors are also given the opportunity for continuing education.

Board meetings may also include presentations by the Company's management and consultants to give the directors additional insight into the Company's business.

### Ethical Business Conduct

The Board has adopted an Insider Trading Policy which has been distributed to its directors, officers, employees and consultants. A copy of the Code is available from the Company on written request.

### **Nomination Committee**

The Nomination Committee is responsible for proposing new nominees to the Board. The Nomination Committee will select individuals with the desired background and qualifications, taking into account the needs of the Board at the time.

The Nomination Committee members are currently Eric Schneider and Mark Jarvis. Eric Schneider is independent. Mark Jarvis is not independent by virtue of his management role with the Company.

### **Compensation Committee**

To determine compensation payable, the Compensation Committee reviews compensation paid for directors and executive officers of companies of similar size and stage of development and determine any appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company.

The Compensation Committee members are currently Eric Schneider and Brian Usher-Jones. All members are independent.

### **Disclosure Committee**

The Disclosure Committee is responsible for ensuring compliance with the Company's corporate disclosure policy, which provides for timely, factual and accurate disclosure of corporate information to security holders and to the public. The members of the Disclosure Committee are currently are Mark Jarvis and Eric Schneider. Mark Jarvis is not independent by virtue of his management role in the Company.

### **Assessments**

Currently the Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the board's decision-making processes and the quality of information provided by management, and among other things:

- overseeing strategic planning
- monitoring the performance of the Company's assets
- evaluating the principal risks and opportunities associated with the Company's business and overseeing the implementation of appropriate systems to manage these risks
- approving specific acquisitions and divestitures
- evaluating senior management
- overseeing the Company's internal control and management information systems

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

No director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the most recently completed financial year or in the current financial year or in any proposed transaction that has materially affected or will materially affect the Company.



## **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

The management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. **However, if other matters which are not known to the management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.**

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may contact the Company in order to request copies of the Company's consolidated financial statements at the offices of the Company at Suite 1060, 1090 West Georgia Street, Vancouver, BC V6E 3V7. Financial information about the Company may be found in the Company's consolidated financial statements and Management's Discussion and Analysis for its most recently completed financial year.

A copy of the stock option plan (the "Plan"), approved at the Company's 2014 annual general and special meeting of shareholders, is available for review at the offices of the Company at Suite 1060-1090 West Georgia Street, Vancouver, BC V6E 3V7 or at Borden Ladner Gervais LLP, 40 King Street West, Toronto, Ontario M5H 3Y4, the registered offices of the Company, during normal business hours up to and including the date of the Meeting.

## **GENERAL**

The contests and the sending of the Notice of Meeting, the Information Circular and related meeting materials to each shareholder of the Company entitled thereto, each director of the Company, the auditor of the Company and, where required, all applicable securities regulatory authorities have been approved by the board of directors of the Company.

Dated at Vancouver, British Columbia this 20<sup>th</sup> day of May, 2016.

***"Mark Jarvis"***

Mark Jarvis, Chairman, Director and Chief Executive Officer

## APPENDIX “A”

### AUDIT COMMITTEE CHARTER

#### Overall Purpose and Objectives

- The audit committee will assist the board in fulfilling its oversight responsibilities.
- The audit committee will review the quarterly and annual financial statements, including the MD&A, prior to the presentation of the statements to the board.
- The audit committee will review the Company’s internal financial reporting system and the audit process, and make recommendations to the board as required.
- In performing its duties, the committee will maintain effective working relations with the board of directors, the management, and the external auditors.
- Each committee member will obtain an understanding of the committee’s responsibilities, and their responsibilities as committee members.

#### Authority

- The board authorizes the audit committee, within the scope of its responsibilities, to:
  1. Seek any information it requires from any employee (and all employees are directed to co-operate with any request made by the audit committee).
  2. Ensure the attendance of Company officers at meetings as appropriate.
  3. Obtain outside legal or other professional advice.
- The audit committee shall recommend to the board their choice for auditor, and the compensation of the auditor <sup>1</sup>.
- The auditor shall report directly to the audit committee <sup>2</sup>.
- The audit committee shall pre-approve any non-audit services to be provided by the auditor <sup>3</sup>.

#### Organization

- The audit committee will consist of (3) members, of which (2) will be independent.
- Members will be appointed for a (1) year term.
- The chairman of the audit committee will be nominated by the board.
- A quorum for any meeting will be (2) members.
- The secretary of the audit committee will be the Company secretary.
- Meetings will be held not less than (4) times a year. Special meetings may be convened as required.
- The meetings will be minuted.
- The auditor may convene a meeting if they consider it necessary.
- The auditor will be invited to at least (1) meeting a year, and invited to make presentations as required.

#### Roles and Responsibilities – Financial Statements

- Review the financial statements and determine whether they are complete and consistent with the information known to the committee members.
- Review the financial statements with respect to appropriate accounting principles.
- Meet with management to review the statements.

- Review the management discussion and analysis to ensure it is understandable and consistent with their knowledge of the financial statements.

#### **Roles and Responsibilities – Annual Audit**

- Review the auditor’s proposed audit scope, and ensure there are no unreasonable restrictions or limitations on the scope.
- Consider the independence of the auditor by reviewing any other services they provide the Company (tax, consulting, etc.).
- Meet with management and the auditors to review the results of the audit.
- Review the performance of the auditors.
- Make recommendations to the board regarding the reappointment of the auditor.
- Meet separately with the auditor to discuss any matters that the committee or the auditors believe should be discussed privately.
- Ensure that significant findings and recommendations made by the auditors are brought to the attention of the full board.
- Ensure that management responds to the recommendations from the auditor.

#### **Roles and Responsibilities – Other**

- Ensure the board is aware of matters which may significantly impact the financial statements or affairs of the Company.
- If necessary, institute special investigations and if deemed necessary, hire special counsel or experts to assist.
- Review and update the charter, and have changes approved by the board.
- Establish procedures for the confidential submission by employees with respect to questionable accounting practices<sup>4</sup>.
- Establish procedures with respect to the treatment of complaints received by the Company regarding accounting or auditing matters<sup>5</sup>.

<sup>1</sup> Mandatory requirement under Multilateral Instrument 52-110, Audit Committees.

<sup>2</sup> Same.

<sup>3</sup> Same.

<sup>4</sup> Mandatory requirement under Multilateral Instrument 52-110, Audit Committees.

<sup>5</sup> Same.