

**Shoal Point Energy Ltd. (“the Company”)
Form 51-102F6V
Statement of Executive Compensation – Venture Issuers**

Director and Named Executive Officer Compensation, excluding Compensation Securities

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

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Mark Jarvis President & CEO ⁽¹⁾	2016	\$87,000	\$Nil	\$Nil	\$Nil	\$27,470	\$114,470
	2015	\$118,000	\$Nil	\$Nil	\$Nil	\$39,132	\$157,132
Brian Fiddler CFO ⁽²⁾	2016	\$68,400	\$Nil	\$Nil	\$Nil	\$6,867	\$75,267
	2015	\$94,000	\$Nil	\$Nil	\$Nil	\$9,783	\$103,783
Leslie Young Corporate Secretary ⁽³⁾	2016	\$52,800	\$Nil	\$Nil	\$Nil	\$8,584	\$61,384
	2015	\$71,000	\$Nil	\$Nil	\$Nil	\$12,229	\$83,229
Eric Schneider, Director	2016	\$Nil	\$Nil	\$Nil	\$Nil	\$24,036	\$24,036
	2015	\$Nil	\$Nil	\$Nil	\$Nil	\$34,240	\$34,240
Brian Usher-Jones, Director ⁽⁵⁾	2016	\$Nil	\$Nil	\$Nil	\$Nil	\$18,885	\$18,885
	2015	\$Nil	\$Nil	\$Nil	\$Nil	\$26,903	\$26,903

- (1) Mark Jarvis was appointed Chief Executive Officer and President of the Company on June 28, 2013.
- (2) Brian Fiddler was appointed as Chief Financial Officer of the Company on June 28, 2013.
- (3) Leslie Young was appointed as Corporate Secretary of the Company on June 28, 2013.
- (4) Eric Schneider was appointed a director of the Company on June 28, 2013.
- (5) Brian Usher-Jones was appointed a director of the Company on May 28, 2014.

SHOAL POINT ENERGY LTD.

STOCK OPTION PLAN

June, 2014

PURPOSE

1.1 Shoal Point Energy Ltd. (the “**Corporation**”) hereby establishes the Shoal Point Stock Option Plan (the “**Plan**”), upon the terms and conditions set out below.

1.2 The purpose of the Plan is to allow certain officers, directors, employees, advisers and/or service providers to the Corporation or any of its Affiliates to participate in the growth and development of the Corporation by providing such persons with the opportunity, through share options, to acquire a proprietary interest in the Corporation.

DEFINITIONS

2.1 The following definitions shall be applicable throughout the Plan unless specifically modified by any paragraph:

“**Advisory Board**” means the board of advisers of the Corporation.

“**Affiliate**” means any body corporate which is an “affiliate” (as such term is defined in the *Business Corporations Act* (Ontario)) of the Corporation.

“**Beneficial Owner**” means the person of whom a Holder is a Permitted Assign.

“**Board**” means the Board of Directors of the Corporation.

“**Change of Control**” means the occurrence of any one or more of the following events:

- (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares prior to the completion of the transaction hold or beneficially own, directly or indirectly, less than 50% of the outstanding Voting Securities of the successor corporation after completion of the transaction;
- (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of substantially all of the assets, rights or properties of the Corporation to any other person or entity that is not then as shareholder of the Corporation, other than a disposition to a wholly-owned Subsidiary in the course of a reorganization of the assets of the Corporation and its Subsidiaries;
- (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

- (iv) an acquisition by any person, entity or group of persons or entities acting jointly or in concert of beneficial ownership of more than 50% of the voting rights attached to the outstanding Shares of the Corporation;
- (v) the distribution of Shares to the public under a prospectus or registration statement; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, "**Voting Securities**" means Shares and any other shares entitled to vote for the election of directors and shall include any securities, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities.

"**Consultant**" means a person that (i) is engaged to provide services to the Corporation or a Related Entity, other than services provided in relation to a distribution; (ii) provides the services under a written contract with the Corporation or a Related Entity; and (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Related Entity.

"**Corporation**" means Shoal Point Energy Ltd.

"**Eligible Person**" has the meaning ascribed thereto in Section 0.

"**Fair Market Value**" of a Share, as of any specified date, shall be determined by the Board acting with reasonable diligence and in good faith. On any date when the Shares are not traded on an exchange or other market, such determination shall be based on a sale of the entire Corporation as a going concern negotiated at arm's length between a willing buyer and a willing seller, without taking into account any discount or illiquidity or minority interests; provided, that the Board may, in its sole and absolute discretion (but shall not be required to) cause the Corporation to retain an independent investment banking firm, consulting firm, accounting firm or other professionally capable entity to assist the Board to determine the Fair Market Value as of a date specified by the Board. On any date when the Shares are traded on an exchange or other market, such determination be based on the applicable rules of the exchange or market, and the relevant trading and quoted prices, and any other applicable regulatory requirements. Neither the Corporation nor any director, officer or employee thereof shall have any liability even though the Fair Market Value as so determined may be more or less than the actual fair market value thereof.

"**Holder**" means an Eligible Person granted an Option.

"**Option**" means a non-transferable option to purchase Shares of the Corporation granted pursuant to the terms of this Plan.

"**Option Agreement**" means a written agreement between the Corporation and a Holder with respect to an Option, including an agreement in the form of Schedule "A" hereto.

"**Option Price**" means the price at which a Share may be purchased upon exercise of an Option.

"**Outstanding Issue**" means the number of Shares outstanding on a non-diluted basis immediately prior to the proposed Option issuance, plus the number of Shares issuable upon exercise of rights attached to any securities, other than Options, issued by the Corporation which are convertible into or exchangeable for Shares.

"**Permitted Assign**" means a person which is a "permitted assign" as defined in Section 2.22 of National Instrument 45-106 – *Prospectus and Registration Exemptions*, as adopted by the Ontario Securities Commission.

"**Plan**" means this Shoal Point Stock Option Plan, as amended from time to time.

“**Related Entity**” means a person which is a “related entity” of the Corporation as defined in Section 2.22 of National Instrument 45-106 – *Prospectus and Registration Exemptions*, as adopted by the Ontario Securities Commission.

“**Shares**” means any shares in the capital of the Corporation, as determined by the Board in its sole discretion in connection with a grant of Options including, without limitation, common shares of the Corporation.

“**Subsidiary**” means any body corporate which is a “subsidiary” of the Corporation (within the meaning ascribed to such term in the *Business Corporations Act* (Ontario)).

“**Termination**” means: (i) in the case of an employee, the termination of the employment of the employee with or without cause by the Corporation or a Related Entity or cessation of employment of the employee with the Corporation or a Related Entity as a result of resignation or otherwise, including without limitation, death, disability or retirement; (ii) in the case of an officer or a director, the removal of or failure to re-elect or re-appoint the individual as an officer or director of the Corporation or a Related Entity; and (iii) in the case of a Consultant, the termination of the services of a Consultant by the Corporation or a Related Entity.

“**Termination Date**” means ninety (90) days after the earlier of (a) the date of the Holder’s, or a Permitted Assign’s Beneficial Owner’s, last day actively at work for or in service of the Corporation or a Related Entity, regardless of the reason for cessation of employment or service, or (b) the day on which the Holder, or a Permitted Assign’s Beneficial Owner, gives or is given a notice of termination, notice of dismissal or other similar notice with respect to termination of employment or service; provided that where the Holder, or a Permitted Assign’s Beneficial Holder, dies prior to the end of the ninety (90) day period described above, “Termination Date” shall mean one (1) year after the date of the death of the Holder or a Permitted Assign’s Beneficial Owner.

ARTICLE 3 EFFECTIVE DATE AND DURATION OF THE PLAN

3.1 The Plan shall be effective upon the date of its adoption by the Board. No further Options may be granted under the Plan after the expiration of ten (10) years from the date of its adoption by the Board.

ARTICLE 4 ADMINISTRATION

4.1 The Plan shall be administered by the Board, and in respect thereof, the Board shall have the power to:

- (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (b) interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) determine which Eligible Persons may be granted Options and to grant Options;
- (d) determine the class or series of Shares covered by each Option

- (e) determine the number of Shares covered by each Option;
- (f) determine the Option Price;
- (g) determine the time or times when Options will be granted and exercisable;
- (h) determine if the Shares that are subject to an Option will be subject to any restrictions upon the exercise of such Option; and
- (i) prescribe the form of documentation relating to the grant, exercise and other terms of the Options.

4.2 The Board may postpone or adjust any exercise of any Option or the issue of any Shares pursuant to this Plan as the Board in its sole discretion may deem necessary in order to permit the Corporation to determine that the Shares issuable pursuant to this Plan may be issued in reliance upon applicable prospectus and registration exemptions. The Corporation is not obligated by any provision of this Plan or any grant hereunder to sell or issue Shares in violation of any applicable law.

ARTICLE 5 SHARES SUBJECT TO THE PLAN

5.1 The Board may from time to time grant Options to one or more persons determined by it to be eligible for participation in this Plan in accordance with the provisions of 0. In no event shall Options be granted if as a result of such grant as at the time immediately following such grant the aggregate number of Options granted under this Plan would entitle the Holders thereof to purchase in the aggregate in excess of 10% of the Outstanding Issue. To the extent that an Option lapses or the rights of its Holder terminate, any Shares subject to such Option shall again be available for the grant of an Option.

ARTICLE 6 ELIGIBILITY, GRANT AND TERMS OF OPTIONS

6.1 Options may be granted, subject to applicable law, only to a person who, at the time of grant, is (i) an officer, director, employee, Adviser or Consultant of the Corporation; (ii) an officer, director, employee, Adviser or Consultant of a Related Entity of the Corporation; (iii) a member of the Advisory Board of the Corporation; or (iv) a Permitted Assign of any person listed in the preceding subsections (i),(ii) or (iii) (each, an “**Eligible Person**”). For greater certainty, an Option may be granted on more than one occasion to the same person or entity.

6.2 At the time of the grant of an Option, the Board may, in its sole discretion, prescribe additional terms, conditions or restrictions relating to the Option. Each Option shall be evidenced by an Option Agreement setting forth such additional terms, conditions or restrictions and in such form and containing such provisions not inconsistent with the provisions of the Plan as the Board from time to time shall approve. Each Option Agreement shall also specify the time or times during which the Option may be exercised and shall specify the effect of termination of services or employment (by retirement, disability, death or otherwise) on the exercisability of the Option. Such Option Agreement may also include, without limitation, provisions relating to (i) vesting of Options and, subject to the provisions hereof, accelerating such vesting on a Change of Control; (ii) tax matters (including provisions permitting the withholding of a portion of the Holder’s cash remuneration by the Corporation or any Affiliate to satisfy federal or provincial income tax or other withholding); and (iii) any other matters not inconsistent with the terms and provisions of this Plan that the Board shall in its sole discretion determine. The terms and conditions of an Option Agreement need not be identical to the terms of any other Option Agreement.

6.3 The price at which a Share may be purchased upon exercise of an Option shall be determined by the Board at the time the Option is granted provided that such price shall be stated in Canadian dollars. In the event that, at the time the Option is granted, the Shares are listed for trading on an exchange or other market, the price at which a Share may be purchased upon exercise of an Option shall be determined to be an amount which is not less than that permitted under the applicable rules of the exchange or market. Subject to Section 8.3, the purchase price of the Shares for which an Option or

portion thereof is exercised shall be paid in full in cash or by certified cheque to the Corporation at the time of exercise in the manner prescribed by the Board or as set out in the Option Agreement.

6.4 The term of each Option shall be as specified by the Board, provided that the expiry of each Option shall be the later of a fixed expiration date (the “**Fixed Expiry Date**”) or, in the event that the Fixed Expiry Date falls within or immediately after a blackout period imposed by the Corporation ten (10) business days after the end date of the blackout period. No Option term shall exceed five (5) years from the date of the grant, unless otherwise expressly authorized by the Board.

6.5 Any Option shall be exercisable in whole or in such instalments and at such times as determined by the Board.

6.6 The terms of an Option may not be amended once issued. If an Option is cancelled prior to its expiry date, the Corporation shall not grant new options to the holder of the cancelled Option until 30 days have elapsed from the date of cancellation.

ARTICLE 7 TERMINATION OF ELIGIBILITY

7.1 Each Option held by the Holder, whether vested or unvested, and all rights to purchase Shares pursuant thereto, will immediately expire and cease to be exercisable on the Termination Date. Without limitation, and for greater certainty only, this section will apply regardless of whether the Holder was dismissed with or without cause and in the event of Termination by the Corporation will be effective as of the date notice of termination is given by the Corporation regardless of whether the Holder received compensation in respect of dismissal or was entitled to a period of notice of termination.

ARTICLE 8 EXERCISE OF OPTIONS

8.1 Subject to the provisions of the Plan, an Option that has vested may be exercised from time to time by delivery to the Corporation at its registered office of a stock option plan subscription agreement in the form of Schedule “B” to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Holder within a reasonable time following the receipt of such notice and payment.

8.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to a Holder pursuant to the exercise of an Option shall be subject to:

- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and
- (c) the receipt from the Holder of such representations, agreements and undertakings, as the Corporation or its counsel determines to be necessary or advisable.

The Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then listed.

8.3 At the discretion of the Company, notwithstanding Section 8.1, a Holder may elect to effect a cashless exercise of any or all of such Holder's vested and exercisable rights under an Option by delivery to the Corporation at its registered office of a stock option plan subscription agreement in the form of Schedule "B" to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and specifying the cashless exercise election. In connection with any such cashless exercise, the Holder shall be entitled to receive, without any cash payment (other than the taxes required to be paid in connection with the exercise which must be paid by the Holder to the Corporation in cash at the time of exercise), such number of whole Shares (rounded down to the nearest whole number) obtained pursuant to the following formula:

$$X = \frac{[A \times (B - C)]}{B}$$

Where:

- X = the number of whole Shares to be issued
A = the number of Shares with respect to which Option being exercised
B = the closing price of the Shares on the Exchange on the last trading day preceding the day that written notice of the request for cashless exercise is received by the Corporation at its head office
C = the exercise price of the Option

In connection with any such cashless exercise, the full number of Shares issuable and underlying the Option being exercised (item "A" in the formula) shall be considered to have been issued for the purposes of determining the number of Shares which may be issued under the Plan and the number of Shares remaining for issuance subsequent to such cashless exercise.

ARTICLE 9 RECAPITALIZATION OR REORGANIZATION

9.1 If there is any change in the outstanding Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental corporate change, the Board will make, subject to any prior approval required of applicable regulatory authorities or stock exchange, if any, an appropriate substitution or adjustment in (i) the exercise price of any unexercised Options under this Plan; (ii) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and (iii) the number and kind of shares subject to unexercised Options theretofore granted under this Plan; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. In the event of the reorganization of the Corporation or the amalgamation, merger or consolidation of the Corporation with another corporation, the Board may make such provision for the protection of the rights of Holders as the Board in its sole discretion deems appropriate. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

9.2 The existence of the Plan and the Options granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Corporation or any Affiliate to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, any amalgamation, merger or consolidation of the Corporation, any issue of debt or equity securities ahead of or affecting Shares or the rights thereof, the dissolution or liquidation of the Corporation or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. No Holder, beneficiary or other person shall have any claim against the Corporation, an Affiliate, or the directors thereof, as a result of any such action.

9.3 Except as hereinbefore expressly provided, the issuance by the Corporation of Shares of any class or securities convertible into shares of any class, for cash, property, labour or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of Shares or

obligations of the Corporation convertible into such Shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Options theretofore granted or the purchase price per Share, if applicable.

ARTICLE 10 AMENDMENT AND TERMINATION OF THE PLAN

10.1 Subject to the requisite shareholder and regulatory approvals set forth under Sections 0 and 0 below, the Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such right may, without the consent of the Holder, in any manner adversely affect the Holder's rights under any Option theretofore granted under the Plan.

10.2 The Board may not, without the receipt of any requisite shareholder and regulatory approval, make the following amendments to the Plan:

- (a) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
- (b) any change to the class of Holders eligible to receive Options which would have the potential of broadening or increasing Insider participation;
- (c) the addition of any form of financial assistance;
- (d) any amendment to a financial assistance provision which is more favourable to participants;
- (e) any addition of a further cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Plan reserves;
- (f) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Corporation; and
- (g) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to eligible participants, especially Insiders of the Corporation, at the expense of the Corporation and its existing shareholders.

10.3 The Board may, subject to receipt of requisite regulatory approval where required, in its sole discretion and without the approval of shareholders, make all other amendments to the Plan that are not of the type contemplated in Section 0 above including, without limitation:

- (a) amendments of a "housekeeping" nature, including, without limitation, amendments for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, or to comply with applicable law or the requirements of any stock exchange on which the Shares are listed;

- (b) a change to the vesting provisions of an Option or the Plan;
- (c) a change to the termination provisions of an Option or the Plan which does not entail an extension beyond the original expiry date;
- (d) a discontinuance of the Plan; and
- (e) the addition of provisions relating to phantom share units, such as restricted share units and deferred share units, which result in participants receiving cash payments, and the terms governing such features.

10.4 Notwithstanding the provisions of subparagraph 10.3(b) above, the Corporation shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to subparagraph 10.3(b), to the extent such approval is required by any applicable laws or regulations.

ARTICLE 11 MISCELLANEOUS

11.1 Neither the adoption of the Plan by the Corporation nor any action of the Board shall be deemed to give a Holder any right to be granted an Option to purchase Shares except as may be evidenced by an Option Agreement, and then only to the extent and on the terms and conditions expressly set forth therein.

11.2 Holder shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Option Price of the Shares in respect of which the Option is being exercised and of any applicable taxes) and the Corporation shall have issued such Shares to the Holder in accordance with the terms of the Plan.

11.3 Nothing contained in the Plan shall (i) confer upon any Holder or any Beneficial Owner any right with respect to continuation of employment or service with the Corporation or any Affiliates; or (ii) interfere in any way with the right of the Corporation or any Affiliates to terminate his or her employment or service at any time.

11.4 The Corporation shall not be obligated to issue any Shares pursuant to any Option granted under the Plan at any time when, in the opinion of legal counsel for the Corporation, there is no exemption from the registration or prospectus requirements of such laws, rules or regulations applicable to the issuance and sale of such shares, including securities laws.

11.5 No fractional shares shall be delivered and no cash in lieu of fractional shares will be paid by the Corporation to a Holder.

11.6 To the extent required under applicable law or regulation, the Corporation shall be entitled to take all reasonable and necessary steps, including the sale of any Shares issued upon the exercise of any Option granted under the Plan, the withholding of any amount otherwise due to a Holder (or a beneficiary of a Holder), or requiring all reasonable or necessary indemnities, assurances, payments or undertakings, to the sole satisfaction of the Corporation, to satisfy any tax remittance obligations of the Corporation to any taxing authorities arising in respect of any exercise of any Options granted or cashless exercises permitted under the Plan by the Corporation, and the Corporation shall be and is hereby appointed as the irrevocable attorney-in-fact for any person granted an Option under this Plan to take all such reasonable and necessary steps or sales of Shares including, without limitation, Share sales resulting from any cashless exercise. The Corporation does not accept responsibility for the price obtained on the sale of such Shares.

11.7 Holders and their beneficiaries shall be responsible for all taxes with respect to any Options or cashless exercises under the Plan or under any Option Agreement, whether arising as a result of the grant or exercise of Options, any cashless exercise rights or otherwise. The Corporation makes no guarantee or representation to any person regarding the tax treatment of Options, a cashless exercise or

payments made under the Plan or any Option Agreement and none of the Corporation, or any of its officers, directors, employees or other representatives shall have any liability to a Holder or a beneficiary of a Holder with respect thereto. With respect to all Options and cashless exercise rights, unless otherwise determined by the Board in its sole discretion, the Corporation agrees to elect under subsection 110(1.1) of the Income Tax Act (Canada) (or any successor provision thereto) so as to permit the Holder to claim a deduction under paragraph 110(1)(d) of the said Act (or any successor provision thereto) with respect to the exercise price, or the payment due under any cashless exercise, as the case may be.

11.8 An Option shall not be transferable or assignable and shall be exercisable during the Holder's lifetime only by such Holder. Holders may not assign, transfer, pledge or hypothecate any Options or any rights thereunder in any way (whether by operation of law or otherwise). Options shall not be subject to execution, attachment or similar process.

11.9 This Plan shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

IN WITNESS WHEREOF this Corporation has executed this Shoal Point Stock Option Plan the _____ day of _____, XX.

SHOAL POINT ENERGY LTD.

By _____
Name:
Title:

THIS OPTION AGREEMENT is made as of the [●] day of [●], 20[●].

B E T W E E N :

SHOAL POINT ENERGY LTD., an Ontario Corporation

(hereinafter referred to as the “**Corporation**”),

- and -

[NAME OF OPTIONHOLDER],

(hereinafter referred to as the “**Holder**”)

THIS AGREEMENT WITNESSES that for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), it is agreed by and between the parties as follows:

1. The Corporation grants to the Holder an option (the “**Option**”) to purchase [●] common shares of the Corporation (“**Shares**”) at the price of C\$[●] per each Share (the “**Option Price**”). This Option is granted pursuant to the Stock Option Plan of the Corporation dated June, 2014 (as the same may be amended, supplemented or replaced from time to time, the “**Plan**”).
2. Subject to any earlier termination of the Option in accordance with the Plan or the other terms and conditions of this Agreement and subject to extension only in the event of the death of the Holder or a Permitted Assign’s Beneficial Owner as contemplated in Section 0 “**Termination Date**” of the Plan, on the close of business on the fifth (5th) anniversary of the date of this agreement (the “**Final Termination Date**”), all rights (vested or unvested) of the Holder to purchase the Shares underlying the Option or to exercise the Option shall terminate and the Option shall immediately expire and cease to have any further force or effect.
3. The Option will vest as set out in Exhibit A.
4. Notwithstanding Section 3, the Option shall become fully vested and will be exercisable in the event of a Change of Control, as defined in the Plan, or as otherwise determined by the board of directors of the Corporation. All unexercised Options, whether vested or unvested, shall expire and terminate [● days] after the giving of a notice in respect of such Change of Control or determination by the Board (a “**Permitted Exercise Notice**”) and otherwise in accordance with the terms of the Plan.
5. The Holder may exercise any or all of such Holder’s vested and exercisable rights under the Option by the delivery to the Secretary of the Corporation of a notice in writing of the exercise of such rights under the Option, in the form of Schedule “B” to the Plan, together with a certified cheque or bank draft drawn on or issued by a Canadian chartered bank and payable to the Corporation in the amount of the aggregate Option Price for all or any number (as may be specified by the Holder in such notice) of the Shares which may then be purchased by the Holder pursuant to such vested rights and issued to the Holder, and copies executed by the Holder of such shareholder, restricted stock, voting trust, sale, reorganization, escrow, lockup, agency and/or other agreements as the Board may in its sole discretion specify in a Permitted Exercise Notice. The Corporation shall take such steps as are necessary in order to issue such Shares as soon as practicable thereafter.
6. Notwithstanding Section 5, a Holder may elect to effect a cashless exercise of any or all of such Holder’s vested and exercisable rights under an Option by delivery to the Corporation at its registered office of a stock option plan subscription agreement in the form of Schedule “B” to the

Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and specifying the cashless exercise election, and copies executed by the Holder of such shareholder, restricted stock, voting trust, sale, reorganization, escrow, lockup, agency and/or other agreements as the Board may in its sole discretion specify in a Permitted Exercise Notice. The Option shall be deemed for all purposes to have been exercised to the extent stated in such cashless exercise notice upon delivery of the notice. The Corporation shall take such steps as are necessary in order to issue the number of Shares determined in accordance with the Plan in relation to cashless exercise as soon as practicable thereafter.

7. The Holder is not obligated to exercise any or all of the Holder's vested rights of exercise under the Option. The Holder acknowledges and agrees that the Holder's participation in the issue of the Option, and any exercise of the Option, is and will be voluntary, and in particular that the Holder has not been induced to enter into this Agreement by expectation of employment, continued employment, appointment, continued appointment, engagement to provide services or continued engagement of the Holder, or of any Beneficial Owner of the Holder, to provide services with or to the Corporation or a Related Entity, as defined in the Plan.
8. The terms of this Agreement supersede the relevant terms of any prior agreement, commitment, undertaking or other obligation or understanding with respect to the issue of any shares or any other equity interest, or any options to purchase shares or any other equity interest, in the Corporation to the Holder, and the Holder acknowledges that all such obligations and understandings have been fully satisfied and discharged by the Corporation and the Holder entering into this Agreement.
9. Time shall be of the essence of this Agreement.
10. This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the Corporation and the heirs, executors and personal legal representatives of the Holder.
11. The Holder may not pledge, hypothecate, charge, transfer, assign or otherwise encumber or dispose (each a "**Dealing**") of its, his or her interest in this Agreement or in the Option granted hereby or in any right (vested or unvested) of exercise under the Option, and any attempt to do so, or any such Dealing effected by operation of law or by order of any court of competent jurisdiction will cause this Agreement, the Option granted hereby and all rights (vested and unvested) of exercise under the Option to immediately and automatically terminate and become null and void.
12. The Holder acknowledges receipt of a copy of the Plan. The Holder further acknowledges and agrees that, except with respect to the terms upon which rights of exercise under the Option become vested and exercisable: (i) the Plan may, with or without notice to the Holder, be amended, supplemented or replaced from time to time; and (ii) this Agreement and the Option shall be subject to and governed by the terms and conditions of the Plan, as so amended, supplemented or replaced.
13. Except as specifically set out in this Agreement, in the event of any conflict or inconsistency as between the terms and conditions of this Agreement and those of the Plan, the terms and conditions of the Plan shall govern and be paramount.

14. Capitalized terms used and not defined herein shall have the respective meanings given to them in the Plan.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

SHOAL POINT ENERGY LTD.

By _____
Name:
Title:

[NAME OF OPTIONHOLDER]

By _____
Name:
Title:

EXHIBIT A

Vesting Date

Number of Options Which Vest

**SHOAL POINT ENERGY LTD.
STOCK OPTION PLAN
SUBSCRIPTION AGREEMENT**

TO: **SHOAL POINT ENERGY LTD.** (the "**Corporation**")
DATE: **[Month, day, year]**

I refer to the option granted to me on the [●] day of [Month, year] pursuant to the Shoal Point Stock Option Plan wherein I was granted an option (the "**Option**") to subscribe for and purchase duly paid and non-assessable common shares ("**Common Shares**") in the capital of the Corporation. I hereby elect to:

- (a) purchase _____ Common Shares which are subject to the Option and:
- (i) enclose a certified cheque payable to the Company in the aggregate amount of \$_____ (the "**Aggregate Exercise Price**"), being \$_____ per Common Share; or
 - (ii) have transferred the Aggregate Exercise Price to the Company by wire transfer;
- or

(b) initiate a cashless exercise in respect of _____ Common Shares which are subject to the Option and receive the number of Common Shares as contemplated in Section 8.3 of the Plan, and I undertake, forthwith upon demand and prior to issue or delivery of Common Shares, to pay to the Corporation the amount of tax otherwise required to be withheld in connection with such cashless exercise.

Please cause Common Shares to be certified and registered as follows: **[insert: full name and address of purchaser including postal code]** and forward the relevant certificates to such name and address.

I have not been induced to purchase the Common Shares by expectation of employment or continued employment with, or engagement or continued engagement by, the Corporation.

Yours very truly,

Signature
[Name of Holder — Please Print]
[Capacity — complete only if other than holder of Option]

(i.e. personal legal representative or trustee)

Employment, consulting and management agreements

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

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

Oversight and description of director and named executive officer compensation

The directors of the Company do not receive any compensation for services rendered in their capacity as a director until such time the Company has sufficient cash reserves. The Board does not have a compensation committee. The compensation of the Company's executive officers is determined by the Board as a whole and currently have no cash bonus or incentives in place other than the Company's stock option plan.

	Year	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation
Name and principal position	Ending	(\$)	(\$)	(\$)	(\$)		(\$)	(\$)	(\$)
					Annual incentive plans	Long-term incentive plans			
Mark Jarvis	1/31/2016	\$87,000	Nil	\$27,470	Nil	Nil	Nil	Nil	\$114,470
President and CEO	1/31/2015	\$118,000	Nil	\$39,132	Nil	Nil	Nil	Nil	\$157,132
Brian Fiddler	1/31/2016	\$68,400	Nil	\$6,867	Nil	Nil	Nil	Nil	\$75,267
CFO	1/31/2015	\$94,000	Nil	\$9,783	Nil	Nil	Nil	Nil	\$103,783
Leslie Young	1/31/2016	\$52,800	Nil	\$8,584	Nil	Nil	Nil	Nil	\$61,384
Corporate Secretary	1/31/2015	\$71,000	Nil	\$12,229	Nil	Nil	Nil	Nil	\$83,229
Eric Schneider, Director	1/31/2016 1/31/2015	\$Nil \$Nil	Nil Nil	\$24,036 \$34,240	Nil Nil	Nil Nil	Nil Nil	Nil Nil	\$24,036 \$34,240
Brian Usher-Jones, Director	1/31/2016 1/31/2015	\$Nil \$Nil	Nil Nil	\$18,885 \$26,903	Nil Nil	Nil Nil	Nil Nil	Nil Nil	\$18,885 \$26,903

Pension Plan Benefits – Not applicable