

**PETRO-VICTORY ENERGY CORP.**

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

**WITH RESPECT TO**

**THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON THURSDAY, NOVEMBER 21, 2019**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF PETRO-VICTORY ENERGY CORP. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF PETRO-VICTORY ENERGY CORP. TO BE HELD ON THURSDAY, NOVEMBER 21, 2019.*

**TO BE HELD AT:**

**DLA Piper (Canada) LLP,  
Suite 1000, 250 - 2nd Street SW  
Calgary, Alberta, Canada**

**At 10:00 a.m.**

Dated: October 24, 2019

## PETRO-VICTORY ENERGY CORP.

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

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING** (the “**Meeting**”) of the shareholders of Petro-Victory Energy Corp. (the “**Corporation**”) will be held at the offices of DLA Piper (Canada) LLP, Suite 1000, 250 2nd Street S.W., Calgary, AB, on Thursday, November 21, 2019 at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2018 and the report of the auditor thereon;
2. to fix the number of directors to be elected at the Meeting at five (5);
3. excluding the votes attached to the Restricted Voting Shares (as defined in the management information circular (the “Circular”) that accompanies this Notice of Meeting), to elect the directors for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
5. to consider, and if thought fit, to approve an amendment the Corporation’s memorandum and articles of association permitting the consolidation of the Corporation’s issued and outstanding shares, on the basis of one (1) share for up to fifty (50) share, with the ratio to be determined by the Board, in its sole discretion, at any time within 6 months of the date of such approval, as more particularly set forth in the Circular (with common shareholders and restricted voting shareholders voting independently);
6. to consider, and if thought fit, to approve the ordinary resolution to permit the board of directors, in its sole discretion, to issue up to CDN\$1,000,000 of Common Shares in satisfaction of certain liabilities of the Corporation, with such approval to be on a “majority of the minority” basis and effective for 6 months of the date of such approval, as more particularly set forth in the Circular;
7. to consider, and if deemed advisable, pass, with or without variation and subject to TSX Venture Exchange approval, an ordinary resolution to approve, as more particularly set forth in the Circular, a new stock option plan of the Corporation; and
8. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the Circular.

The record date for the determination of shareholders entitled to receive notice of, and to vote at, the meeting or any adjournments or postponements thereof is October 21, 2019. Shareholders whose names have been entered in the register of shareholders at the close of business on such date will be entitled to receive notice of, and to vote, at the meeting or any adjournments or postponements thereof.

**A shareholder may attend the meeting in person or may be represented by proxy. Shareholders who are unable to attend the meeting (or any adjournments or postponements thereof) in person are requested to complete, date, sign and return the applicable accompanying form of proxy for use at the meeting or any adjournments or postponements thereof.** To be effective, the enclosed form of proxy must be mailed, faxed or submitted online ([www.voteproxyonline.com](http://www.voteproxyonline.com)) so as to reach or be deposited with TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, Ontario M5H 4H1, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the meeting or any adjournments or postponements thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Dated: October 24, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Richard F. Gonzalez”*

**Richard F. Gonzalez  
Chief Executive Officer**

**PETRO-VICTORY ENERGY CORP.  
MANAGEMENT INFORMATION CIRCULAR**

**GENERAL INFORMATION ABOUT THE MEETING**

**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (“MANAGEMENT INFORMATION CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF PETRO-VICTORY ENERGY CORP. (THE “CORPORATION”)** of proxies from the Shareholders (as defined below) for the annual general and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held on Thursday, November 21, 2019 at 10:00 a.m. (Calgary Time) at the offices of DLA Piper (Canada) LLP, Suite 1000, 250 2nd Street S.W., Calgary, AB, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“**Notice of Meeting**”).

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

The board of directors of the Corporation (the “**Board**”) has fixed the close of business on October 21, 2019 as the record date, being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting.

In this Management Information Circular, unless otherwise indicated, all dollar amounts “\$” or “C\$” are to Canadian dollars and references to “US\$” are expressed in United States dollars.

Unless otherwise stated, the information contained in this Management Information Circular is as of October 24, 2019.

**PROXY INSTRUCTIONS**

**Voting of Proxies**

The Corporation’s authorized share capital consists of an unlimited number of Class A voting common shares without par value (the “**Common Shares**”) and an unlimited number of Class B restricted voting shares (the “**Restricted Voting Shares**”, and together with the Common Shares, the “**Shares**”). Each Common Share and Restricted Voting Share entitles the holder thereof (a holder of a Common Share is referred to herein as a “**Common Shareholder**”, a holder of a Restricted Voting Share is referred to herein as a “**Restricted Voting Shareholder**” and, together, the Common Shareholders and the Restricted Voting Shareholders are referred to herein as the “**Shareholders**”) to receive notice of, to attend and to one vote per share held at the Meeting, except that Restricted Voting Shares are not entitled to vote for the election of directors at the Meeting. Because the Restricted Voting Shares are not entitled to vote for the election of directors at the Meeting, holders of Common Shares will receive one form of proxy representing their Common Shares (the “**Common Shares Proxy**”) and holders of the Restricted Voting Shares will receive a different form of proxy representing their Restricted Voting Shares (the “**Restricted Voting Shares Proxy**”).

The Common Shares and the Restricted Voting Shares represented by the accompanying form of Common Shares Proxy and form of Restricted Voting Shares Proxy, respectively (in each case, if the same is properly executed and is received at the offices of TSX Trust Company at the address provided herein, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of

Toronto, Ontario) prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof), will be voted at the Meeting (other than, with respect to the Restricted Voting Shares, on the election of directors of the Corporation), and, where a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the specification made on any ballot that may be called for. **In the absence of such specification, proxies in favor of management will be voted in favor of all resolutions described in this Management Information Circular (other than, with respect to the Restricted Voting Shares, on the election of directors of the Corporation). The enclosed forms of proxy confer discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Annual General and Special Meeting of Shareholders and with respect to other matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.** At the time of printing of this Management Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the forms of proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Appointment of Proxies**

**The persons named (the “Management Designees”) in the enclosed forms of proxy are officers of the Corporation, have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him or her at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed forms of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the offices of TSX Trust Company, at the address provided herein, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof.** Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The Common Shares and the Restricted Voting Shares represented by the Common Shares Proxy and Restricted Voting Shares Proxy, respectively, submitted by a Shareholder will be voted in accordance with the directions, if any, given in such form of proxy to the extent such Shares may be voted at the Meeting.

### **Revocation of Proxies**

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing bearing a later date executed by the Shareholder or by his authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with TSX Trust Company, 301 - 100 Adelaide Street West, Toronto ON M5H 4H1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or at any adjournment thereof. In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting his Shares.

## Advice to Beneficial Holders

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Shares of the Corporation in their own name.** Shareholders who hold their Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Shares in their own name (referred to in this Management Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares or Restricted Voting Shares will be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Shares will, in all likelihood, *not* be registered in the Shareholder’s name. Such Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the forms of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote 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 Shares voted. If you have any questions respecting the voting of 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 Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their 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 Management Information Circular and the accompanying forms of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

This Management Information Circular and the accompanying forms of proxy and Notice of Meeting have been sent directly by the Corporation (through the services of TMX Equity Transfer Services), rather than through an intermediary, to non-objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting*. These securityholder materials are

being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## QUORUM

The memorandum and articles of association of the Corporation (the “**Charter Documents**”) provide that a quorum for any meeting of Shareholders is two or more Shareholders holding not less than five percent of the Shares of the vote at the Meeting, present in person or by proxy.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Charter Documents, which do not place limitations on the business of the Corporation or limit the life of the Corporation, authorize the Corporation to issue an unlimited number of Common Shares, an unlimited number of Restricted Voting Shares, and an unlimited number of preferred shares issuable in series, each without par value. As at the effective date of this Management Information Circular (the “**Effective Date**”), which is October 24, 2019, 271,359,043 Common Shares, 95,535,000 Restricted Voting Shares and nil preferred shares are issued and outstanding as fully paid and non-assessable. No other shares of any other class are issued or outstanding.

Each Common Share and each Restricted Voting Share entitles the holder thereof to receive notice of, to attend and to one vote per Share held at the Meeting (except that Restricted Voting Shares are not entitled to vote for the election of directors at the Meeting) except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

Other than as set out below, to the knowledge of the directors and executive officers of the Corporation, as of October 24, 2019, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying: (1) 10% or more of the voting rights attached to all outstanding Common Shares, voting as a single class; (2) 10% or more of the voting rights attached to all outstanding Restricted Voting Shares, voting as a single class; or (3) 10% or more of the voting rights attached to all outstanding Common Shares and Restricted Voting Shares, voting together as a single class:

<u>Shareholder</u>	<u>Type of Ownership</u>	<u>Number of and % of Common Shares, Voting as a Single Class</u>	<u>Number of and % of Restricted Voting Shares, Voting as a Single Class</u>	<u>Number of and % of Common Shares and Restricted Voting Shares, Voting Together as a Single Class</u>
Harvison Capital Management, LLC	of record and beneficial	19,591,857 (7.22%)	38,399,254 (40.19%)	57,991,111 (15.81%)
Richard F. Gonzalez (Executive Chairman)	of record and beneficial	2,926,504 (1.08%)	57,135,746 (59.81%)	60,062,250 (16.37%)
Fifteen Talents LP	of record and beneficial	57,644,620 (21.24%)	0	57,644,620 (15.71%)

## **Common Shares**

The Common Shares have no par or nominal value. Holders of Common Shares are entitled to one vote for each share on all matters to be voted on by Shareholders at meetings of the Corporation's shareholders (except matters requiring the vote of a specified class or series voting separately as a class or series). Holders of Common Shares will be entitled to receive such dividends, if, as and when declared by the Board out of profits, capital or otherwise, provided that no dividend may be declared or paid in respect of Common Shares unless concurrently therewith the same dividend is declared or paid on the Restricted Voting Shares. All dividends which the Board may declare shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding. On liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its Shareholders for the purpose of winding up its affairs, the holders of Common Shares will be entitled to receive the property of the Corporation remaining after payment of all outstanding debts, on a pro rata basis, together with the holders of Restricted Voting Shares, and subject to the rights, privileges, restrictions and conditions of any other class of shares issued by the Corporation. There are no preemptive or redemption rights attaching to the Common Shares. All Common Shares, when issued, are and will be issued as fully paid and non-assessable shares without liability for further calls or to assessment, other than as permitted by the *BVI Business Companies Act* (British Virgin Islands).

Each Common Share is convertible at the option of the holder thereof into Restricted Voting Shares on a one (1) for one (1) basis, provided always that, at the time of such conversion, the par value per share of each Common Share and Restricted Voting Share is the same. The Common Shares are convertible into Restricted Voting Shares at any time after the date of issuance.

The rights attached to the Common Shares, whether or not the Corporation is being wound-up, may be varied with the consent in writing of all the holders of the Common Shares or with the sanction of a resolution passed by a special majority equal to or greater than 66⅔ percent of the votes cast at a separate meeting of the holders of Common Shares.

## **Restricted Voting Shares**

The Restricted Voting Shares were issued to Harvison Capital Management, LLC and Richard F. Gonzalez, the Chief Executive Officer and Executive Chairman of the Corporation, who are residents of the United States, so that, upon completion of the Corporation's initial public offering, less than 50 percent of the Corporation's Common Shares would be directly or indirectly held of record by residents of the United States and the Corporation would, therefore, meet the definition of a Foreign Private Issuer under the rules of the U.S. Securities and Exchange Commission.

The Restricted Voting Shares are convertible at the option of the holder thereof into Common Shares on a one (1) for one (1) basis, provided always that, at the time of such conversion, the par value per share of each Restricted Voting Share and Restricted Voting Share is the same. The Restricted Voting Shares are convertible into Common Shares at any time after the date of issuance.

The Restricted Voting Shares have no par or nominal value. Holders of Restricted Voting Shares are entitled to one vote for each share on all matters to be voted on by Shareholders at meetings of the Corporation's shareholders (except (i) for matters concerning the nomination and/or election of directors or (ii) matters requiring the vote of a specified class or series voting separately as a class or series). Holders of Restricted Voting Shares will be entitled to receive such dividends, if, as and when declared by the Board out of profits, capital or otherwise, provided that no dividend may be declared or paid in respect of Restricted Voting Shares unless concurrently therewith the same dividend is declared or paid on the Common Shares. All dividends which the Board may declare shall be declared and paid in equal amounts per share on all Restricted Voting Shares at the time outstanding. On liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its Shareholders for the purpose of winding up its affairs, the holders of Restricted Voting Shares will be entitled to receive the property of the Corporation remaining after payment of all outstanding debts, on a pro rata basis, together with the holders of Common Shares, and subject to the rights, privileges,



restrictions and conditions of any other class of shares issued by the Corporation. There are no preemptive or redemption rights attaching to the Restricted Voting Shares. All Restricted Voting Shares, when issued, are and will be issued as fully paid and non-assessable shares without liability for further calls or to assessment, other than as permitted by the *BVI Business Companies Act* (British Virgin Islands).

The rights attached to the Restricted Voting Shares, whether or not the Corporation is being wound-up, may be varied with the consent in writing of all the holders of the Restricted Voting Shares or with the sanction of a resolution passed by a special majority equal to or greater than 66⅔ percent of the votes cast at a separate meeting of the holders of Restricted Voting Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the meeting are those matters set forth in the accompanying Notice of Meeting. **Unless otherwise directed, it is management's intention to vote proxies in favor of the resolutions set forth herein.** All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Shares entitled to vote thereon. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Shares entitled to vote thereon. All approvals by disinterested Shareholders require the approval of the Shareholders not affected by, or interested in, the matter to be approved.

### 1. Report and Financial Statements

Shareholders will receive and consider the audited financial statements of the Corporation for the year ended December 31, 2018, together with the auditor's report thereon.

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

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

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

### 3. Election of Directors

The Corporation currently has five (5) directors and all five (5) of these directors, identified below, are being nominated for re-election. Management is soliciting proxies from the holders of Common Shares, in the accompanying form of Common Shares Proxy, for an ordinary resolution in favor of election as directors of these five individuals.

**Unless a Common Shareholder has specifically instructed in the enclosed form of Common Share Proxy that the Common Shares represented by such proxy are to be withheld, the persons named in the accompanying proxy will vote for the election of the below named directors. The Restricted Voting Shares are not entitled to vote on the election of directors, and therefore the enclosed form of Restricted Voting Shares Proxy does not provide for an instruction with respect to the election of directors.**

Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve

as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the Common Shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director's term of office will expire at the next annual meeting of Shareholders of the Corporation or when his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the memorandum and articles of the Corporation or he becomes disqualified to act as a director of the Corporation.

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

For information regarding compensation, options, equity ownership and current directorships of each of the following persons, please see "EXECUTIVE COMPENSATION" and "CORPORATE GOVERNANCE".

<u>Name and Municipality of Residence</u>	<u>Position with the Corporation</u>	<u>Principal Occupation for Last Five Years<sup>(4)</sup></u>	<u>Director Since</u>	<u>Number and Percentage of Shares Held or Controlled as at the Date of this Management Information Circular</u>
Richard F. Gonzalez <sup>(1)(2)(3)</sup> Dallas, Texas	Chief Executive Officer and Executive Chairman and Director	Chief Executive Officer and Chairman of the Corporation since May 20, 2014. Chief Executive Officer of Crescent Global Oil, LLC since 2003.	May 20, 2014	2,926,504 Common Shares (1.08%) 57,135,746 Restricted Voting Shares (59.81%)
Jonathon G. Weiss <sup>(1)(2)(3)</sup> Glen Rose, Texas	Director	Vice President of Dynamic Production Inc. since 1983.	May 20, 2014	2,387,376 Common Shares (0.88%)
Birken Olson <sup>(1)(2)(3)</sup> Dallas, Texas	Director	Executive Officer of a health care retailer	August 11, 2015	1,298,383 Common Shares (0.48%)
George E. Burch <sup>(2)</sup> Dallas, Texas	Director	Executive Officer of U.S. oil and gas interests, Investments	October 1, 2018	Nil
Charles H. Cotter <sup>(2)</sup> Dallas, Texas	Director	Executive Officer of private equity firm	October 1, 2018	57,644,620 Common Shares (21.24%)

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) Member of the Reserves Committee.
- (4) To the knowledge of the Corporation, each of the companies disclosed under the heading "Principal Occupation for the Last Five Years" is still in business.

**Ownership**

As a group, the directors listed above beneficially own, control or direct, directly or indirectly, 64,256,883 Common Shares (23.68% of the total number of Common Shares), 57,135,746 Restricted Voting Shares (36.42% of the total number of Restricted Voting Shares) and 121,392,629 Shares (33.09% of the total number of Shares) outstanding as of October 24, 2019, before giving effect to the exercise of any convertible securities to purchase Common Shares held by such directors (on a non-diluted basis) and assuming no options or warrants are exercised. The statement as to the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors of the Corporation as a group is based upon information furnished by the directors of the Corporation.

**Cease Trade Orders**

No proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, 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.

### *Bankruptcies*

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

### *Personal Bankruptcies*

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

### *Penalties and Sanctions*

No proposed director has been subject to:

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

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

## **4. Appointment of Auditor**

The auditors of the Corporation are Whitley Penn LLP, Certified Public Accountants, Fort Worth, Texas, who were first appointed as auditors of the Corporation on May 26, 2014. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favor of a resolution appointing Whitley Penn LLP, as auditor of the Corporation for the next ensuing year,** to hold office until the close of the next annual general meeting of Shareholders or until Whitley Penn LLP is removed from office or resigns as provided by the Corporation’s Charter Documents, and the Management Designees also intend to vote the Shares represented by any such proxy in favor of a resolution authorizing the Board to fix the compensation of the auditor.

## 5. Potential Consolidation of Issued and Outstanding Shares

In an effort to attract equity financing in order to fund further operations of the Corporation, management believes that it may be in the best interests of the Corporation to consolidate the Shares.

Common Shareholders will be asked to approve a special resolution authorizing the Board to amend the memorandum and articles of association of the Corporation to consolidate the outstanding Common Shares and Restricted Shareholders will be asked to approve a special resolution authorizing the Board to amend the memorandum and articles of association of the Corporation to consolidate the outstanding Restricted Voting Shares (the “**Consolidation**”), with the timing and exact ratio of the Consolidation to be determined by the Board at a later date in consultation with the Corporation’s financial advisors. Such determination will be subject to a maximum consolidation ratio of up to 50:1 and completion of the Consolidation within 6 months of the date of such approval.

The consolidation of the Restricted Voting Shares will be conditional upon the consolidation of the Common Shares occurring contemporaneously and at the same consolidation ratio. The consolidation of the Common Shares will be conditional upon the consolidation of the Restricted Voting Shares occurring contemporaneously and at the same consolidation ratio.

As of the date hereof, there are 271,359,043 Common Shares and 95,535,000 Restricted Voting Shares outstanding. If approved and implemented at the maximum consolidation ratio of up to 50:1, there will be 5,427,180 Common Shares and 1,910,700 Restricted Voting Shares outstanding.

If approved and implemented, the Consolidation will affect all Shareholders uniformly and will not affect any Shareholder’s percentage ownership interest in the Corporation, except to the extent the Consolidation would otherwise result in a Shareholder owning a fractional Share. No fractional Shares will be issued upon the Consolidation of the Shares. If as a result of the Consolidation a Shareholder becomes entitled to a fractional Common Share, such fraction will be rounded to the nearest whole number.

The Corporation currently has an unlimited number of Common Shares and Restricted Voting Shares available for issuance and the Consolidation will not have any effect on the number of Shares that remain available for future issuance. The exercise or conversion price and the number of Shares issuable under any convertible securities of the Corporation, including convertible debt securities, options and Common Share purchase warrants, will be proportionately adjusted should the Consolidation proceed.

The Consolidation is subject to the receipt of all required regulatory approvals, including acceptance of the TSX Venture Exchange and Shareholder approval. If approved, the Consolidation will be effected at a time determined by the Board, however the resolution also authorizes the Board to revoke the resolution before it is acted on, if the Board determined at a later date it is no longer in the best interests of the Corporation.

In the event the Board does proceed, the Board will set a record date for the Consolidation and announce details of the consolidation process by way of press release, in accordance with the policies of the TSX Venture Exchange.

It will be necessary for the registered Shareholders to return their existing Share certificates to the Corporation or transfer agent following the Consolidation. Registered Shareholders will receive a letter of transmittal explaining how to exchange their Share certificates for new, post-Consolidation Share certificates.

Non-registered Shareholders holding their Shares through a bank, broker, or other nominee should note that such banks, brokers or other nominees may have various procedures for processing the Consolidation. If a Shareholder holds Shares with such a bank, broker or other nominee and has any questions in this regard, the Shareholder is encouraged to contact its nominee.

*Common Shareholder Approval Requirements*

The Board recommends that the Common Shareholders vote “FOR” the resolution approving the Consolidation of Common Shares. **Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favor of the resolution approving the Consolidation.** In order to be passed, not less than  $66^{2/3}$  of the votes cast at the Meeting by Common Shareholders in person or by proxy must be voted in favor of the resolution.

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

**“Be it resolved as a special resolution of the Common Shareholders of Corporation that:**

1. **the Board of Directors be and are hereby authorized to amend the memorandum and articles of association of the Corporation to consolidate (the “Consolidation”) the issued and outstanding class A common shares (“Common Shares”) with the exact ratio to be determined at the discretion of the Board of Directors, provided that: (i) the maximum consolidation ratio shall be 50:1; (ii) the Consolidation shall be completed within 6 months of the date of this resolution; (iii) the Consolidation shall be completed contemporaneously with the consolidation of the issued and outstanding class B restricted voting shares and at the same consolidation ratio; and (iv) the amended and restated memorandum and articles of association, and all amendments to the current memorandum and articles of association effected thereby, be and are hereby approved and the amended and restated memorandum and articles of association be and are hereby adopted in place of and in substitution for the current memorandum and articles of association;**
2. **holders of Common Shares shall not receive fractional Common Shares as a result of the Consolidation and the number of Common Shares held by each holder of Common Shares at the time of the Consolidation shall be rounded to the nearest whole number of Common Shares;**
3. **the Board of Directors may, at its sole discretion, decide to not act on this ordinary resolution without further approval or authorization from the holders of Common Shares of the Corporation; and**
4. **any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution (including, but not limited to, directing the registered agent of the Corporation to make all necessary filings with the Registrar of Corporate Affairs in the British Virgin Islands in respect of the above resolutions including making the filing required by section 13(1) of the BVI Business Companies Act.)”**

*Restricted Voting Shareholder Approval Requirements*

The Board recommends that the Restricted Voting Shareholders vote “FOR” the resolution approving the Consolidation of Restricted Voting Shares. **Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favor of the resolution approving the Consolidation.** In order to be passed, not less than  $66^{2/3}$  of the votes cast at the Meeting by Restricted Voting Shareholders in person or by proxy must be voted in favor of the resolution.

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

**“Be it resolved as a special resolution of the Restricted Voting Shareholders of Corporation that:**

1. **the Board of Directors be and are hereby authorized to amend the memorandum and articles of association of the Corporation to consolidate (the “Consolidation”) the issued and outstanding class B restricted voting shares (“Restricted Voting Shares”) with the exact ratio to be determined at the discretion of the Board of Directors, provided that: (i) the maximum consolidation ratio shall be 50:1; (ii) the Consolidation shall be completed within 6 months of the date of this resolution; (iii) the Consolidation shall be completed contemporaneously with the consolidation of the issued and outstanding class A common shares and at the same consolidation ratio; and (iv) the amended and restated memorandum and articles of association, and all amendments to the current memorandum and articles of association effected thereby, be and are hereby approved and the amended and restated memorandum and articles of association be and are hereby adopted in place of and in substitution for the current memorandum and articles of association;**
2. **holders of Restricted Voting Shares shall not receive fractional Restricted Voting Shares as a result of the Consolidation and the number of Restricted Voting Shares held by each holder of Restricted Voting Shares at the time of the Consolidation shall be rounded to the nearest whole number of Restricted Voting Shares;**
3. **the Board of Directors may, at its sole discretion, decide to not act on this ordinary resolution without further approval or authorization from the holders of Restricted Voting Shares of the Corporation; and**
4. **any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution (including, but not limited to, directing the registered agent of the Corporation to make all necessary filings with the Registrar of Corporate Affairs in the British Virgin Islands in respect of the above resolutions including making the filing required by section 13(1) of the BVI Business Companies Act.)”**

## **6. Approval of Debt Settlement**

In connection with management’s strategy to improve the Corporation’s working capital position, the Corporation intends to enter into a number of shares for debt transactions (the **“Shares for Debt Transactions”**) in order to reduce the indebtedness owed to vendors, directors, officers, and consultants of the Corporation (collectively, the **“Creditors”**) of up to an aggregate of CDN\$1,000,000 to such Creditors, which could result in the Corporation issuing up to 20,000,000 Common Shares at a price of CDN\$0.05 per share, being the lowest price permitted by the TSX Venture Exchange.

The completion of the proposed Shares for Debt Transactions is not subject to the Shareholder approval of the Consolidation. If the Consolidation is not approved the Corporation may still proceed with the Shares for Debt Transactions, subject to the receipt of all required regulatory approvals. Accordingly, Common Shares issued pursuant to the Shares for Debt Transactions may be issued on either a pre-Consolidation or post-Consolidation basis, depending on the timing thereof.

Shareholders are cautioned that there can be no assurance the Creditors will agree to participate in the Shares for Debt Transactions and if so, to what extent. If the Corporation is unable to complete the Shares for Debt Transactions as anticipated, the Corporation may be required to sell assets in order to pay its liabilities.

The Shares for Debt Transactions, if approved by disinterested shareholders, will be subject to TSX Venture Exchange approval at the time of implementation by the Corporation.

#### *Shareholder Approval Requirements*

The resolution approving the Shares for Debt Transactions (the “**Debt Settlement Resolution**”) is being proposed as an ordinary resolution on a “majority of the minority” basis, which requires that the resolution must be approved by at least 50% of the votes cast by the Shareholders present in person or voting by proxy at the Meeting, other than in respect of Shares held by “interested parties” being the directors and officers of the Corporation, with such interested parties holding in the aggregate 138,518,538 (37.75%) Shares (being an aggregate of 81,382,792 Common Shares and 57,135,746 Restricted Voting Shares) which will be excluded from voting. See “*MI-61-101 Matters*”. To the best of the Corporation’s knowledge, all of the Creditors who are interested parties are shareholders of the Corporation.

The Board recommends that the shareholders vote “FOR” the Debt Settlement Resolution. **Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favor of the Debt Settlement Resolution.** In order to be passed, a majority of the votes cast at the Meeting by disinterested Shareholders in person or by proxy must be voted in favor of the resolution.

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

**“Be it resolved as an ordinary resolution of disinterested shareholders of the Corporation that:**

1. **the issuance of up to that number of Common Shares equal to (a) up to CDN\$1,000,000 due by the Corporation to its vendors, directors, officers and consultants of the Corporation divided by (b) the greater of (i) the closing price of the Common Shares on the TSX Venture Exchange on the Transaction Date, (ii) CDN\$0.05, being the minimum effective price per Common Share permitted by the TSX Venture Exchange, and (iii) such other price that the TSX Venture Exchange may require, to vendors, directors, officers and consultants of the Corporation in full and final settlement of the outstanding amounts due by the Corporation to such vendors, directors, officers and a consultant of the Corporation, be and is hereby authorized and approved, provided that the Transaction Date, if any, shall be completed within 6 months of the date of this resolution;**
2. **the Corporation be and is hereby authorized to allot and issue certificates representing up to that number of Common Shares equal to (a) up to CDN\$1,000,000 due by the Corporation to vendors, directors, officers and consultants of the Corporation divided by (b) CDN\$0.05, being the minimum pre-consolidation effective price per Common Share of CDN\$0.05 permitted by the TSX Venture Exchange, to vendors, directors, officers and consultants of the Corporation pursuant to the terms of binding agreements relating to the shares for debt transactions to be executed by such vendors, directors, officers and consultants in favor of the Corporation, and upon the delivery of the executed agreements to the Corporation, such Common Shares shall be allotted and issued as fully paid and non-assessable Common Shares of the Corporation;**
3. **the Board of Directors may, at its sole discretion, decide to pay any portion of the CDN\$1,000,000 amount due by the Corporation to its vendors, directors, officers**

**and a consultant of the Corporation in cash and pay the balance of such amount owing by issuing Common Shares as contemplated by these resolutions;**

- 4. the Board of Directors may, at its sole discretion, decide to not act on this ordinary resolution without further approval or authorization from the shareholders of the Corporation; and**
- 5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution (including, but not limited to, updating the share register of the Corporation and/or directing the registered agent of the Corporation to do the same)."**

#### *MI 61-101 Matters*

The Corporation is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is subject to MI 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and related TSX-V policies. MI 61-101 regulates insider bids, issuer bids, business combinations and related party transactions to ensure equality of treatment among securityholders, generally by requiring enhanced disclosure, minority securityholder approval, and, in certain instances, independent valuations and approvals and oversight of certain transactions by a special committee of independent directors.

MI 61-101 provides that, in certain circumstances, where a "related party" of an issuer is a party to a transaction, such transaction may be considered a "related party transaction" and may be subject to minority approval requirements and formal valuation requirements (as such terms are defined in MI 61-101). If "minority approval" is required, MI 61-101 requires that the Debt Settlement Resolution must be approved by a simple majority of the votes cast by the shareholders voting in person or by proxy, excluding those votes attaching to Shares beneficially owned, or over which control or direction is exercised, by "interested parties", which includes directors and officers of the Corporation who will be considered to have received a "collateral benefit", as such term is defined in MI 61-101, as a consequence of the Shares for Debt Transactions.

The Shares for Debt Transactions may be considered a "related party transaction" for the Corporation within the meaning of MI 61-101 as all of the directors and officers of the Corporation are Creditors that intend to participate in the Shares for Debt Transactions. MI 61-101 provides that, unless exempted, a corporation proposing to carry out a related party transaction is required to prepare a formal valuation in respect of the transaction. The Corporation intends to rely on the exemption from the formal valuation requirement of MI 61-101 pursuant to subsection 5.5(b) of MI 61-101 because the Corporation currently is, and anticipates that at the time the Shares for Debt Transactions will be agreed to, the Corporation will be, listed on the TSX-V. MI 61-101 also requires that, in addition to any other required securityholder approval, in order to complete a related party transaction, the approval of a majority of the votes cast by "minority" shareholders must be obtained, unless an exemption is available or discretionary relief is granted by the applicable securities regulatory authorities. The Corporation believes that it will be entitled to rely on the exemption from the minority approval requirement of MI 61-101 pursuant to paragraph 5.7(b)(ii) because the Common Shares are listed on the TSX-V, the Corporation anticipates that the aggregate fair market value of the securities to be distributed to "interested parties" in connection with the Shares for Debt Transactions will not exceed CDN\$1,000,000 and the Corporation's independent directors have approved the Shares for Debt Transactions. However, notwithstanding the anticipated availability of an exemption from the MI 61-101 requirements for minority approval, the Corporation is seeking such approval.



Therefore, Shares held by the directors and officers of the Corporation, will be excluded from the minority shareholders' vote in respect of the Debt Settlement Resolution. As at the date of this Circular, the Corporation anticipates that votes attached to an aggregate of 138,518,538 (37.75%) Shares (being an aggregate of 81,382,792 Common Shares and 57,135,746 Restricted Voting Shares) will be excluded from voting on the Debt Settlement Resolution. To the best of the Corporation's knowledge, all of the Creditors who are interested parties are shareholders of the Corporation.

## 7. Approval of the New Stock Option Plan

To date, the shareholders of the Corporation have approved the Corporation's "rolling" stock option plan ("**Option Plan**") pursuant to which the number of Common Shares that may be issued upon exercise of stock options ("**Options**") may not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time and such aggregate number of Common Shares automatically increases or decreases as the number of issued and outstanding Common Shares of the Corporation changes.

On October 24, 2019, the Corporation's Board approved a "fixed number" stock option plan (the "**New Plan**"), subject to shareholder approval and TSX Venture Exchange acceptance. The New Plan will limit the granting of option to 73,378,808 which is 20% of the current outstanding Common Shares and Restricted Voting Shares of the Corporation ("**Outstanding Issue**").

As of the date of this Management Information Circular, a total of 27,135,904 Common Shares were reserved for issuance under the Option Plan (10% of the issued and outstanding Common Shares), of which a total of 11,836,246 Common Shares were subject to Options outstanding (being approximately 5.8% of the issued and outstanding Common Shares). As of the date of this Management Information Circular, a total of 61,542,562 Common Shares remained available for issuance upon the exercise of Options which may be granted in the future under the New Plan.

Accordingly, at the Meeting, Shareholders will be asked to consider, and if thought for, to pass an ordinary resolution approving the adoption by the Corporation of said New Plan. In this regard, it is a condition of the TSX Venture Exchange that Shareholders approve the adoption of the New Plan at an annual general meeting, and that they also approve the renewal of the New Plan at each subsequent annual general meeting.

The purpose of the New Plan will be to assist the Corporation in attracting, retaining and motivating directors, officers, employees and consultants of the Corporation and to closely align the personal interests of such directors, officers, employees and consultants with the interests of the Corporation and its shareholders. Options granted under the New Plan would not be assignable and could be granted for a term not exceeding that permitted by the TSX Venture Exchange (currently ten years).

The following summary of the Option Plan is qualified in its entirety by the full text of the Option Plan attached as Schedule "A" hereto. Capitalized terms not defined in this Management Information Circular and used in this summary are defined in the Option Plan.

The New Plan permits the granting of Options to purchase Common Shares to directors, officers, employees of, and consultants to, the Corporation. The New Plan limits the total number of Common Shares that may be issued on exercise of Options outstanding at any time under the Option Plan to 73,378,808 Common Shares (which is 20% percent of the Outstanding Issue on the effective date of the New Plan), subject to the following additional limitations:

- (a) the maximum number of Options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed five percent of the Outstanding Issue, calculated on the date an Option is granted to the Person (unless the Corporation has obtained the requisite disinterested Shareholder approval);

- (b) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders (as a group) at any point in time must not exceed ten percent of the issued Common Shares;
- (c) the grant to Insiders (as a group), within a 12 month period, of an aggregate number of Options must not exceed ten percent of the issued Common Shares, calculated at the date an Option is granted to any Insider;
- (d) the aggregate number of Options granted to any one Consultant in a 12 month period must not exceed two percent of the issued Common Shares, calculated at the date an Option is granted to the Consultant; and
- (e) the aggregate number of Options granted to all Persons retained to provide Investor Relations Activities must not exceed two percent of the issued Common Shares of the Corporation in any 12 month period, calculated at the date an Option is granted to any such Person. Options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 6 months with no more than 1/4 of the options vesting in any three month period.

Each Option and all rights thereunder will expire on the date set out in the applicable option agreement and will be subject to the earlier termination provisions of the New Plan, provided that in no circumstances will the duration of an Option exceed the maximum term prescribed by the TSX Venture Exchange of ten (10) years. Under the New Plan, in the event of the death of a participant, the Options previously granted to such participant will be exercisable only within one (1) year after such death and then only to the extent that such deceased participant was entitled to exercise his Option at the date of his death.

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

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

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

- (a) reduce the exercise price of an Option held by an insider of the Corporation;
- (b) extend the expiry date of an Option held by an insider of the Corporation (subject to such date being extended by virtue of the black-out provision noted above);
- (c) amend the limitations on the maximum number of Common Shares reserved or issued to insiders as defined by the New Plan;
- (d) increase the maximum number of Common Shares issuable pursuant to the Option Plan;  
or
- (e) amend the amendment provisions of the New Plan.

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

Pursuant to the requirements of the TSX Venture Exchange, the grant of unallocated Options pursuant to the Option Plan is required to be approved by Shareholders every year after the institution of the Option Plan.

In accordance with Policy 4.4 of the TSX Venture Exchange, Shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving, adopting and ratifying the New Plan as the Corporation's stock option plan.

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

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

**“Be it resolved as an ordinary resolution of the Corporation that:**

1. **the stock option plan of the Corporation be approved substantially in the form attached as Schedule “A” to the Management Information Circular of the Corporation prepared for the purpose of the Meeting (the “New Plan”) and the New Plan be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;**
2. **the form of the New Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;**
3. **the issued and outstanding stock options previously granted shall be continued under and governed by the New Plan;**
4. **the shareholders of the Corporation hereby expressly authorize the board of directors of the Corporation to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**
5. **any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”**

## 8. Other Business

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

### EXECUTIVE COMPENSATION

Securities legislation requires the disclosure of the compensation received by each “Named Executive Officer” (“**Named Executive Officer**” or “**NEOs**”) of the Corporation for the most recently completed a financial year. “Named Executive Officer” is defined by the legislation to mean: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) each of the Corporation’s three most highly compensated executive officers or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation was, individually, more than CDN\$150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year.

### ROLE AND COMPOSITION OF THE CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

The Corporation’s executive compensation program is administered by the Corporate Governance and Compensation Committee of the Board. The Corporate Governance and Compensation Committee’s mandate includes reviewing and determining or making recommendations to the Board in respect of compensation matters relating to the executive officers, employees and directors, including the Named Executive Officers which are identified in the “– *SUMMARY COMPENSATION TABLE*” below. The Corporate Governance and Compensation Committee is comprised of Charles H. Cotter and George E. Burch. Both of these directors are “independent” for the purposes of NP 58-201.

The skills and experience possessed by members of the Corporate Governance and Compensation Committee acquired as a result of their lengthy and extensive business careers and experience will assist and enable them to make decisions on the suitability of the Corporation’s compensation policies and practice. See the Corporation’s disclosure with respect to Corporate Governance practices set forth under “*CORPORATE GOVERNANCE*” for further information with respect to the Corporate Governance and Compensation Committee.

### COMPENSATION DISCUSSION AND ANALYSIS

#### General

Based on recommendations made by the Corporate Governance and Compensation Committee, the Board makes decisions regarding salaries, short-term incentives (in the form of annual cash awards or “bonuses”) and long-term incentive compensation for Management, it also approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the other members of Management. The Board solicits input from the Chief Executive Officer and the Corporate Governance and Compensation Committee regarding the performance of the Corporation’s other members of Management. Finally, the Board administers the incentive compensation and benefit plans with the assistance of the Corporate Governance and Compensation Committee.

It is important to note that no executive compensation was paid for 2017 or 2016. In July of 2018, the Corporation completed a stock for debt transaction whereby the two remaining officers agreed to relinquish part of their accrued compensation and receive stock for the remaining unpaid compensation.

Subsequent to 2017, executive compensation was accrued for two executive officers in accordance with the employment contracts in place. The third executive officer, the Chief Financial Officer, reverted to a part-time position and compensation.

### **Chief Executive Officer Compensation**

The compensation of the Chief Executive Officer is reviewed annually and determined by the Board as a whole on the recommendation of the Corporate Governance and Compensation Committee. The level of Chief Executive Officer compensation is determined by the Board considering all factors which they deem appropriate, including Chief Executive Officer salaries for companies of comparable size, industry, geography and complexity. The incentive awards are determined by the Board, upon recommendation of the Corporate Governance and Compensation Committee, based on consideration such as the Corporation's overall performance, relative Shareholder returns or other relevant factors.

### **Executive Compensation Principles**

The Corporation's compensation program supports the Corporation's commitment to delivering strong performance for its Shareholders. The compensation policies are designed to attract, recruit and retain quality and experienced people, which are critical to the success of the Corporation, and to motivate their performance in order to achieve the Corporation's strategic objectives. The policies are also designed to align the interests of executive officers and other employees with the long term interests of the Shareholders and enhancement in Share value. The Corporate Governance and Compensation Committee also recognizes that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and gas industry and the impact of internal and market related occurrences from time to time.

The Corporation's executive compensation program includes the following components: (a) base salary; (b) short-term incentive compensation comprised of discretionary and non-discretionary cash bonuses; and (c) long-term incentive compensation comprised of Options (see "*– INCENTIVE PLAN AWARDS*", below). Together, these components support the Corporation's long-term growth strategy and are designed to address the following key objectives of the Corporation's compensation program:

- (a) align executive compensation with Shareholders' interests;
- (b) attract and retain highly qualified Management;
- (c) focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- (d) encourage retention of key executives for leadership succession.

### **Compensation Review Process**

When determining executive compensation, the Corporate Governance and Compensation Committee reviews the compensation practices of various companies which the Corporate Governance and Compensation Committee identifies as companies that compete with the Corporation for executive talent, operate in a similar business environment or are of similar size, scope and complexity. The companies reviewed for comparison purposes to the Corporation changes from time to time as companies are acquired and new companies become publicly traded.

In arriving at recommendations for executive compensation, including the assessment of the competitiveness of the Corporation's compensation practices, compensation information reviewed includes that available in the public domain, through private conversation and from widely available compensation surveys and studies. Additional information in respect to certain positions is also obtained through and during the competitive hiring process of new executives.

In arriving at base salaries and the grant of Options for employees including executive officers of the Corporation, other than the Chief Executive Officer, and Chief Executive Officer of the Corporation reviews the salaries on an annual basis and makes any increases he determines are reasonable in his sole opinion (upon consultation with the Corporate Governance and Compensation Committee).

The Corporate Governance and Compensation Committee determines its recommendation with respect to compensation of the Chief Executive Officer in consultation with the other independent directors. Consultation between the Chief Executive Officer and the Corporate Governance and Compensation Committee is customary during this process. This consultation is usually quite informal. In the case of the grant of Options, the Corporate Governance and Compensation Committee, in consultation with the Chief Executive Officer, makes a recommendation to the Board for consideration and approval.

The Corporation's compensation philosophy has been to encourage the maximization of Shareholder value at all levels of the organization by making cash bonuses a component of compensation, taking into consideration performance by both the Corporation and the respective executive officer. Although no formal bonus plan has been implemented, all executive officers are eligible to receive a bonus. The size of the bonus pool is based on the recommendation of the Corporate Governance and Compensation Committee. In determining the bonus pool size, the Corporate Governance and Compensation Committee considers, among other things, the achievement of goals identified at the beginning of the year, bonus levels at peer companies and overall performance of the Corporation.

Bonus levels in respect of discretionary bonuses for the senior executive officers are established by the Corporate Governance and Compensation Committee and there are no specified targets or criteria set out, although matters, such as the achievement of goals, are considered. The employment agreements of the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer also provide for the payment of non-discretionary bonuses. Establishment and payment of discretionary bonuses is subject to approval of the Board.

### **Elements of Executive Compensation Program**

Each element of the Corporation's executive compensation program is described in more detail below. As previously stated, 2018 salaries and bonuses have been accrued but remain unpaid at the end of 2018. Also, as previously stated, two of the original Corporation's officers have resigned.

#### ***Base Salaries***

The base salary element is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance-based incentive compensation elements are assessed and established. In setting base compensation levels for executive officers, consideration is given to objective factors such as level of responsibility, experience, expertise, achievement of corporate goals and overall corporate performance as well as subjective factors such as leadership.

#### ***Short Term Incentive Compensation – Cash Bonuses***

The Corporation may award discretionary cash bonuses to employees of the Corporation, including executive officers. The Corporation does not have a formal bonus plan and the amount of bonuses paid is not set in relation to any formula or specific criteria but is a result of a subjective determination based on, in the case of non-executive employees, the employee's contribution in adding share value and reducing costs and the employee's contribution to overall corporate goals. In the case of executive officers, including the Chief Executive Officer, such bonus awards are discretionary; however, matters such as achievement of corporate goals and overall corporate performance are considered. No maximum bonus has been established for any executive officer in respect of discretionary bonuses.

### **Long Term Incentive Compensation – Stock Options**

Options are granted under the Option Plan of the Corporation to directors, executive officers, employees, consultants and other service providers of the Corporation and are intended to align such individual's and Shareholder interests by attempting to create a direct link between compensation and Shareholder return. Participation in the Option Plan rewards overall corporate performance, as measured through the price of the Common Shares. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Options granted under the Option Plan are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility and contribution within the Corporation. In considering additional grants, the Corporation evaluates, among other things, the number of Options an individual has been granted, the role the individual plays in the Corporation, the exercise price and value of the Options and the term remaining on those Options. See "PARTICULARS OF MATTERS TO BE ACTED UPON – 5. Annual Approval of the Existing Stock Option Plan" for a description of the Option Plan.

### **Employment Agreements**

As described under "– Termination and Change of Control Benefits", the Corporation has entered into employment agreements with various executive officers of the Corporation, including each of the Named Executive Officers. The employment agreements were entered into in order to ensure continuity of Management and in consideration for the mutual covenants and agreements contained in the agreements. Such agreements expired June 30, 2016 and in lieu of renegotiating such agreements the two remaining officers continued to serve under the same terms as the original agreements, disregarding any guaranteed bonuses previously included in the agreements.

### **Risk Implications Associated with Compensation Policies and Practices**

As described herein, the Corporation's compensation program is administered by the Corporate Governance and Compensation Committee. In carrying out its mandate, the Corporate Governance and Compensation Committee reviews the elements of compensation of the Corporation to identify risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation as well as practices utilized to mitigate any such issues. The Corporate Governance and Compensation Committee concluded that the compensation program and the policies of the Corporation do not encourage its senior executives to take such inappropriate or excessive risks.

### **Restrictions on Purchase of Financial Instruments**

The Corporation's Insider Trading Policy provides that the practice of selling "short" securities of the Corporation and the practice of buying or selling a "call" or "put" or any other derivative security in respect of any securities of the Corporation is not permitted at any time by the directors, officers and employees of the Corporation.

### **Summary**

The Board believes that the Corporation's compensation policies allow the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing Shareholder value. The Corporate Governance and Compensation Committee and the Board continue to review compensation policies to ensure that they are competitive within the oil and natural gas industry and consistent with the performance of the Corporation.

## SUMMARY COMPENSATION TABLE

The following table sets out information concerning the compensation earned from the Corporation by the Named Executive Officers for the fiscal years ended December 31, 2018, 2017, and 2016. The executive employment agreements between the Corporation and each of the Named Executive Officer's became effective upon closing of the Corporation's initial public offering and, therefore, the information provided represents salary, non-discretionary bonuses and other compensation earned between December 31, 2016 and December 31, 2018. A portion of such compensation remains unpaid as of the date of this Circular.

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (US\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(4)</sup>	Total Compensation (\$) <sup>(5)</sup>
					Annual Incentive Plans <sup>(3)</sup>	Long-Term Incentive Plans			
Richard F. Gonzalez Chief Executive Officer and Chairman of the Board	2018	300,000	-	-	-	-	-	20,000	320,000
	2017	300,000	-	-	-	-	-	20,000	320,000
	2016	300,000	-	-	150,000	-	-	20,000	470,000
J. Mark Bronson Chief Financial Officer and Secretary	2018	80,000	-	-	-	-	-	-	80,000
	2017	100,000	-	-	-	-	-	-	100,000
	2016	200,000	-	-	100,000	-	-	-	300,000
Jose Alfredo Ajjam Former Chief Operating Officer	2018	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-
	2016	78,356	-	-	39,178	-	-	-	117,534
Patrick Yeghnazar <sup>(6)</sup> Former Chief Executive Officer	2018	-	-	-	-	-	-	-	-
	2017	185,000	-	-	-	-	-	-	185,000
Richard Lane Chief Operating Officer	2018	200,000	-	-	-	-	-	-	200,000
	2017	200,000	-	26,250	-	-	-	-	226,250

### Notes:

- (1) The executive employment agreements between the Corporation and each of the Named Executive Officer's became effective upon closing of the Corporation's initial public offering and, therefore, the information provided represents salary earned in 2018, 2017 and 2016 whether paid or not.
- (2) Options were awarded by the Corporation as a form of long-term compensation for the applicable grantees. The Corporation follows the fair value method of accounting for all stock-based compensation arrangements. The fair value of the Options granted is based on the Black-Scholes option pricing model, using the following assumptions: (i) risk-free interest rate of 1.07%; (ii) expected life of 3 years; (iii) expected volatility of 52%; (iv) dividend yield of 0% and (v) forfeiture rate of 0%.
- (3) Represents the non-discretionary bonus earned, but unpaid for 2016. The employment agreements of Richard F. Gonzalez, the Chief Executive Officer of the Corporation, J. Mark Bronson, the Chief Financial Officer and Secretary of the Corporation and Jose Alfredo Ajjam, the Chief Operating Officer of the Corporation, provide for a guaranteed bonus of at least an additional 50 percent of the respective officer's annual salary, with the opportunity to earn up to 100 percent of his annual salary. This is in addition to each such executive officer's participation in any discretionary bonus pool established by the Corporation.



- (4) Represents the annual director retainer payable to Mr. Gonzalez. The directors each receive an annual retainer of USD\$20,000, (\$25,000 for the audit committee chairman), with no additional compensation provided for attending meetings of the Board or any meetings of a committee of the Board.
- (5) Total compensation shown does not reflect the voluntary “forgiveness” of a portion of unpaid compensation by Mr. Gonzalez and Mr. Bronson. Mr. Gonzalez relinquished \$341,000 and Mr. Bronson relinquished \$363,000 of accrued salaries and bonuses at the time of the stock for debt transaction in April of 2017.
- (6) Patrick Yeghnazar was appointed as Chief Executive Officer and Director on July 31, 2017. He resigned from both positions effective August 29, 2018.

## INCENTIVE PLAN AWARDS

The executive officers of the Corporation are eligible to receive Options under the Option Plan described above under the heading “*PARTICULARS OF MATTERS TO BE ACTED UPON – 5. Annual Approval of the Existing Stock Option Plan*”.

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

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year. For a description of the Option Plan, see “*PARTICULARS OF MATTERS TO BE ACTED UPON – 5. Annual Approval of the Existing Stock Option Plan*”.

Name and Title	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 <sup>(1)</sup> (\$)	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 (\$)
Richard F. Gonzalez Chief Executive Officer and Chairman of the Board	5,052,056 <sup>(2)</sup>	CDN\$0.05	Ten years from date of grant	Nil	-	-	-
J. Mark Bronson Chief Financial Officer and Secretary	1,883,653 <sup>(3)</sup>	CDN\$0.05	Ten years from date of grant	Nil	-	-	-
Richard Lane Chief Operating Officer	1,250,000	CDN\$0.05	Ten years from date of grant	Nil	-	-	-

#### Notes:

- (1) Based on a 2018 year end Common Share closing price of C\$0.01. Although the Corporation’s financial statements are reported in United States dollars, the Common Shares are listed on the TSX-V, thus trade in Canadian dollars.
- (2) Includes 395,986 Options that were granted to Richard F. Gonzalez in his capacity as a director.
- (3) A total of 437,562 options granted to J. Mark Bronson were voluntarily cancelled on September 15, 2016.

None of the awards disclosed in the table above have been transferred at other than fair market value.

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

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer. For a description of the Option Plan, see “*PARTICULARS OF MATTERS TO BE ACTED UPON – 5. Annual Approval of the Existing Stock Option Plan*”.

<u>Name and Title</u>	<u>Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup></u>	<u>Share-Based Awards - Value vested during the year (\$)</u>	<u>Non-Equity Incentive Plan Compensation - Value earned during the year (\$)</u>
Richard F. Gonzalez Chief Executive Officer and Chairman of the Board	Nil	-	-
J. Mark Bronson Chief Financial Officer and Secretary	Nil	-	-
Richard Lane Chief Operating Officer	Nil	-	-

**Note:**

- (1) Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date. Such dollar value is determined by calculating the difference between the market price of the Common Shares at exercise and the exercise price of the Options under the option-based award on the vesting date.

## PENSION PLAN BENEFITS

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation, through its wholly owned subsidiary, Petro-Victory Energy Service Company (US), has entered into executive employment agreements with each Named Executive Officer. The following is a summary of the material terms and conditions of the agreements for such Named Executive Officers.

### Richard F. Gonzalez

The executive employment agreement with Richard F. Gonzalez, pursuant to which Mr. Gonzalez agreed to serve as the Chief Executive Officer of the Corporation, came into effect upon closing of the Corporation’s initial public offering and will continue until terminated under the terms of the agreement. The agreement with Mr. Gonzalez sets out the duties and terms of his employment, as well as compensation, benefits, and incentives. Under the terms of the agreement, Mr. Gonzalez is entitled to participate in any executive incentive plans of the Corporation. The agreement provides for an annual salary payable to Mr. Gonzalez in an amount of US\$300,000, which amount is subject to annual review by the Board or the Corporate Governance and Compensation Committee.

Mr. Gonzalez’s agreement includes confidentiality, non-solicitation, and non-competition provisions which extend beyond termination of the agreement. The non-solicitation provision extends for 12 months following termination and the non-competition provision extends for 24 months following termination. In the event Mr. Gonzalez’s employment is terminated by the Corporation without cause or by Mr. Gonzalez for good reason, or because of a change of control, as each is defined in the agreement, or by reason of illness, disability or incapacity, Mr. Gonzalez is entitled to receive, due and payable in a lump sum on the fifth day following the date of termination, the portion of his annual salary earned up to the date of termination not already paid, 100 percent of his guaranteed bonus for the year of termination, and in lieu of further salary for periods subsequent to the date of termination, an amount equal to Mr. Gonzalez’s

annual salary plus his guaranteed bonus which would otherwise be payable for the 36 month period following the date of termination. As compensation in lieu of any lost benefits during the prescribed notice of termination period, the Corporation will make an additional payment of 20 percent of the total amount of severance due.

In the event of Mr. Gonzalez's termination, he will also remain entitled to health and medical coverage for 12 months after the termination date. If such coverage is not permitted, the Corporation shall pay Mr. Gonzalez a sum sufficient to obtain coverage to a maximum of US\$10,000. Upon termination, any applicable unvested Options shall immediately vest and become exercisable for a period of one year from the date of termination.

Mr. Gonzalez's agreement also provides that Mr. Gonzalez will dedicate at least 90 percent of his aggregate working time and attention to the business of the Corporation with the other ten percent to be dedicated to Mr. Gonzalez's other business interests.

If, as of December 31, 2018, Mr. Gonzalez's employment had been terminated by the Corporation without cause or by Mr. Gonzalez for good reason, or because of a change of control, as each is defined in the agreement, or by reason of illness, disability or incapacity, Mr. Gonzalez would have been entitled to receive, due and payable in a lump sum on the fifth day following the date of termination, an amount equal to US\$1,630,000 (the Corporation has assumed health and medical coverage for Mr. Gonzalez for a period of 12 months after the termination date would cost US\$10,000 to obtain).

#### **J. Mark Bronson**

The executive employment agreement with J. Mark Bronson, pursuant to which Mr. Bronson agreed to serve as the Chief Financial Officer of the Corporation, came into effect upon closing of the Corporation's initial public offering and was voluntarily cancelled effective January 1, 2017. The agreement with Mr. Bronson set out the duties and terms of his employment, as well as compensation, benefits, and incentives. The agreement provided for an annual salary payable to Mr. Bronson in an amount of US\$200,000 through 2016, which amount was subject to annual review by the Chief Executive Officer. Under the terms of the agreement, Mr. Bronson is entitled to participate in any executive incentive plans of the Corporation. Mr. Bronson reverted to a part-time position effective January 1, 2017.

#### **Richard Lane**

The executive employment agreement with Richard Lane, pursuant to which Mr. Lane agreed to serve as the Chief Operating Officer of the Corporation, was dated April 1, 2017. The agreement was subject to rescission if the Corporation was not able to finalize their initial Brazilian oil and gas acquisition. The acquisition was signed and announced on September 4, 2018. The agreement will continue until terminated under the terms of the agreement. The agreement with Mr. Lane sets out the duties and terms of his employment, as well as compensation, benefits, and incentives. The agreement provides for an annual salary payable to Mr. Lane in an amount of US\$200,000, which amount is subject to annual review by the Chief Executive Officer. Under the terms of the agreement, Mr. Lane is entitled to participate in any executive incentive plans of the Corporation.

Mr. Lane's agreement includes confidentiality, non-solicitation, and non-competition provisions which extend for 12 months beyond termination of the agreement. In the event Mr. Lane's employment is terminated by the Corporation without cause or by Mr. Lane for good reason, or because of a change of control, as each is defined in the agreement, or by reason of illness, disability or incapacity, Mr. Lane is entitled to receive, due and payable in a lump sum on the fifteen day following the date of termination, the portion of his annual salary earned up to the date of termination not already paid, and in lieu of further salary for periods subsequent to the date of termination, an amount equal to Mr. Lane's annual salary for the 12 month period following the date of termination.

If, as of December 31, 2018, Mr. Lane's employment had been terminated by the Corporation without cause or by Mr. Lane for good reason, or because of a change of control, as each is defined in the agreement, or by reason of illness, disability or incapacity, Mr. Lane would have been entitled to receive, due and payable in a lump sum on the fifteenth day following the date of termination, an amount equal to US\$200,000.

### Patrick Yeghnazar

An executive employment agreement similar to Mr. Lane's (described above) was signed with Patrick Yeghnazar effective June 1, 2017. Mr. Yeghnazar agreed to serve as the Chief Executive Officer of the Corporation, and his agreement was also subject to complete rescission prior to completion of the initial Brazilian oil and gas acquisition. On August 29, 2018, Mr. Yeghnazar and the Corporation mutually agreed to rescind the agreement. Mr. Yeghnazar also resigned from the board of directors, and was paid a total of US \$150,000 in full satisfaction of unpaid compensation, fees and expense reimbursements following his resignation.

### Definition of "Change of Control"

The employment agreements define "change of control" as either of the following:

- (a) any change in holding, directly or indirect, of the Common Shares or Restricted Voting Shares after closing of the Corporation's initial public offering, as the result of which a person or group of persons acting jointly or in concert (within the meaning of applicable securities legislation), for the first time, hold an aggregate of 20 percent of the outstanding Common Shares and Restricted Voting Shares, together as a class; or
- (b) the sale to a person, or group of persons acting jointly or in concert (within the meaning of applicable securities legislation), of assets which comprise more than 50 percent of the total assets of the Corporation (measured by fair market value), or of assets which generated during the Corporation's last completed fiscal year, more than 50 percent of the operating income or cash flow of the Corporation.

### DIRECTOR COMPENSATION

The Corporation currently has five (5) directors, one of which, Richard F. Gonzalez (the Chief Executive Officer and the Chairman of the Board) is also Named Executive Officers. For a description of the compensation paid to such Named Executive Officer who also acts as a director of the Corporation, see "EXECUTIVE COMPENSATION", above.

### Director Compensation Table

The following table sets forth information concerning the compensation accrued, but not paid to the directors who are not also officers of the Corporation.

Name	Fees Earned (\$) <sup>(1)</sup>	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Jonathon G. Weiss	20,000	-	-	-	-	-	20,000
Birken Olson	25,000	-	-	-	-	-	25,000
Charles H. Cotter	5,000	-	-	-	-	-	5,000
George E. Burch	5,000	-	-	-	-	-	5,000

**Notes:**

- (1) Represents the director's prorated retainer and, as applicable, Audit Chair fees for the year ended December 31, 2018. No additional compensation will be provided for attending meetings of the Board or any meetings of a committee of the Board. \$35,000 the director fees shown have been accrued but remain unpaid at December 31, 2018.

**Narrative Discussion**

The directors each are to receive an annual retainer of US\$20,000, with no additional compensation provided for attending meetings of the Board or any meetings of a committee of the Board. The Chair of the Audit Committee receives additional compensation of US\$5,000 per year.

**Directors' Outstanding Share-Based Awards and Option-Based Awards**

The directors of the Corporation are eligible to receive stock options under the Corporation's Stock Option Plan described above under the heading "*PARTICULARS OF MATTERS TO BE ACTED UPON – 5. Annual Approval of the Existing Stock Option Plan*".

The following table sets forth, for each director, except for Richard F. Gonzalez, all option-based and share-based awards that were outstanding as of December 31, 2018. For a summary of the Options issued to Mr. Gonzalez, the Chief Executive Officer and Chairman of the Board, that were outstanding as of December 31, 2018, see "*– INCENTIVE PLAN AWARDS – Outstanding Share-Based Awards and Option-Based Awards*", above.

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 <sup>(1)</sup> (\$)	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 (\$)
Jonathon G. Weiss	909,626	CDN\$0.05	Ten years from date of grant	Nil	-	-	-
Birken Olson	500,000	CDN\$0.05	Ten years from date of grant	Nil	-	-	-

**Note:**

- (1) Based on a 2018 year end Common Share closing price of C\$0.01. Although the Corporation's financial statements are reported in United States dollars, the Common Shares are listed on the TSX-V, thus trade in Canadian dollars.

None of the awards disclosed in the table above have been transferred at other than fair market value.

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

The following table sets forth, for each director, except for Richard F. Gonzalez, the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year. For a summary of the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year regarding Mr. Gonzalez, the Chief Executive Officer and Chairman of the Board, see "*– INCENTIVE PLAN AWARDS – Incentive Plan Awards - Value Vested or Earned During the Year*", above.

Name	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Jonathon G. Weiss	Nil	-	-
Birken Olson	Nil	-	-

**Note:**

- (1) Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date. Such dollar value is determined by calculating the difference between the market price of the Common Shares at exercise and the exercise price of the Options under the option-based award on the vesting date.

**Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to US\$10,000 or greater per individual.

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

The following table sets forth all compensation plans under which equity securities of the Corporation are authorized for issuance as of 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 <sup>(2)</sup>	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding outstanding securities reflected in column (a) <sup>(1)</sup> )
(a)	(b)	(c)	
Equity compensation plans approved by securityholders	11,836,246 Common Shares	\$0.05 per Common Share	15,299,658 Common Shares
Equity compensation plans not approved by securityholders	Nil	Nil	58,079,150 Common Shares
Total	11,836,246 Common Shares	\$0.05 per Common Share	73,378,808 Common Shares

**Note:**

- (1) The 20% "fixed" Option Plan was adopted by the Board on October 24, 2019 (see "*PARTICULARS OF MATTERS TO BE ACTED UPON – 5. Approval of the New Stock Option Plan*").
- (2) A total of 1,750,000 options expired unexercised during 2018.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

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

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

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

## **MANAGEMENT CONTRACTS**

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

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

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation maintains directors' and officers' liability insurance for the officers and directors of the Corporation and the Corporation which provides coverage in the amount of US\$10,000,000 in each policy year.

## **AUDIT COMMITTEE**

### **AUDIT COMMITTEE CHARTER**

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. The specific responsibilities of the Audit Committee are set out in the Audit Committee Charter, a copy of which is attached to this Management Information Circular as Schedule "B".

### **COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee consists of Birken Olson (Chair), Jonathon G. Weiss, and Richard F. Gonzalez. Messrs. Olson and Weiss are considered to be "independent" and "financially literate" within the meaning of National Instrument 52-110 – *Audit Committees*.

### **RELEVANT EDUCATION AND EXPERIENCE**

Birken Olson is presently the CEO of a health care retailer. He has co-founded several businesses and has consulted with several companies on business matters. He received a bachelor's degree in Electrical and Computer Engineering from New Mexico State University and a master's in Finance and Entrepreneurship from the Wharton School of Business.

Jonathon G. Weiss is a petroleum engineer with a bachelor's degree from the University of Texas. He has worked primarily with U.S. onshore exploration and production projects.

Charles H. Cotter is the President of Fifteen Talents, Inc. which is the General Partner of Fifteen Talents LP. Fifteen Talents LP is a private equity investment company focused on identifying and investing in companies whose leadership has demonstrated a track record of success coupled with significant growth opportunities in narrowly defined emerging markets. Mr. Cotter has founded several businesses and extensive experience in complex commercial transactions. He earned a Bachelor of Business Administration degree in Marketing from the University of Texas.

George Burch is currently the president of TCL International, Inc. a company developing projects in Latin America. His career has been principally in the oil and gas industry. He was vice president of Sedco Inc.'s Construction Division which included responsibilities for its business in Africa and it's Energy Division which operated worldwide. He has founded and managed a number of companies including one operating in international logistic, oilfield and marine fabrication in the United Arab Emirates, oilfield catering and other businesses. He has a BA degree from Tulane University and an MBA degree from Loyola University.

### AUDIT COMMITTEE OVERSIGHT

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

### RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of National Instrument 52-110 (De Minimis Non-audit Services), or an exemption from National Instrument 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110 – *Audit Committees* (securities regulatory authority exemption).

### 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 Audit Committee Charter.

### EXTERNAL AUDITOR SERVICE FEES

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

<u>Financial Year Ending</u>	<u>Audit Fees (\$)<sup>(1)</sup></u>	<u>Audit Related Fees (\$)<sup>(2)</sup></u>	<u>Tax Fees (\$)<sup>(3)</sup></u>	<u>All Other Fees (\$)<sup>(4)</sup></u>
2018	29,468	Nil	Nil	Nil
2017	30,268	Nil	Nil	Nil

#### Notes:

- (1) "Audit Fees" include the fees paid to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consent, review of security filings and statutory audits.
- (2) "Audit Related Fees" include services that traditionally performed by the auditor. These include due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include the fees for all tax services other than those included in Audit Fees and Audit Related Fees. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audit and appeals, tax advice related to mergers and acquisition, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include fees for assurance procedures in connection with filings statements and information circulars and services related to underwriter's due diligence.



## VENTURE ISSUER EXEMPTION

The Corporation is not required to comply with Part 3 of National Instrument 52-110 (Composition of the Audit Committee) and Part 5 of National Instrument 52-110 (Reporting Obligations) by virtue of the exemption for venture issuers contained in section 6.1 of National Instrument 52-110 - *Audit Committees*.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices which are both in the interest of its Shareholders and contribute to effective and efficient decision making. To achieve this goal, the Corporation has implemented a Board Mandate, a Code of Business Conduct, an Audit Committee Charter, a Whistle Blower Policy, a Corporate Governance and Compensation Committee Terms of Reference, an Insider Trading and Reporting Policy, and a Disclosure and Confidentiality Policy.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), the Corporation is required to disclose its corporate governance practices as summarized below.

### BOARD

Subject to certain exceptions, a director is “independent” within the meaning of NI 58-101 if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Certain types of relationships are, by their nature, considered to be material relationships.

Four of the five members of the Board are considered to be “independent” within the meaning of NI 58-101. Richard F. Gonzalez, the Chief Executive Officer and Executive Chairman is not considered to be “independent”.

The Corporation takes steps to ensure that adequate structures and processes are in place to permit the Board to function independently of Management. The role of the Chair of the Board is to effectively manage and to provide leadership to the Board and to ensure that the policies and procedures adopted by the Board allow the Board to function independent of Management. Where matters arise at meetings of the Board which require decision making and evaluation that is independent of Management and interested directors of the Corporation, directors hold an “*in-camera*” session among the independent and disinterested directors, without Management present at such meeting.

### DIRECTORSHIPS

The following table identifies those persons who are members of the Board as of the date hereof who are presently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction:

<u>Director</u>	<u>Reporting Issuer</u>	<u>Stock Exchange Listing</u>
Jonathon G. Weiss	Doxa Energy Ltd.	TSX Venture Exchange

### ORIENTATION AND CONTINUING EDUCATION

The orientation and continuing education of the directors of the Corporation is the responsibility of the Corporate Governance and Compensation Committee. Given its early stage of development, the Corporation does not currently have any formal orientation and education programs.

New members of the Board receive an orientation package which includes reports and results on operations, a manual containing the policies of the Corporation and copies of all material public disclosure filings. The directors of the Corporation have all been chosen for their specific level of knowledge and expertise. All directors have been provided with materials relating to their duties, roles and responsibilities. In addition, directors are kept informed as to matters impacting, or which may impact, the business of the Corporation through reports and presentations by internal and external presenters at meetings of the Board and during periodic strategy sessions held by the Board.

## **ETHICAL BUSINESS CONDUCT**

The Board has found that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of Management and in the best interests of the Corporation.

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") and a "Whistleblower Policy" wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. A copy of the business Code is available for review on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile.

Additionally, the Corporation has adopted an Anti-Bribery and Corruption policy. The Code and the Anti-Bribery and Corruption policy both apply to the Corporation's employees, officers and directors, and such persons are required to execute a corresponding acknowledgement regarding having read and understood the Code and the Anti-Bribery and Corruption policy and agree to conduct themselves in accordance therewith.

## **NOMINATION OF DIRECTORS**

The members and/or Board, as the case may be pursuant to the Charter Documents, is responsible for approving directors for nomination and election and filling vacancies among the directors. In connection with the nomination or appointment of individuals as directors, the Board considers the competencies and skills required by the Board, the competencies and skills of the existing directors and the appropriate size of the Board.

## **COMPENSATION**

The remuneration of the directors and the Chief Executive Officer of the Corporation is set and periodically reviewed by the Board on the recommendation of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee consists of Charles H. Cotter, George E. Burch both of whom are considered "independent" by the Board.

The Corporate Governance and Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer and director performance and evaluates performance to determine compensation. The Corporate Governance and Compensation Committee also makes recommendations to the Board regarding compensation including incentive and equity-based compensation plans and review director and executive officer compensation disclosure prior to public disclosure. See "**EXECUTIVE COMPENSATION**".

## **OTHER BOARD COMMITTEES**

The Board has established three standing committees: the Audit Committee, the Reserves Committee, and the Corporate Governance and Compensation Committee. The information below summarizes the functions of the Reserves Committee and the Corporate Governance and Compensation Committee in accordance with their charters. For information regarding the Audit Committee, See "*AUDIT COMMITTEE*".

### **Corporate Governance and Compensation Committee**

The Corporate Governance and Compensation Committee consists of Charles H. Cotter and George E. Burch both of whom are considered to be "independent" within the meaning of NI 58-101.

The Corporate Governance and Compensation Committee reviews and makes recommendations to the Board concerning the compensation of the Corporation's directors, Chief Executive Officer and employees, which includes a review of the Corporation's executive compensation and other human resource philosophies and policies, a review and the administration of the Corporation's bonuses, Options and any share purchase plan, a review of and the making of recommendations regarding the performance of the Chief Executive Officer of the Corporation and preparing and submitting a report for inclusion in annual continuous disclosure documents as required.

In addition, the Corporate Governance and Compensation Committee is also responsible for proposing to the Board new nominees to the Board and for assessing current directors on an ongoing basis. The Corporate Governance and Compensation Committee is also responsible for the Corporation's response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities. The Corporate Governance and Compensation Committee is required to convene at least twice annually.

### **Reserves Committee**

The Reserves Committee consists of Jonathon G. Weiss (Chair), Birken Olson and Richard F. Gonzalez. Messrs. Weiss and Olson are considered to be "independent" within the meaning of National Instrument 51-101 – *Standards of Disclosure For Oil and Gas Activities* ("**NI 51-101**").

The purpose of the Reserves Committee is to assist the Board in the discharge of the Board' duties with respect to complying with the requirements contained in NI 51-101. This includes: (a) review, with reasonable frequency, the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities; (b) review the appointment of the independent evaluator under NI 51-101 or any change in such appointment; (c) review the Corporation's procedures for providing information to the independent evaluator with respect to the reserve and resource data (oil and gas reserves and associated future net revenues) of the Corporation that will be made publicly available and filed with the applicable regulatory authorities; (d) meet with Management and the independent evaluator to: (i) determine whether any restrictions affect the ability of the independent evaluator to report on the reserves data without reservation; and (ii) review the reserves data and the report of the independent evaluator; (e) review the annual filings required by NI 51-101 and recommend approval of the contents and the filing of the annual filings to the Board; and (f) review all disclosure made by or on behalf of the Corporation, that the Corporation knows or ought reasonably to know, is or will become available to the public and any document filed with a securities authority to ensure compliance with NI 51-101.

## **ASSESSMENTS**

Given the current stage of development of the Corporation, the Corporation does not yet have any formal policies or procedures in place to assess whether the Board, its committees, and its individual directors are performing effectively. In the event that the business of the Corporation increases in size and scale,

then the Board will determine whether it is appropriate to adopt such policies and procedures and/or engage an outside consulting firm to make recommendations regarding the foregoing.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's audited annual financial statements and management's discussion and analysis as at and for the year ended December 31, 2018.

In addition, copies of the Corporation's audited annual financial statements and management's discussion and analysis as at and for the year ended December 31, 2018, may be obtained, free of charge, upon request to the Corporate Secretary of the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder of the Corporation.

#### **BOARD APPROVAL**

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

**SCHEDULE "A"**  
**STOCK OPTION PLAN**

**SECTION 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) **"Administrator"** means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) **"Associate"** means, where used to indicate a relationship with any person:
  - (i) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
  - (ii) any partner, other than a limited partner, of that person;
  - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
  - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) **"Blackout Period"** means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
- (d) **"Board"** means the board of directors of the Company.
- (e) **"Change of Control"** means the occurrence of any of the following events: (i) the acquisition, directly or indirectly, by any Person or group of Persons acting jointly or in concert, within the meaning of National Instrument 62-104 - *Takeover Bids and Issuer Bids* (or any successor instrument thereto), of a beneficial interest in voting or equity securities of the Company, together with all voting or equity securities of the Company at the time held beneficially, directly or indirectly by such person or persons acting jointly or in concert, equal to more than 50% of the votes associated with the outstanding voting securities of the Company; (ii) a merger, consolidation, plan of arrangement or reorganization of the Company that results in the beneficial, direct or indirect transfer of more than 50% of the total voting power of the resulting entity's outstanding securities to a person, or group of persons acting jointly and in concert, who are different from the person(s) that have, beneficially, directly or indirectly, more than 50% of the total voting power prior to such transaction; (iii) any sale, lease, exchange or other transfer (in one transaction or series of related transactions) of all or substantially all of the Company property and assets, or (iv) the Company's shareholders approving any plan or proposal for the liquidation or dissolution of the Company;
- (f) **"Code"** means the United States *Internal Revenue Code of 1986*, as amended, and any regulations thereunder.

- (g) **"Committee"** means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself.
- (h) **"Company"** means Petro-Victory Energy Corp.
- (i) **"Common Share"** means a common share in the capital of the Company.
- (j) **"Consultant"** means an individual who:
  - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a "distribution" (as that term is described in the Securities Act);
  - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (v) below);
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
  - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a "Consultant Entity"); or
- (vi) for an individual who is not a United States resident, an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (k) **"Disability"** means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability, provided that an Employee, Executive or Consultant will be deemed disabled if he or she has received a Social Security disability award letter indicating that he or she has been determined to be totally disabled by the Social Security Administration.
- (l) **"Employee"** means:
  - (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
  - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing

services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (iii) a corporation wholly-owned by such individual; and
  - (iv) for an individual who is not a United States resident, any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (m) **"Exchange"** means the stock exchange upon which the Company's shares principally trade.
- (n) **"Executive"** means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and
  - (ii) for an individual who is not a United States resident, any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (o) **"Exercise Notice"** means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder.
- (p) **"Exercise Period"** means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (q) **"Exercise Price"** means the price at which an Option is exercisable as determined in accordance with Section 5.3.
- (r) **"Expiry Date"** means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with Sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (s) **"Expiry Time"** means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Calgary, Alberta on the Expiry Date.
- (t) **"Fair Market Value"** means with respect to a Common Share on a particular date, the closing trading price as reported by the Exchange on the immediately preceding trading day; and with respect to a Restricted Voting Share on a particular start date; such closing trading to reflect the fact that one Restricted Voting Share is convertible into one Common Share;
- (u) **"Grant Date"** means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (v) **"Incentive Stock Option"** means an Option that is labelled or described as an Incentive Stock Option and which qualifies as an Incentive Stock Option within the meaning of Section 422(b) of the Code.
- (w) **"Insider"** means an insider as that term is defined in the Securities Act.

- (x) **"Market Value"** means the market value of the Shares as determined in accordance with Section 5.3.
- (y) **"Non-Statutory Stock Option"** means an Option granted to a Holder who is a resident of the United States which is not intended to be or does not qualify as an Incentive Stock Option.
- (z) **"Option"** means a share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company and includes Incentive Stock Options and Non-Statutory Stock Options.
- (aa) **"Option Certificate"** means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (bb) **"Option Holder"** means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (cc) **"Outstanding Issue"** means the number of Common Shares that are outstanding (assuming the conversion of all outstanding Restricted Voting Shares into Common Shares) immediately prior to the Share issuance or grant of Option in question.
- (dd) **"Person or Entity"** means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (ee) **"Personal Representative"** means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (ff) **"Plan"** means this stock option plan as from time to time amended.
- (gg) **"Pre-Existing Options"** has the meaning ascribed thereto in Section 4.1.
- (hh) **"Regulatory Approvals"** means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (ii) **"Regulatory Authorities"** means all organized trading facilities on which the Common Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (jj) **"Regulatory Rules"** means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.



- (kk) **"Restricted Voting Share"** means a class B restricted voting share in the capital of the Company;
- (ll) **"Securities Act"** means the *Securities Act* (Alberta) as from time to time amended.
- (mm) **"Share"** or **"Shares"** means, as the case may be, one or more Common Shares or Restricted Voting Shares in the capital of the Company.
- (nn) **"Stock Appreciation Right"** means a stock appreciation right granted to an Option Holder in connection with an Option granted to the Option Holder under this Plan, entitling the Option Holder to elect, in lieu of exercising the Option to purchase Shares from the Company, to receive a reduced net number of Shares from the Company without paying the Exercise Price otherwise due upon exercise of the Option, as described in Section 5.7 below.
- (oo) **"Subsidiary"** means a wholly-owned or controlled subsidiary corporation of the Company.
- (pp) **"Ten Percent Shareholder Participant"** means a Holder to whom an Incentive Stock Option is granted pursuant to the provisions of the Plan who is, on the date of the grant, the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent, if any, or its subsidiary corporations (as defined in Code Section 424(e)).
- (qq) **"Triggering Event"** means:
- (i) the proposed dissolution, liquidation or wind-up of the Company;
  - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
  - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
  - (iv) a proposed Change of Control of the Company;
  - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
  - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (rr) **"Vest"** or **"Vesting"** means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

## 1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to

the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of Ontario.

### **1.3 Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## **SECTION 2 GRANT OF OPTIONS**

### **2.1 Grant of Options**

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

### **2.2 Record of Option Grants**

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the designation of Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (d) the Grant Date and Expiry Date of the Option;
- (e) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (f) the vesting and other additional terms, if any, attached to the Option; and
- (g) the particulars of each and every time the Option is exercised.

### **2.3 Effect of Plan**

All Options (and accompanying Stock Appreciation Rights) granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option (and accompanying Stock Appreciation Right) will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

### **SECTION 3 PURPOSE AND PARTICIPATION**

#### **3.1 Purpose of Plan**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long-term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long-term investments.

#### **3.2 Participation in Plan**

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted.

#### **3.3 Limits on Option Grants**

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12-month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12-month period, of a number of Options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the Outstanding Issue;
- (c) with respect to Section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12-month period must not exceed 2% of the Outstanding Issue;
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under Section 9.2 of this Plan; and
- (f) the maximum aggregate number of Shares which may be issued upon the exercise of Incentive Stock Options granted pursuant to this Plan shall not exceed 73,378,808 Shares (which is 20% percent of the Outstanding Issue on the effective date of this Plan).

#### **3.4 Notification of Grant**

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

### **3.5 Copy of Plan**

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

### **3.6 Limitation on Service**

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

### **3.7 No Obligation to Exercise**

Option Holders shall be under no obligation to exercise Options.

### **3.8 Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

### **3.9 Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

### **3.10 Representation**

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a bona fide Executive, Employee or Consultant of the Company or any Subsidiary.

## **SECTION 4 NUMBER OF SHARES UNDER PLAN**

### **4.1 Board to Approve Issuance of Shares**

The Committee shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

## **4.2 Number of Shares**

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan (or issuance upon the exercise of Stock Appreciation Rights granted under this Plan), plus any other outstanding incentive stock options of the Company granted pursuant to a previous stock option plan or agreement, will not exceed 20% of the Outstanding Issue. Subject to adjustment as provided for in Article 11 of this Plan, the maximum aggregate number of Shares which may be issued upon the exercise of Incentive Stock Options granted pursuant to this Plan shall not exceed 73,378,808 Shares (which is 20% percent of the Outstanding Issue on the effective date of this Plan).

If Shares issued upon exercise of any Option are surrendered or tendered to the Company in payment of the Exercise Price, such surrendered or tendered Shares shall not become available again under the Plan and the aggregate number of Shares underlying any such exercised Option or Stock Appreciation Right shall not become available again under the Plan.

However, if any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

## **4.3 Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

# **SECTION 5 TERMS AND CONDITIONS OF OPTIONS**

## **5.1 Exercise Period of Option**

Subject to Sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option. No Incentive Stock Option may be granted after ten (10) years from the date of this Plan. The term and expiry date of any Incentive Stock Option granted to a Ten Percent Shareholder Participant shall not exceed five (5) years from Grant Date of such Incentive Stock Option.

## **5.2 Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

## **5.3 Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Common Shares for a particular Grant Date shall be determined as follows:

- (a) for each organized trading facility on which the Common Shares are listed, Market Value will be the greater of the closing trading price of the Common Shares on (i) the day immediately preceding the Grant Date; and (ii) the Grant Date;

- (b) if the Common Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Common Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Common Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (d) if the Common Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Common Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Common Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

The Market Value of the Restricted Voting Shares for a particular Grant Date shall be equal to the the Market Value of the Common Shares (to reflect the fact that one Restricted Voting Share is convertible into one Common Share).

Notwithstanding the foregoing, the Exercise Price of Shares subject to an Incentive Stock Option granted under the Plan to a Ten Percent Shareholder Participant shall be not less than 110% of the fair market value of the Common Shares or Restricted Voting Shares, as applicable, on the Grant Date as determined in good faith by the Committee at the Grant Date.

#### **5.4 Incentive Stock Options**

Incentive Stock Options may only be granted to Employees who are resident in the United States. To the extent that Options designated as Incentive Stock Options become exercisable by a Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000, the portion of such Options which exceeds such amount shall not be treated as Incentive Stock Options but instead shall be treated as Non-Statutory Stock Options. For the purposes of this Section 5.4, Options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the fair market value of Shares shall be determined as of the Grant Date of the Option with respect to such Shares. If the Code is amended to provide for a different limitation than that set forth in this Section 5.4, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as may be required or permitted by such amendment to the Code. If an Option is treated as a Non-Statutory Option in part by reason of the limitation set forth in this Section 5.4, the Holder may designate which portion of such Option the Holder is exercising at any given time. In the absence of such designation, the Holder shall be deemed to have exercised the Incentive Stock Option portion of the Option first. The Company shall have no liability to a Holder, or any other party, if any Option (or any part thereof) intended to be an Incentive Stock Option is not an Incentive Stock Option.

#### **5.5 Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option

Certificate and the date established, if applicable, in paragraphs (a) or (b) below or Sections 6.2, 6.3, 6.4 or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
  - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
  - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR
  
- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
  - (i) termination for cause;
  - (ii) resigning his or her position; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under Section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

## **5.6 Vesting of Option and Acceleration**

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under Section 9.2 of this Plan.

## 5.7 Stock Appreciation Rights

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may, in its discretion, grant Stock Appreciation Rights to any Option Holder granted an Option under this Plan.

Such number of Stock Appreciation Rights shall be no more in number than the number of the Shares then underlying the Option.

Each Stock Appreciation Right shall entitle the Option Holder to surrender to the Company, unexercised, the right to subscribe for Shares pursuant to the related Option.

These Stock Appreciation Rights shall also entitle the Option Holder to elect to exercise the Stock Appreciation Rights at any time during (and only during) the Exercise Period in which the Option Holder would be entitled to exercise the Option to purchase the Shares covered by the Option. Upon such an exercise of the Stock Appreciation Rights related to an Option, the Option Holder shall be entitled to receive from the Company a reduced, net number of Shares from the Company determined by

- (a) subtracting the Exercise Price for the Option from the current Fair Market Value of the Shares (determined as of the date the underlying Shares are issued),
- (b) multiplying the result by the number of Shares with respect to which the Option Holder wishes to exercise the Stock Appreciation Rights (which shall not be greater than the number of Shares the Option Holder would be entitled to purchase by exercising the Option on the same date); and
- (c) dividing the resulting dollar amount by the current Fair Market Value of the Shares.

Upon the exercise of a Stock Appreciation Right in respect of a Share covered by an Option such Option shall be cancelled and shall be of no further force or effect in respect of such Share. Stock Appreciation Rights shall be exercisable by an Option Holder or his or her legal representative only to the extent that the related Option is exercisable. Unexercised Stock Appreciation Rights shall terminate when the related Option is exercised or the Option terminates in accordance with this Plan and the applicable Option Certificate.

## 5.8 Additional Terms

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

## SECTION 6 TRANSFERABILITY OF OPTIONS

### 6.1 Non-transferable

An Incentive Stock Option shall not be assignable or transferable by any Holder and, subject to Section 6.2 hereof, may be exercised during the life of the Holder only by the Holder. An Option other than an Incentive Stock Option are non-assignable and non-transferable, except as provided otherwise in this Section 6.



## **6.2 Death of Option Holder**

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

## **6.3 Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

## **6.4 Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

## **6.5 Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

## **6.6 Deemed Non-Interruption of Engagement**

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

# **SECTION 7 EXERCISE OF OPTION**

## **7.1 Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. At the discretion of the Committee, an Option Holder may also pay all or a portion of the Exercise Price of the Shares through a broker-assisted cashless exercise program described in Section 7.6 below. Notwithstanding anything else contained herein, Options may not be exercised during a Blackout Period unless the Committee determines otherwise.

If the Option Holder has been granted Stock Appreciation Rights with respect to his or her Option pursuant to Section 5.7 above, the Option Holder may elect to exercise the Stock Appreciation Rights to receive a reduced, net number of Shares determined under the terms of Section 5.7 from the Company in lieu of paying the Exercise Price otherwise due upon exercise of the Option.

## **7.2 Blackout Period**

Notwithstanding the foregoing, except in the case of Incentive Stock Options, if an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to Section 5.5(a)(i), (ii) or (iii) or Section 5.5(b)(i), (ii) or (iii) above) within or immediately after a Blackout Period, the Holder may elect for the term of such Option to be extended to the date which is ten (10) business days after the last day of the Blackout Period.

## **7.3 Issue of Share Certificates**

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Share Certificate.

## **7.4 No Rights as Shareholder**

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificates, the decision of the Committee shall be final, conclusive and binding.

## **7.5 Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option or related Stock Appreciation Rights must, in addition to following the procedures set out in 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts;
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded; or
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

## **7.6 Cashless Exercises**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may, in its discretion, implement such procedures and conditions as the Committee and Administrator determine to be appropriate to establish a broker-assisted cashless exercise program under which an Option Holder may elect to pay all or any portion of the aggregate Exercise Price for the Shares being purchased pursuant to the exercise of the Option, by:

- (a) providing the Administrator with irrevocable instructions to the Company to deliver the aggregate number of Common Shares to be issued to the Option Holder upon such exercise (and, if applicable, upon the conversion of the Option Holder's Restricted Voting Shares into Common Shares) to a broker acceptable to the Company for the Option Holder's account,
- (b) delivering instructions to the broker to promptly sell a portion of the Common Shares sufficient to pay the designated portion of the Exercise Price for the Shares being purchased;
- (c) providing the broker with irrevocable instructions to immediately deliver a portion of the proceeds of the Shares equal to the designated portion of the Exercise Price for the Shares (plus any amounts required for any tax withholding obligations) to the Company on the Option Holder's behalf.

## **SECTION 8 ADMINISTRATION**

### **8.1 Board or Committee**

The Plan shall be administered by the Administrator with oversight by the Committee.

### **8.2 Powers of Committee**

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value and Fair Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
  - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
  - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);

- (iii) subject to any necessary Regulatory Approvals and Section 9.2, amend the terms of any Options;
  - (iv) determine when Options shall be granted;
  - (v) determine the number of Shares subject to each Option;
  - (vi) to designate Options as Incentive Stock Options or Non-Statutory Options, as applicable; and
  - (vii) determine whether or not to grant Stock Appreciation Rights with respect to the Shares subject to each Option.
- (h) accelerate the vesting schedule of any Option previously granted; and
  - (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

### **8.3 Administration by Committee**

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

### **8.4 Interpretation**

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## **SECTION 9 APPROVALS AND AMENDMENT**

### **9.1 Shareholder Approval of Plan**

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

### **9.2 Amendment of Option or Plan**

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder;

then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

## **SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES**

### **10.1 Compliance with Laws**

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates representing such Shares accordingly.

### **10.2 Regulatory Approvals**

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under Section 9.2 of this Plan.

### **10.3 Inability to Obtain Regulatory Approvals**

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

## **SECTION 11 ADJUSTMENTS AND TERMINATION**

### **11.1 Termination of Plan**

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan.

### **11.2 No Grant During Suspension of Plan**

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

### **11.3 Alteration in Capital Structure**

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of

each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this Section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company.

Any adjustment made to any Options pursuant to this Section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of Section 9.2 of this Plan.

#### **11.4 Triggering Events**

Subject to the Company complying with Section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of Section 9.2 of the Plan.

#### **11.5 Notice of Termination by Triggering Event**

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

#### **11.6 Determinations to be Made By Committee**

Adjustments and determinations under this Section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

## SCHEDULE A

Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert the date that is 4 months and a day after the distribution date].

### PETRO-VICTORY ENERGY CORP.

#### STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the "**Plan**") of Petro-Victory Energy Corp. (the "**Company**") and evidences that ♦ [Name of Option Holder] is the holder (the "**Option Holder**") of an option (the "**Option**") to purchase up to ♦ Common Shares/ Restricted Voting Shares (the "**Shares**") in the capital stock of the Company at a purchase price of CDN/USD\$♦ per Share (the "**Exercise Price**") and an equal number of Stock Appreciation Rights (as defined in the Plan). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Calgary, Alberta (the "**Expiry Time**") on the following Expiry Date:

- (a) the Grant Date of this Option is ♦, 20♦; and
- (b) subject to Sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is ♦, 20♦.

To exercise this Option (and accompanying Stock Appreciation Rights), the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Option Certificate and the Option (and accompanying Stock Appreciation Rights) evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

**[Include legends prescribed by Regulatory Authorities, if required.]**

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, of the United States of America (the "Act") or the securities laws of any state ("State") of the United States of America and may not be sold, transferred, pledged, hypothecated or distributed, directly or indirectly, to a U.S. person (as defined in Regulation S adopted by the U.S. Securities and Exchange Commission under the Act) or within the United States unless such securities are (i) registered under the Act and any applicable State securities act (a "State Act"), or (ii) exempt from registration under the Act and any applicable State Act and the Company has received an opinion of counsel to such effect reasonably satisfactory to it, or (iii) sold

in accordance with Regulation S and the Company has received an opinion of counsel to such effect reasonably satisfactory to it."

**PETRO-VICTORY ENERGY CORP.**

\_\_\_\_\_  
Authorized Signatory

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date signed:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_



**OPTION CERTIFICATE - SCHEDULE**

**[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]**

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

The Options will not be exercisable unless and until they have vested and then only to the extent that they have vested. The Options will vest in accordance with the following:

- ◆ Shares (◆%) will vest and be exercisable on or after the Grant Date;
- ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];
- ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];
- ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];

Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.5(a) or 5.5(b) of the Plan, the Expiry Date of the Option shall be ◆ **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

Type of Option  
(U.S. Employees only):

\_\_\_\_\_ Incentive Stock Option  
\_\_\_\_\_ Non-Statutory Stock Option

**SCHEDULE B**

**PETRO-VICTORY ENERGY CORP.**

**STOCK OPTION PLAN**  
**NOTICE OF EXERCISE OF OPTION**

TO: Petro-Victory Energy Corp. (the "**Company**")

Pursuant to the Company's Stock Option Plan (the "**Plan**"), the undersigned hereby gives an irrevocable notice of the exercise of the options (the "**Options**") or Stock Appreciation Rights evidenced by the Option Certificate (attached hereto) (the "**Option Certificate**") to (pick one of Cash Exercise of Options or Stock Appreciation Rights):

**Cash Exercise of Options**

purchase shares in the capital of the Company that are issuable pursuant to the Options (the "**Option Shares**") and hereby (circle one):

- (a) subscribes for *all* of the Option Shares; or  
(b) subscribes for \_\_\_\_\_ number of Option Shares.

The Exercise Price per Option is \_\_\_\_\_ and the aggregate Exercise Price for all of the Options being exercised is \_\_\_\_\_ (the "**Aggregate Exercise Price**").

**Payment:** With this notice, the undersigned is delivering the Aggregate Exercise Price by *certified cheque* or *bank draft* payable to Petro-Victory Energy Corp. or *wire transfer* to an account specified by the Company.

**OR**

**Stock Appreciation Rights** (or commonly referred to as "**cashless exercise**")

exercise Stock Appreciation Rights ("**SARs**") in respect of the Options and hereby (circle one):

- (a) subscribes for *all* of the SARs Shares (defined below); or  
(b) subscribes for \_\_\_\_\_ SARs Shares (defined below);

and hereby surrenders the same number of unexercised Options under the Option Certificate.

The number of shares delivered by the Company pursuant to a SARs exercise (the "**SARs Shares**") will be calculated based on the Fair Market Value (as defined in the Plan) on the day the SARs Shares are issued (the "**FMV**") as follows (fractional rounded down to the nearest whole number):

$$\frac{(\text{FMV} - \text{Exercise Price}) * \# \text{ of SARs exercised}}{\text{FMV}}$$

**DELIVERY:**

The undersigned requests that the Company registers and delivers the Option Shares/SARs Shares to the address below:

Registration Name and Address:

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Mailing Address (if different):

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Dated:

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(Signature of the Option Holder)

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(Name of the Option Holder - in block letters)

**SCHEDULE “B”  
AUDIT COMMITTEE CHARTER AND RELATED DISCLOSURE**

**ROLE AND OBJECTIVE**

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Petro-Victory Energy Corp. (the “**Corporation**”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of Director approval, the audited financial reports and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiary, are as follows:

- (a) To assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial reports of the Corporation and related matters;
- (b) Provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the Board;
- (c) To ensure the external auditors’ independence and review and appraise their performance;
- (d) To increase the credibility and objectivity of financial reports; and
- (e) To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

**COMPOSITION**

The Committee shall be comprised of at least three directors as determined by the Board, the majority of whom shall be independent directors as defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) and pursuant to the policies of the Exchange. “Independent” generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being “financially literate” means members have the ability to read and understand a set of 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 Corporation’s financial statements. For the purposes of this Committee charter, the definition of “financially literate” is the ability to read and understand a set of financial reports 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 presumably be expected to be raised by the Corporation’s financial reports.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

**MEETINGS**

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.

The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

The Controller, Treasurer and/or such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

### **MANDATE AND RESPONSIBILITIES**

To fulfill its responsibilities and duties, the Committee shall:

- (a) undertake annually a review of this mandate and make recommendations to the Corporate Governance Committee as to proposed changes;
- (b) satisfy itself on behalf of the Board with respect to the Corporation's internal control systems, including, where applicable, relating to derivative instruments:
  - (i) identifying, monitoring and mitigating business risks; and
  - (ii) ensuring compliance with legal and regulatory requirements;
- (c) review the Corporation's financial reports, management discussion and analysis ("**MD&A**"), any annual earnings, interim earnings and press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:
  - (i) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial reports;
  - (ii) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (iii) reviewing accounting treatment of unusual or non-recurring transactions;
  - (iv) ascertaining compliance with covenants under loan agreements;
  - (v) reviewing financial reporting relating to asset retirement obligations;
  - (vi) reviewing disclosure requirements for commitments and contingencies;
  - (vii) reviewing adjustments raised by the external auditors, whether or not included in the financial reports;
  - (viii) reviewing unresolved differences between management and the external auditors;
  - (ix) obtain explanations of significant variances with comparative reporting periods; and
  - (x) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;
- (d) review the financial reports and related information included in prospectuses, MD&A, information circular-proxy statements and annual information forms, prior to Board approval;
- (e) with respect to the appointment of external auditors by the Board:
  - (i) require the external auditors to report directly to the Committee;
  - (ii) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation;
  - (iii) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming

- their independence from the Corporation;
- (iv) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
  - (v) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (vi) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;
  - (vii) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
  - (viii) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
  - (ix) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors; and
  - (x) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial reports;
- (f) review all public disclosure containing audited or unaudited financial information before release;
  - (g) review financial reporting relating to risk exposure;
  - (h) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial reports and periodically assess the adequacy of those procedures;
  - (i) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
  - (j) review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial reports of the Corporation and its subsidiaries;
  - (k) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors and consider the impact on the independence of the auditors; The pre-approval requirement is waived with respect to the provision of non-audit services if:
    - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent (5%) of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
    - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
    - (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members

of the Board to whom authority to grant such approvals has been delegated by the Committee;

provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee;

- (l) review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it;
- (m) with respect to the financial reporting process:
  - (i) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;
  - (ii) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
  - (iii) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;
  - (iv) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;
  - (v) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
  - (vi) review any significant disagreement among management and the external auditors regarding financial reporting;
  - (vii) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
  - (viii) review the certification process;
  - (ix) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (x) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

## **AUTHORITY**

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.