



MICROCOAL™ TECHNOLOGIES INC.

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON FRIDAY, DECEMBER 27, 2013**

NOTICE OF MEETING

AND

INFORMATION CIRCULAR

November 29, 2013

This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.



*Suite 2500, 555 West Hastings Street
Vancouver, BC V6B 4N5
Telephone: 604 676-9792 Facsimile: 604 677-3171*

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER 27, 2013**

NOTICE IS HEREBY GIVEN that the 2013 annual general and special meeting (the “**Meeting**”) of shareholders of MicroCoal™ Technologies Inc. (the “**Company**” or “**MTI**”) will be held at Suite 2500, 555 West Hastings Street, Vancouver, British Columbia, on Friday, December 27, 2013, at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended June 30, 2013, and report of the auditors thereon;
2. to appoint BDO Canada LLP, Chartered Accountants, as the auditors of the Company for the financial year ending June 30, 2014, and to authorize the directors of the Company to fix the auditors’ remuneration;
3. to elect the directors of the Company for the ensuing year;
4. to consider, and if thought fit, to affirm, ratify and approve by ordinary resolution the Company’s shareholder rights plan as more particularly described in the accompanying Information Circular;
5. to consider, and if thought fit, to affirm, ratify and approve by ordinary resolution the long-term performance incentive plan as more particularly described in the accompanying Information Circular;
6. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The Board of Directors of the Company has fixed November 26, 2013 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

These securityholder materials are being sent to both registered and non-registered owners of securities. If you are a non-registered owner and the Company 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 Company (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 as specified in the request for voting instructions. Please return your voting instructions as specified in the request for voting instructions.

If you are a registered shareholder, you are receiving an Instrument of Proxy with this Notice and the Information Circular. A registered shareholder who is unable to attend the Meeting in person is entitled to appoint a proxyholder to attend and vote in his stead. If you cannot be personally present, please refer to the notes accompanying the Instrument of Proxy enclosed and then complete and deposit the Instrument of Proxy with Computershare Investor Services Inc. (“**Computershare**”), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Fax: within North America: 1-866-249-7775, outside North America: (416) 263-9524, within the time set out in the notes.

The Instrument of Proxy must be signed by the registered shareholder or by his or her attorney authorized in writing, or, if the registered shareholder is a corporation, by an officer or director thereof as an authorized signatory. The completed Instrument of Proxy must be deposited at the office of Computershare at least 48 hours before the time of the Meeting (excluding Saturdays, Sundays and holidays), or any adjournment thereof.

Non-registered shareholders who have not objected to their broker/nominee disclosing ownership information about themselves to the Company can expect to receive a scannable voting instruction form (“**VIF**”) from Computershare. These VIFs are to be completed and returned to Computershare in accordance with the instructions on the VIF. The completed VIF must be deposited at the office of Computershare at least 48 hours before the time of the Meeting (excluding Saturdays, Sundays and holidays), or any adjournment thereof.

If you are a non-registered shareholder and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 29th day of November, 2013.

MICROCOAL™ TECHNOLOGIES INC.

Per: “Stan Lis”
President and Director

PLEASE VOTE. YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY FORM AND PROMPTLY RETURN IT BY FAX OR IN THE ENVELOPE PROVIDED. IF APPLICABLE, YOU MAY ALSO VOTE ONLINE BY FOLLOWING THE INSTRUCTIONS ON THE ENCLOSED PROXY OR VIF.



Suite 2500, 555 West Hastings Street
Vancouver, British Columbia, V6B 3N5, Canada
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INFORMATION CIRCULAR

(containing information as of November 29, 2013, unless otherwise noted)

INTRODUCTION

This Information Circular accompanies the Notice of Meeting (the “**Notice**”) and is furnished to the shareholders (the “**Shareholders**”) holding common shares (the “**Common Shares**”) in the capital of MicroCoal™ Technologies Inc. (the “**Company**”) in connection with the solicitation by the management of the Company of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the Shareholders to be held at the offices of the Company at Suite 2500, 555 West Hastings Street, Vancouver, British Columbia, on Friday, December 27, 2013, at the hour of 10:00 a.m. (Vancouver time), or at any adjournment or postponement thereof.

PROXY INSTRUCTIONS

Management Solicitation and Appointment of Proxies

The persons named in the form of proxy are nominees of the Company’s management. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for and on the Shareholder’s behalf at the Meeting other than the persons designated as proxyholders in the form of proxy. To exercise this right, the Shareholder must either:**

- (a) **on the form of proxy, strike out the printed names of the individuals specified as proxyholders and insert the name of the Shareholder’s nominee in the blank space provided; or**
- (b) **complete another proper form of proxy.**

To be valid, a proxy must be dated and signed by the Shareholder or by the Shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer or attorney for the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Investor Services Inc. (“**Computershare**”), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1; fax within North America: 1-866-249-7775; fax outside North America: 416-263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

Revocability of Proxies

A Shareholder who has given a proxy may revoke it at any time before the proxy is exercised:

- (a) by an instrument in writing that is:
 - (i) signed by the Shareholder, the Shareholder’s attorney authorized in writing or, where the Shareholder is a corporation, a duly authorized officer or attorney of the corporation; and
 - (ii) delivered to Computershare or to the Company’s office at Suite 2500, 555 West Hastings Street, Vancouver, British Columbia, V6C 3N5, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, or delivered to the

Chairperson of the Meeting on the day of the Meeting or any adjournment of the Meeting before any vote on a matter in respect of which the proxy is to be used has been taken; or

- (b) in any other manner provided by law.

Exercise of Discretion by Proxyholders

A Shareholder may indicate the manner in which the persons named in the form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the Common Shares represented by the proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given in the proxy.**

If the Shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Common Shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the form of proxy. It is intended that the proxyholder named by management in the form of proxy will vote the Common Shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Company for directors and auditor.

The form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the Notice and with respect to any other matters which may properly come before the Meeting. As of the date of this Information Circular, management of the Company is not aware of any such amendments or variations, or any other matters, that will be presented for action at the Meeting other than those set out herein and referred to in the Notice. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the form of proxy intend to vote on them in accordance with their best judgment.

Solicitation of Proxies

It is expected that solicitations of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by directors, officers and consultants of the Company without special compensation. The Company will not reimburse Shareholders' nominees or agents (including brokers holding Common Shares on behalf of clients) for the costs incurred in obtaining authorization to execute forms of proxy from their principals. The cost of solicitation will be borne by the Company.

ADVICE TO BENEFICIAL SHAREHOLDERS

ONLY REGISTERED SHAREHOLDERS OR DULY APPOINTED PROXYHOLDERS ARE PERMITTED TO VOTE AT THE MEETING. SHAREHOLDERS WHO DO NOT HOLD THEIR SHARES IN THEIR OWN NAME (REFERRED TO AS “**NON-REGISTERED SHAREHOLDERS**”) ARE ADVISED THAT ONLY PROXIES FROM SHAREHOLDERS OF RECORD CAN BE RECOGNIZED AND VOTED AT THE MEETING. Non-Registered Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their Common Shares as a registered Shareholder.

If securities are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those securities will not be registered in such Shareholder's name on the records of the Company and 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 securities are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Securities held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting securities for their clients.

In accordance with National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company has distributed copies of the Notice, Information Circular and Proxy to the clearing agencies and intermediaries for onward distribution to Non-Registered Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Non-Registered Shareholders in advance of shareholders' meetings unless the Non-Registered Shareholder has waived the right to receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be

carefully followed by Non-Registered Shareholders in order to ensure that their securities are voted at the Meeting. Often the form of proxy supplied to a beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the beneficial Shareholder. Should a Non-Registered Shareholder receiving such a form wish to vote at the Meeting, the Non-Registered Shareholder should strike out the names of the management proxyholders named in the form and insert the Non-Registered Shareholder's name in the blank provided and return the materials to the broker as directed.

If you are a Non-Registered Shareholder and Computershare has sent these materials directly to you, your name and address and information about your shareholdings have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. Such Shareholders can expect to receive a scannable voting instruction form (“**VIF**”) with the Notice and Information Circular. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF. Computershare will tabulate the results of the VIFs received from beneficial Shareholders and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive. A NON-REGISTERED SHAREHOLDER RECEIVING A VIF CANNOT USE THAT VIF TO VOTE SECURITIES DIRECTLY AT THE MEETING. THE VIF MUST BE RETURNED TO COMPUTERSHARE WELL IN ADVANCE OF THE MEETING IN ORDER TO HAVE THE SHARES VOTED.

Non-registered Shareholders who have objected to their broker/nominee disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners (“**OBOs**”). In accordance with securities regulatory policy, the Company has distributed copies of the required Meeting materials to the brokers/nominees for onward distribution to OBOs. THE COMPANY DOES NOT INTEND TO PAY FOR A BROKER/NOMINEE TO DELIVER MEETING MATERIALS TO OBOs, THEREFORE AN OBO WILL NOT RECEIVE THE MATERIALS UNLESS THE OBO'S BROKER/NOMINEE ASSUMES THE COSTS OF DELIVERY. Brokers/nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, none of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the approval of the Company's shareholder rights plan and the approval of the Company's long-term performance incentive plan. Directors and executive officers of the Company who own shares in the Company participate in the Company's shareholder right plan and accordingly, have an interest in its approval. Also directors and executive officers of the Company may participate in the Company's long-term performance incentive plan, and accordingly have an interest in its approval. See “Particulars of Matters to be Acted Upon”.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Only Shareholders of the Company who are listed on its Register of Shareholders on November 26, 2013, are entitled vote at the Meeting or any adjournment of the Meeting (see “Proxy Instructions” above).

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As of November 26, 2013, the Company had 77,744,521 Common Shares issued and outstanding.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company.

APPROVAL OF RESOLUTIONS

To approve a motion for an ordinary resolution, a majority of the votes cast by Shareholders in person or by proxy who vote in respect of that resolution will be required. To approve a motion for a special resolution, a majority of

not less than two-thirds of the votes cast in person or by proxy by those Shareholders who vote in respect of that resolution will be required.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The Board of Directors (the “**Board**”) has approved the audited consolidated financial statements for the financial year ended June 30, 2013, together with the auditors’ report thereon. Copies of these financial statements have been sent to those Shareholders who have requested same. These materials are available on SEDAR at www.sedar.com.

2. Appointment and Remuneration of Auditors

Shareholders of the Company will be asked to vote for the appointment of BDO Canada LLP, Chartered Accountants, of Vancouver, British Columbia, as the Company’s auditors for the financial period ending June 30, 2014, and to authorize the directors to fix the auditors’ remuneration. See “Audit Committee Disclosure – External Audit Service Fees” below for a discussion of the past remuneration paid to the auditor.

Management recommends that Shareholders vote for the appointment of BDO Canada LLP, Chartered Accountants, as the Company’s auditor for the ensuing year and the authorization of the Board to determine the remuneration to be paid to the auditor. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of BDO Canada LLP as the auditor of the Company until the close of the next annual meeting and FOR the authorization of the Board to fix the remuneration to be paid to the auditor.**

3. Election of Directors

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are duly elected or appointed in accordance with the Company’s By-laws or until such director’s earlier death, resignation or removal. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

Management of the Company proposes to nominate all of the current directors, as further described in the table below, for election by the Shareholders as directors of the Company to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual nominees, is as follows:

Name, Jurisdiction of Residence and Position Held with the Company	Principal Occupation During the Past Five Years ⁽¹⁾⁽²⁾	Director Since	Number of Shares Owned ⁽¹⁾
STAN LIS ⁽³⁾ Vancouver, BC <i>President and Director</i>	President and director of the Company	August 7, 2008	2,049,000
SLAWOMIR SMULEWICZ Vancouver, BC <i>Chief Executive Officer and Director</i>	Chief Executive Officer and director of the Company	October 7, 2008	399,000
IAN HUME ⁽³⁾ Washington, D.C. <i>Director</i>	Independent Consultant to the World Bank, other development banks and private companies	September 15, 2010	189,600
WILLIAM HUDSON ⁽³⁾ Brownsville, Texas <i>Director</i>	Manager of Investments: Real Estate; Property Management; Development	October 26, 2010	135,000

Name, Jurisdiction of Residence and Position Held with the Company	Principal Occupation During the Past Five Years ⁽¹⁾⁽²⁾	Director Since	Number of Shares Owned ⁽¹⁾
DR. JAMES YOUNG Potomac, Maryland <i>Chairperson and Director</i>	Chairman of the Board of Directors of Novavax, Inc. (NASDAQ:NVAX) since June, 2010; director of 3-V Biosciences, Inc., a private drug company, since July, 2010; President of R&D for MedImmune, Inc. from 1988 through 2008; at the time of his retirement from MedImmune, Dr. Young was a Director in the Department of Molecular Genetics at Smith Kline and French Laboratories, now part of GlaxoSmithKline	September 5, 2013	3,500,050

- (1) This information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Unless otherwise stated above, any nominee named above not elected at the last annual general meeting has held the principal occupation or employment indicated for at least five years.
- (3) Member of the Audit Committee.

Management recommends that Shareholders vote for the nominees for election as directors. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the five nominees as directors of the Company for the ensuing year.**

Corporate Cease Trade Orders or Bankruptcy

To the best of management's knowledge, as of the date of this Information Circular, no proposed nominee for election as a director of the Company is, or has been, within the past ten years, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period or more than 30 consecutive days; or
- (c) within a year of that person 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.

Penalties or Sanctions

To the best of management's knowledge, as of the date of this Information Circular, no proposed nominee for election as a director of the Company is, or has been, subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcy

As of the date of this Information Circular, no proposed nominee for election as a director of the Company has, within the ten years before the date of this 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 the proposed director.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Except as disclosed in this Information Circular, to the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management may from time to time serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

4. Shareholder Rights Plan

General Information

On September 3, 2013, the Board adopted a shareholder rights plan agreement (the "**Rights Plan**") made between the Company and Computershare (the "**Rights Agent**"). The Plan has an effective date of August 14, 2013 (the "**Effective Date**"). At the Meeting, Independent Shareholders will be asked to consider and if thought fit, to pass, with or without restriction, an ordinary resolution affirming, ratifying and approving the Rights Plan. If a majority of Independent Shareholders vote against the Rights Plan, then the Board shall immediately be deemed to have elected to redeem any outstanding Rights at the Redemption Price and the Rights Plan will be of no further force and effect (see below for meaning of capitalized terms).

The Rights Plan is not being proposed by management in anticipation of any pending or threatened take-over bid, nor to deter take-over bids generally. The primary objectives of the Rights Plan are to seek to ensure that, in the context of a bid for control of the Company through an acquisition of Common Shares, all Shareholders have an equal opportunity to participate in the bid and are given adequate time to access the bid. The Rights Plan is not intended to prohibit a change of control of the Company in a transaction that is procedurally fair to Shareholders. The rights of Shareholders to seek a change in the Board or to influence or promote action of the Board in a particular manner will not be affected by the Rights Plan. The approval of the Rights Plan by the Shareholders is not designed to alter, diminish or reduce the fiduciary duties of the directors of the Company if faced with a potential change of control transaction or restrict the potential actions that might be taken by the directors in such circumstances.

In adopting the Rights Plan, the Board considered a number of factors, including the following concerns arising from the existing securities law framework that applies to take-over bids in Canada:

(a) *Unequal Treatment.* While existing Canadian securities legislation has established a number of procedural requirements for the conduct of take-over bids which generally require that a take-over bid be made to all shareholders and that a bidder offer identical consideration to all shareholders, the take-over bid regime includes exemptions to the formal bid requirements that could operate to allow control of an issuer to be acquired without the making of a formal take-over bid to all shareholders. Specifically, Canadian securities legislation allows a small group of securityholders to dispose of their securities pursuant to a private agreement at a premium to market price, which premium is not shared with other securityholders. In addition, a person may slowly accumulate securities through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all securityholders. It may also be possible to engage in transactions outside of Canada without regard to these protections. The Rights Plan addresses these concerns by applying to all acquisitions that would result in a person owning 20% or more of the Common Shares (subject to certain limited exceptions), thereby generally precluding a person from acquiring a controlling interest in the Company without making a Permitted Bid to all Shareholders.

(b) *Time.* Current legislation permits a take-over bid to expire in 35 days. The Board is of the view that this generally is not sufficient time to permit Shareholders to consider a take-over bid and to make a reasoned and considered decision. The Rights Plan provides a mechanism for Permitted Bids whereby the minimum expiry period for a take-over bid must be 60 days after the date of the bid and the bid must remain open for a further period of ten Business Days after an Offeror publicly announces that the Common Shares deposited or tendered and not withdrawn constitute more than 50% of the Common Shares outstanding held by Independent Shareholders. The Rights Plan is intended to provide Shareholders with adequate time to properly evaluate any offer, and also to provide the Board with additional time to assess any offer and, if appropriate, to explore and develop alternatives for maximizing Shareholder value. Those alternatives could include, among other things, identifying other potential bidders, conducting an orderly auction or developing a restructuring or other alternative that could enhance Shareholder value.

(c) *Pressure to Tender.* A Shareholder may feel pressured to tender to a bid that the Shareholder considers to be inadequate out of a concern that failing to tender may result in the Shareholder being left with illiquid or minority discounted securities in the Company. This is particularly so in the case of a partial bid for less than all securities of a class, where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. The Rights Plan provides a mechanism in the Permitted Bid provision that is intended to address this concern by requiring that a take-over bid remain open for acceptance for a further 10 Business Days following public announcement that more than 50% of the Common Shares held by Independent Shareholders have been deposited and not withdrawn. This mechanism is intended to lessen any undue pressure to tender that may be encountered by a Shareholder, as the Shareholder will have the ability to tender during a subsequent offering period after learning that a majority of other Shareholders of the Company have tendered to the offer.

Fiduciary Duties of Directors

The Rights Plan is not designed to detract from or lessen the duties of the Board, including the duty to act honestly and in good faith with a view to the best interests of the Company and its Shareholders. The Board will continue to have the duty and power to take such actions and make such recommendations to the Shareholders as are considered appropriate.

General Impact of the Rights Plan

It is not the intention of the Board, in approving the Rights Plan, to secure the continuance of existing directors or management in office, nor to avoid a bid for control of the Company in a transaction that is procedurally fair. For example, through the Permitted Bid mechanism, Shareholders may tender to a bid that meets the Permitted Bid criteria without triggering the exercise of Rights under the Rights Plan, regardless of the value of the consideration being offered under the bid. The Rights Plan should not preclude any Shareholder from utilizing the proxy mechanism under the *Canada Business Corporations Act* ("**CBCA**") and securities laws to promote a change in the management or direction of the Company, or the Board, and is designed to have no effect on the rights of holders of outstanding Common Shares to requisition a meeting in accordance with the provisions of the CBCA, or to enter into agreements with respect to voting their Common Shares. The definitions of "Acquiring Person" and "Beneficial Ownership" have been developed to minimize concerns that the Rights Plan may be inadvertently triggered or triggered as a result of an overly broad aggregation of holdings of institutional Shareholders and their clients. The Rights Plan is not expected to interfere with the day-to-day operations of the Company. The issuance of the Rights does not in any way alter the financial condition of the Company, impede its business plans or alter its financial statements. The Board believes that the dominant effect of the Rights Plan will be to ensure equal treatment of all Shareholders in the context of an acquisition of control.

Summary of Rights Plan

The following is a plain language summary of the Rights Plan and is qualified in its entirety by reference to the text of the Rights Plan, a copy of which is available under the Company's SEDAR profile at www.sedar.com. A copy may also be requested by Shareholders at no charge by contacting the Company at tel: 604-676-9792 or email: office@microcoal.com. Capitalized terms used in this summary without express definition have the meanings ascribed thereto in the Rights Plan.

Voting Requirements

The Rights Plan provides that it must be ratified and confirmed by Shareholders not later than six months after the Effective Date. The Rights Plan must be confirmed by a majority of the votes cast at the Meeting by Independent

Shareholders, meaning Shareholders other than: (i) an Acquiring Person (defined below); (ii) a person who has announced and not withdrawn a current intention to make, or who is making, a take-over bid (an “**Offeror**”); (iii) persons acting jointly or in concert with such Acquiring Person or Offeror. Management of the Company is not aware of any Shareholder who will be ineligible to vote on the confirmation of the Rights Plan.

Under the terms of the Rights Plan, the Company must seek confirmation from Shareholders every third year after the date of the Meeting for the Rights Plan to remain in operation. If a majority of Independent Shareholders vote against the Rights Plan at any subsequent meeting, then the Board shall immediately be deemed to have elected to redeem any outstanding Rights at the Redemption Price and the Rights Plan will be of no further force and effect.

Issuance of Rights

Under the Rights Plan, the Company has issued one right (a “**Right**”) for each of outstanding Common Share held as of the Effective Date, as well as in respect of each Common Share issued after the Effective Date and prior to the earlier of the Separation Time (as defined below) and the Expiry Time.

Trading of Rights

Notwithstanding the effectiveness of the Rights Plan, the Rights are not exercisable until the Separation Time and certificates representing the Rights have not been sent to Shareholders. Certificates for Common Shares issued after November 25, 2013 (the date on which the Rights Agent implemented the Rights Plan) will contain a notation incorporating the Rights Plan by reference. Until the Separation Time, or earlier termination or expiry of the Rights, the Rights are evidenced by and transferred with the associated Common Shares and the surrender for transfer of any certificates representing Common Shares will also constitute the surrender for transfer of the Rights associated with those Common Shares. From and after the Separation time, the Rights will be evidence by a separate “Rights Certificate” which will be transferable separate from and independent of the Common Shares. The initial Exercise Price under each Right in order to acquire a Common Share is five times the Market Price at the Separation Time. “**Market Price**” is the average of the daily Closing Price per Common Share of such Common Shares on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date of determination.

Separation of Rights

The Rights will become exercisable and begin to trade separately from the associated Common Shares at the Separation Time, which is generally the close of business on the tenth Business Day after the earlier of:

- (a) the first date of public announcement (which shall include a report filed pursuant to Multilateral Instrument 62-104, Section 102.1 or 102.2 of the *Securities Act* (Ontario) or Section 13(d) of the *United States Securities Act Exchange Act of 1934* announcing or disclosing such information) or disclosure by the Company, an Offeror or an Acquiring Person of facts indicating that a person has become an Acquiring Person (the “**Stock Acquisition Date**”);
- (b) the date of the commencement of, or first public announcement or disclosure of the intent of any person (other than the Company or any subsidiary of the Company) to commence a Take-over Bid (other than a Permitted Bid, so long as such Take-over Bid continues to satisfy the requirements of a Permitted Bid); and
- (c) the date on which a Permitted Bid ceases to qualify as a Permitted Bid, provided however, that if any such Take-over Bid expires, is cancelled, is terminated or is otherwise withdrawn prior to the Separation Time, then such Take-over Bid shall be deemed never to have been made, and, provided further, that if the Board determines to waive the application of a Flip-In Event (defined below), then the Separation Time in respect of such Flip-In Event shall be deemed never to have occurred.

Acquiring Person

Subject to certain exceptions, an Acquiring Person is generally any person who is the “Beneficial Owner” of 20% or more of the outstanding Common Shares.

Beneficial Ownership

The thresholds for triggering the Rights Plan are based on the percentage of Common Shares that are Beneficially Owned by a person or its Affiliates or Associates. This is defined in terms of legal or equitable ownership of Common Shares. In addition, a person is deemed to be the Beneficial Owner of Common Shares if that person or its Affiliates or Associates and any other person acting jointly or in concert with such person, has a right to acquire the Common Shares within 60 days upon the conversion, exchange or exercise of any "Convertible Security" or pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, subject to certain exemptions. There are various exceptions to this definition as set out in the Rights Plan.

Flip-in Event

Under the Rights Plan, a Flip-in Event will occur when a person becomes an Acquiring Person. On the occurrence of a Flip-in Event:

- (a) each Right will entitle the holder to purchase from the Company that number of Common Shares having an aggregate Market Price on the date of the Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price;
- (b) any Rights beneficially owned by the Acquiring Person and its Affiliates, Associates and transferees, or any other persons acting jointly or in concert with the Acquiring Person, will become null and void. As a result, the Acquiring Person's investment in the Company would be greatly diluted if a substantial portion of the Rights are exercised after a Flip-in Event occurs.

Redemption and Waiver

Subject to the prior consent of the Shareholders or Rights holders, the Board acting in good faith may at any time prior to the later of the Stock Acquisition Date and the Separation Time, elect to redeem all but not less than all of the Rights at a redemption price of \$0.00001 per Right (the "**Redemption Price**").

The Board may waive the application of the Rights Plan to any Flip-in Event if it determines that a person became an Acquiring Person by inadvertence, so long as the person has, within 14 days after the Board's determination, reduced its Beneficial Ownership of Common Shares so that it is not longer an Acquiring Person. The Board may also waive the application of the Rights Plan to any particular Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular, provided that if the Board so waives such application then the Board shall be deemed to have waived the application to any other Take-over Bid made prior to the expiry of the Take-over Bid in respect of which the waiver was made.

In the event a person acquires Common Shares pursuant to a Permitted Bid or an Exempt Acquisition, then the Board shall be deemed to have elected to redeem the Rights at the Redemption Price.

Subject to the prior consent of the Shareholders, the Board may at any time prior to the occurrence of a Flip-in Event waive the application of such Flip-in Event. In such case, the Board shall extend the Separation Time to a date at least 10 Business Days subsequent to the meeting of Shareholders called to approve such waiver.

Permitted Bids

A Take-over Bid is an offer to acquire Common Shares or Convertible Securities (or both), where the Common Shares subject to the offer to acquire, together with the Common Shares into or for which the securities subject to the offer to acquire are convertible or exchangeable, and the Offeror's securities constitute in the aggregate 20% or more of the outstanding Common Shares at the date of the offer to acquire.

A Permitted Bid is a Take-over Bid made by an Offeror that is made by way of a Take-over Bid circular and that complies with the following conditions:

- (a) the Take-over Bid is made to all holders of Common Shares of the Company and for all outstanding Common Shares;

- (b) the Offeror agrees that no Common Shares will be taken up or paid for under the bid for 60 days following the commencement of the bid and is subject to an irrevocable condition that no Common Shares will be taken up or paid for unless more than 50% of the Common Shares (other than Common Shares beneficially owned by the Offeror on the date of the bid) are deposited under the bid and not withdrawn;
- (c) Common Shares may be tendered at any time before its expiry, unless the Take-over Bid is withdrawn, and Common Shares deposited to the Take-over Bid may be withdrawn until taken up and paid for; and
- (d) if more than 50% of the Common Shares (other than Common Shares beneficially owned by the Offeror on the date of the bid) are deposited and not withdrawn, the Offeror will publicly announce this fact and leave the bid open for another 10 Business Days to permit the remaining Shareholders to tender their Common Shares.

A Permitted Bid also includes a Competing Permitted Bid.

If the Offeror successfully completes a Permitted Bid, the Rights Plan provides that the Company will redeem the Rights at the Redemption Price.

Competing Permitted Bid

A Competing Permitted Bid is a Take-over Bid that:

- (a) is made while another Permitted Bid is in existence; and
- (b) satisfies all the requirements of a Permitted Bid except that the Common Shares under a Competing Bid may be taken up on a date that is no earlier than the date which is the later of 35 days after the Competing Bid was made and 60 days after the earliest date on which any other Permitted Bid or Competing Bid that was then in existence was made, and only if at that date more than 50% of the outstanding Common Shares held by Independent Shareholders have been deposited pursuant to the bid and not withdrawn.

Permitted Lock-up Agreement

A Permitted Lock-up Agreement is an agreement between a person making a Take-over Bid (the "**Lock-up Bid**") and one or more holders (each, a "**Locked-up Person**") of Common Shares pursuant to which such Locked-up Persons agree to deposit or tender Common Shares to the Lock-up Bid and where the agreement:

- (a) permits the Locked-up Person to withdraw Common Shares in order to tender or deposit such Common Shares to another Take-over Bid (or terminate the agreement in order to support another transaction) that represents an offering price for each Common Share that exceeds, or provides a value for each Common Share that is greater than, the offering price or value represented by or proposed to be represented by the Lock-up Bid ; or
- (b) (x) permits the Locked-up Person to withdraw Common Shares in order to tender or deposit such Common Shares to another Take-over Bid (or terminate the agreement in order to support another transaction) that represents an offering price for each Common Share that exceeds, or provides a value for each Common Share that is greater than, the offering price or value represented by or proposed to be represented by, the Lock-up Bid by as much or more than a specified amount not greater than 7% of the offering price or value that is represented by the Lock-up Bid; or (y) permits the Locked-up Person to withdraw Common Shares in order to tender or deposit such Common Shares to another Take-over Bid (or terminate the agreement in order to support another transaction) if the number of Common Shares to be purchased under such other Take-over Bid or transaction exceeds the number of Common Shares offered to be purchased under the Lock-up Bid by as much or more than a specified number of Common Shares not greater than 7% of the number of Common Shares offered to be purchased under the Lock-up Bid, at an offering price for each Common Share that is not less, or provides a value for each Common Share that is not less than, the offering price or value represented by or proposed to be represented by the Lock-up Bid; and
- (c) provides for no "break-up" fees, "top-up" fees, penalties, payments, expenses or other amounts that exceed in the aggregate the greater of: (i) the cash equivalent of 2.5% of the price or value payable under the Lock-up Bid to the Locked-up Person, and (ii) 50% of the amount by which the price or value payable under

another Take-over Bid or another transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid, to be payable, directly or indirectly, by such Locked-up Person pursuant to the agreement if any Locked-up Person fails to tender Common Shares pursuant thereto or withdraws Common Shares previously tendered thereto in order to tender such Common Shares to another Take-over Bid or support another transaction.

Amending Power

Except for minor amendments to correct clerical or typographical errors and amendments to maintain the validity of the Rights Plan as a result of a change in any applicable legislation, regulations or rules, including the addition of a TIDE provision, consent of shareholders is required for amendments to the Rights Plan before the Separation Time. Consent of the holders of Rights is required for amendments to the Rights Plan after the Separation Time and before the Expiration Time.

Holders of Rights not Shareholders

Until a Right is exercised, the holder thereof as such will have no rights as a shareholder of the Company.

Approval of Rights Plan

The Board is requesting that Shareholders adopt the Rights Plan. Accordingly, Shareholders will be asked at the Meeting to approve the following resolution ratifying and confirming the Rights Plan:

“BE IT RESOLVED THAT:

1. The Shareholder Rights Plan Agreement dated August 14, 2013, between the Company and Computershare Investor Services Inc. and all rights issued under such Shareholder Rights Plan be, and are hereby affirmed, ratified and approved; and
2. Any one director or officer of the Company be and is hereby authorized and directed, on behalf of the Company, to do all acts and execute, whether under corporate seal of the Company or otherwise, and deliver all documents that the Company considers necessary or desirable to give effect this resolution.”

In order to pass the resolution approving the Rights Plan, a majority of the votes cast at the Meeting must be voted in favour of the resolution. The Board has determined that approval of the Rights Plan is in the best interests of the Company. The Board therefore unanimously recommends that Shareholders vote FOR the resolution affirming, ratifying and approving the Rights Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the resolution approving the Rights Plan.

5. Long Term Incentive Plan

At present, the Company has a "rolling" share option plan dated September 3, 2009 (the "**Option Plan**") for certain of its directors, officers, employees and consultants. The maximum number of Common Shares that may be reserved for issuance at any time under the Option Plan is 10% of the total outstanding Common Shares. Additionally: (i) the exercise price for an option granted under the Option Plan may not be less than the discounted market price; (ii) options granted may be subject to vesting requirements; and (iii) the term of the options may not exceed ten years from the grant date.

Management is proposing the adoption of a long-term performance incentive plan (the "**LTIP Plan**"). The purpose of the LTIP Plan is to align the interests of those directors, employees and consultants designated by the Board as being eligible to participate in the LTIP Plan with those of the Company and the Shareholders and to assist in attracting, retaining and motivating key employees by making a portion of the incentive compensation of participating employees directly dependent upon the achievement of key strategic, financial and operational objectives that are critical to ongoing growth and increasing the long-term value of the Company. In particular, the LTIP Plan is designed to promote the long-term success of the Company and the creation of Shareholder value by: (a) encouraging the attraction and retention of directors, key employees and consultants of the Company and its subsidiaries; (b) encouraging such directors, key employees and consultants to focus on critical long-term objectives; and (c) promoting greater alignment of the interests of such directors, key employees and consultants with the interests of the Company.

The following is a summary of the LTIP Plan and is qualified in its entirety by the full text of the LTIP Plan. A copy of the LTIP Plan will be available at the Meeting and may also be requested by Shareholders at no charge by contacting the Company at tel: 604-676-9792 or email: office@microcoal.com.

Description of the LTIP Plan

The LTIP Plan is available to directors, key employees and consultants of the Company, as determined by the Board. The aggregate number of Common Shares the Company proposes to be issuable under the LTIP Plan in respect of awards shall not exceed 15% of the total outstanding Common Shares as at the date of the Meeting, which management anticipate will be 11,661,678 (being 15% of 77,744,521 current issued and outstanding Common Shares).

There are four types of securities issuable under the LTIP Plan, namely "restricted share units", "performance share units", "deferred share units" and "options".

Restricted Share Units. The LTIP Plan provides that the Board may, from time to time, in its sole discretion, grant awards of restricted share units ("**RSUs**") to directors and key employees (but not consultants). Each RSU shall represent one Common Share on vesting. RSUs shall be subject to such restrictions as the Board may establish in the applicable award agreement. The typical restriction for RSUs is time based (i.e. vesting after a fixed period of time, usually three years). All RSUs will vest and become payable by the issuance of Common Shares at the end of the applicable restriction period if all applicable restrictions have lapsed.

Restrictions on any RSUs shall lapse immediately and become fully vested to the participant upon a change of control. Upon the death of a participant, subject to the applicable award agreement, any RSUs that have not vested will be immediately forfeited and cancelled without payment, provided that any RSUs granted to such participant that had vested prior to the participant's death will accrue to the participant's estate in accordance with the LTIP Plan. If a participant's employment is terminated for cause, any RSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, is voluntarily terminated by the participant or termination is due to the participant's retirement or disability, any RSUs granted to the participant will, subject to the applicable award agreement, immediately terminate without payment and be cancelled as of the termination date, provided, however, that any RSUs granted to such participant that had vested prior to the participant's termination without cause, voluntary termination, retirement or disability will accrue to the participant in accordance with the LTIP Plan. In the case of directors, if a participant ceases to be a director for any reason, RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the participant ceasing to be a director will accrue to the participant in accordance with the LTIP Plan.

Performance Share Units. The LTIP Plan provides that the Board may, from time to time, in its sole discretion, grant awards of performance share units ("**PSUs**") to key employees (but not directors or consultants). Each PSU shall, contingent upon the attainment of the performance criteria within the applicable performance cycle, represent one Common Share. The performance criteria will be established by the Board which, without limitation, may include criteria based on the participant's individual performance and/or financial performance of the Company and its subsidiaries. Typical performance criteria could include gross revenues, EBITDA, share price performance or the attainment of a specified amount of financing. The Board may, in its sole discretion, revise the performance criteria during a performance cycle or after it has ended, if unforeseen events occur, including, without limitation, changes in capitalization, equity restructuring, acquisitions or divestitures, if such events have a substantial effect on the financial results of the Company and make the application of the performance criteria unfair absent a revision.

All PSUs will vest and become payable to the extent that the performance criteria are satisfied in the sole determination of the Board. PSUs granted to a participant shall become fully vested and payable to such participant within 95 days after the last day of the performance cycle or upon a change of control. Upon the death of a participant, subject to the applicable award agreement, all PSUs granted to the participant which, prior to the participant's death, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. If a participant's employment is terminated for cause, any PSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, by voluntary termination, or if the participant's employment terminates due to retirement or disability, all PSUs granted to the participant which, prior to such termination without cause, voluntary termination, retirement or disability, had not vested, will immediately be forfeited and cancelled without payment,

provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed.

Deferred Share Units. The LTIP Plan provides that the Board may, from time to time, in its sole discretion, grant awards of deferred share units ("DSUs") to directors in lieu of director fees (but not to key employees or consultants). Directors become participants effective as of the date each is first appointed or elected as a director and cease to be participants at the time they cease to be a director for any reason. The number of DSUs to be granted to a participant shall be calculated by dividing the amount of fees selected by the director by the market price on the grant date. The market price is defined in the LTIP Plan as the five-day weighted average closing price of the Company's Common Shares on the immediately preceding five trading days prior to the grant date, or such other price as required by the policies of the CNSX Markets Inc. (the "Exchange") (or such other exchange on which the Common Shares may be listed).

Each participant shall be entitled to receive, subsequent to the effective date that the participant ceases to be a director for any reason, either (a) that number of Common Shares equal to the number of DSUs granted to such participant, or (b) a cash payment in an amount equal to the market price of the DSUs granted to such participant on the trading day following the day that the participant ceases to be a director, net of applicable withholdings, and subject to adjustments if the value of a DSU is determined during applicable black-out periods. Upon the death of a participant, such participant's estate shall be entitled to receive, within 120 days, a cash payment or Common Shares that would otherwise have been payable upon such participant ceasing to be a director.

Options. The LTIP Plan provides that the Board may, from time to time, in its discretion, grant awards of options to directors, key employees and consultants. The number of options to be granted, the exercise price and the time(s) at which an option may be exercised shall be determined by the Board in its sole discretion, provided that the exercise price of options shall not be lower than the exercise price permitted by the Exchange, and further provided that the term of any option shall not exceed ten years.

In the event of a change of control, each outstanding option issued to directors and key employees shall automatically become fully and immediately vested and exercisable, subject to the policies of the Exchange. Where, in the case of directors and key employees, a participant shall die while an optionee, any option held by such participant shall be exercisable by the person(s) to whom the rights of the participant under the option shall pass by will or the laws of descent and distribution for a period of 120 days or prior to the expiration of the option period in respect of the option, whichever is sooner, and then only to the extent that such participant was entitled to exercise the option at the date of death of such participant. Where the employment of a key employee is terminated for cause, no option held shall be exercisable from the termination date. In the event that the employment of a key employee is terminated without cause, by voluntary termination or due to retirement or, in the case of directors, the participant ceases to be a director for any reason, subject to the applicable award agreement, any option held shall remain exercisable in full for a period of 60 days after the termination or cessation date or prior to the expiration of the option period in respect of the option, whichever is sooner, and then only to the extent that such participant was entitled to exercise the option at such time. If a director or key employee becomes afflicted by a disability, all options granted to the participant will continue to vest in accordance with the terms of such options, provided that if, in the case of key employees, a participant's employment is terminated due to disability, or in the case of directors, the participant ceases to be a director as a result of disability, subject to the applicable award agreement, any option held by such participant shall remain exercisable for a period of 120 days after the termination or cessation date or prior to the expiration of the option period in respect of the option, whichever is sooner, and then only to the extent that such participant was entitled to exercise the option at such time. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, no option held by such participant shall be exercisable from the date of termination of service.

Effect on Option Plan

If LTIP Plan is approved by Shareholders, the LTIP Plan will replace the Option Plan and any agreements emanating or deriving therefrom. Any options granted under the Option Plan will be deemed, from and after the effective date of the LTIP Plan, to be options issued and outstanding under (and governed by) the LTIP Plan, and the Option Plan will be of no further force or effect.

Approval of the LTIP Plan

The Board is requesting that Shareholders approve the LTIP Plan. Accordingly, Shareholders will be asked at the Meeting to approve the following ordinary resolution adopting the LTIP Plan:

“BE IT RESOLVED THAT:

1. The Long-Term Performance Incentive Plan (the “**LTIP Plan**”), in the form presented to Shareholders at the Company’s 2013 Annual General and Special Meeting (the “**Meeting**”), including the reserving for issuance under the Plan of a maximum of 15% of the issued and outstanding Common Shares of the Company as at the date of the Meeting, be and is hereby affirmed, ratified and approved;
2. The Board of Directors be and is hereby authorized on behalf of the Company to make any further amendments to the LTIP Plan as may be required by regulatory authorities, without further approval of the Shareholders of the Company, in order to ensure adoption and operation of the LTIP Plan;
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

In order to pass the resolution approving the LTIP Plan, a majority of the votes cast at the Meeting must be voted in favour of the resolution. The Board has determined that approval of the LTIP Plan is in the best interests of the Company. The Board therefore unanimously recommends that Shareholders vote FOR the resolution approving the LTIP Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the resolution approving the LTIP Plan.

6. Other Matters

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. **If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.**

STATEMENT OF EXECUTIVE COMPENSATION

General

Under this heading, the Company is including the disclosure required by Form 51-102F6 *Statement of Executive Compensation*.

For the purposes of this Information Circular, named executive officers of the Company means the following individuals (the “**Named Executive Officers**”):

- (a) the Company’s Chief Executive Officer or an individual who acted in a similar capacity for any part of the most recently completed financial year (the “**CEO**”);
- (b) the Company’s Chief Financial Officer or an individual who acted in a similar capacity for any part of the most recently completed financial year (the “**CFO**”);
- (c) each of the Company’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation* for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

As at June 30, 2013, the end of the most recently completed financial year of the Company, the Company had the following Named Executive Officers:

Stan Lis	-	President
Slawomir Smulewicz	-	Chief Executive Officer
Ping Shen	-	Chief Financial Officer

Compensation Discussion and Analysis

The Company's compensation policies and programs are designed to recognize and reward executive performances consistent with the success of the Company's business. The significant objectives, elements and formula for compensation awarded to, earned by, paid to, or payable to Named Executive Officers for the year ended June 30, 2013, were to:

- (a) attract and retain experienced and talented executive officers;
- (b) inspire excellence in the performance of executive officers; and
- (c) align Shareholder and executive officer interests.

The Company relies solely on the discussions of the Board, without any formal objectives, criteria and analysis, for determining executive compensation.

The Board has not proceeded to a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. The Board does not believe that the Company's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The Company's Named Executive Officers and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

Option Based Awards

Options are currently granted under the Option Plan, which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board. The Plan provides that options will be issued pursuant to option agreements to Named Executive Officers, directors, employees and consultants of the Company or a subsidiary of the Company.

Option Repricing

No options held by the Named Executive Officers were repriced during the Company's most recently completed financial year ended June 30, 2013.

Summary Compensation Table

The following table sets out certain information respecting the compensation paid to the Named Executive Officers for the financial years ended June 30, 2013, 2012 and 2011.

Name and Principal Position	Year Ended June 30	Salary ⁽¹⁾ (\$)	Share-based Awards (\$)	Option-based Awards ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation (\$)			All Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans ⁽³⁾ (\$)	Pension Value (\$)		
Stan Lis <i>President and Director</i>	2013	410,380	Nil	60,568	Nil	Nil	Nil	14,400	485,348
	2012	183,785	Nil	37,896	Nil	Nil	Nil	14,400	236,081
	2011	181,458	Nil	23,525	Nil	Nil	Nil	15,341	220,324
Slawomir Smulewicz <i>CEO and Director</i>	2013	318,200	Nil	60,568	Nil	Nil	Nil	14,400	393,168
	2012	84,000	Nil	41,341	Nil	Nil	Nil	14,400	139,741
	2011	105,975	Nil	26,139	Nil	Nil	Nil	15,341	147,455
Ping Shen <i>CFO</i>	2013	150,000	Nil	12,221	Nil	Nil	Nil	Nil	162,221
	2012	123,700	Nil	11,484	Nil	Nil	Nil	Nil	135,184
	2011	69,500	Nil	17,426	Nil	Nil	Nil	Nil	86,926

- (1) Includes salary paid or accrued during the financial year.
- (2) Option-based awards are valued at the date of grant using the Black-Scholes option pricing model which the Company has chosen because it is one of the most common valuation methodologies used by junior issuers. Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants. The Company uses an option-pricing model because there is no market for which options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an option holder might receive if the options freely traded, nor assume that these amounts are the same as those reported for income tax purposes.
- (3) LTIP or long term incentive plan means any plan that provides compensation intended to motivate performance to occur over a period greater than one financial year, but does not include option or stock appreciate right plans or plans to compensate through restricted shares or restrict share units.
- (4) These amounts cover compensation other than amounts already set out in the table and include auto allowance, fitness membership and health insurance.

Narrative Description

Stan Lis – Mr. Lis entered into a Consulting Agreement with the Company dated as of July 1, 2007, commencing July 1, 2007 and continuing until June 30, 2010 (the “**Lis Agreement**”). The Lis Agreement will be automatically renewed for consecutive periods of one year unless the Company or Mr. Lis gives 30 days' written notice of non-renewal prior to the expiry of the term of engagement. Pursuant to the terms of the Lis Agreement, Mr. Lis will receive a consulting fee of \$144,000 per annum, plus applicable GST, payable in monthly instalments of \$12,000 per month on the first day of each month. In addition, Mr. Lis will receive a car allowance of \$1,200 per month commencing on October 1, 2007. Mr. Lis will receive an increase of a minimum of 5% per annum, the first of which was provided on July 1, 2008. Mr. Lis is entitled to receive an incentive bonus at any time during the term of the Lis Agreement as determined by the Board. He will be reimbursed for all reasonable expenses incurred in connection with his duties as a consultant for the Company. He is also entitled to receive options to purchase Common Shares and benefit from all life insurance, pension plans, medical insurance and similar benefits as made available and as determined by the Board. The Company may at any time during the term of the Lis Agreement terminate the Lis Agreement for cause, without notice and without liability for any claim, action or demand as set out in the Lis Agreement. In the event of a change in control during the term of the Lis Agreement, and should Mr. Lis be terminated within 12 months of any change in control, he is entitled to receive a lump sum payment equal to the greater of (i) a portion of the consulting fee remaining for the rest of the period; and (ii) one year's consulting fee. Mr. Lis may terminate the Lis Agreement at any time by providing 30 days' written notice to the Company and any consulting fee or bonus to which he is entitled will cease on the date of termination. Mr. Lis and the Company are currently negotiating the terms of a new agreement but have not yet finalized same as of the date of this Information Circular.

Slawomir Smulewicz – Mr. Smulewicz entered into a Consulting Agreement with the Company dated as of June 22, 2009, commencing July 1, 2009 and continuing until June 30, 2011 (the “**Smulewicz Agreement**”). The Smulewicz Agreement will be automatically renewed for consecutive periods of one year unless the Company or Mr. Smulewicz gives 30 days' written notice of non-renewal prior to the expiry of the term of engagement. Pursuant to the terms of the Smulewicz Agreement, Mr. Smulewicz will receive a consulting fee of \$84,000 per annum, plus

applicable GST, payable in monthly instalments of \$7,000 per month on the first day of each month. In addition, Mr. Smulewicz will receive a car allowance of \$1,200 per month commencing on July 1, 2011. Mr. Smulewicz will receive an increase of a minimum of 5% per annum, the first of which was provided on July 1, 2010. Mr. Smulewicz is entitled to receive an incentive bonus at any time during the term of the Smulewicz Agreement as determined by the Board. He will be reimbursed for all reasonable expenses incurred in connection with his duties as a consultant for the Company. He is also entitled to receive options to purchase Common Shares and benefit from all life insurance, pension plans, medical insurance and similar benefits as made available and as determined by the Board. The Company may at any time during the term of the Smulewicz Agreement terminate the Smulewicz Agreement for cause, without notice and without liability for any claim, action or demand as set out in the Smulewicz Agreement. In the event of a change in control during the term of the Smulewicz Agreement, and should Mr. Smulewicz be terminated within 12 months of any change in control, he is entitled to receive a lump sum payment equal to the greater of (i) a portion of the consulting fee remaining for the rest of the period; and (ii) one year's consulting fee. Mr. Smulewicz may terminate the Smulewicz Agreement at any time by providing 30 days' written notice to the Company and any consulting fee or bonus to which he is entitled will cease on the date of termination. Mr. Smulewicz and the Company are currently negotiating the terms of a new agreement but have not yet finalized same as of the date of this Information Circular.

Ping Shen – There is no written agreement in place between the Company and Ms. Shen. Pursuant to an oral contract between Ms. Shen and the Company, Ms. Shen invoices the Company based on accounting and other consulting services she provides to the Company. Ms. Shen and the Company are currently negotiating the terms of a written agreement but have not yet finalized same as of the date of this Information Circular.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding (no share-based awards were outstanding) for the Named Executive Officers as of June 30, 2013:

Name	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)
Stan Lis	175,000	\$0.36	December 16, 2014	Nil
	120,000	\$0.20	February 8, 2016	Nil
	230,000	\$0.14	August 18, 2016	11,500
	310,000	\$0.09	October 15, 2017	31,000
	140,000	\$0.335	January 7, 2018	Nil
Slawomir Smulewicz	175,000	\$0.36	December 16, 2014	Nil
	250,000	\$0.20	February 8, 2016	Nil
	260,000	\$0.14	August 18, 2016	13,000
	310,000	\$0.09	October 15, 2017	31,000
	140,000	\$0.335	January 7, 2018	Nil
Ping Shen	50,000	\$0.36	December 16, 2014	Nil
	200,000	\$0.20	February 8, 2016	Nil
	100,000	\$0.14	August 18, 2016	5,000
	45,000	\$0.335	January 7, 2018	Nil

(1) Calculated using the closing price of the Common Shares on the Exchange at June 30, 2013, being \$0.19.

Incentive Plan Awards - Value Vested or Earned During the Year

During the most recently completed financial year end, all option based awards for the Named Executive Officers vested on their grant dates with a nil value. No share based awards were outstanding.

Pension Plan Benefits

As at the year ended June 30, 2013, the Company did not maintain any defined benefit plans, defined contribution plans or deferred compensation plans.

Termination and Change of Control Benefits

Except as disclosed above under the narrative description of the Summary Compensation Table, the Company has not entered into any plans or arrangements in respect of remuneration received or that may be received by the Named Executive Officers in the Company's most recently completed financial year or current financial year in respect of compensating such officers or directors in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control.

Director Compensation

The Company had four directors during the most recently completed financial year, two of whom were also Named Executive Officers, Stan Lis, the Company's President, and, Slawomir Smulewicz, the Company's CEO. The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange.

During the most recently completed financial year ended June 30, 2013, the directors who were not Named Executive Officers received the following compensation for services provided to the Company:

Name	Fees earned (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
William Hudson	31,000	Nil	35,979	Nil	Nil	Nil	66,979
Ian Hume	32,800	Nil	35,979	Nil	Nil	Nil	68,779

(1) Includes consulting fees paid or accrued during the financial year.

(2) Refer to discussion in footnote (2) in the "Summary of Compensation" table for Named Executive Officers for the method of determining the value of option-based awards.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding as of June 30, 2013 (no share-based awards are outstanding) to directors who were not Named Executive Officers:

Name	Option-based awards			
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
William Hudson	150,000	\$0.20	February 8, 2016	Nil
	100,000	\$0.11	August 18, 2016	Nil
	100,000	\$0.335	January 7, 2018	Nil
Ian Hume	150,000	\$0.20	February 8, 2016	Nil
	100,000	\$0.11	August 18, 2016	Nil
	100,000	\$0.335	January 7, 2018	Nil

(1) Calculated using the closing price of the Company's shares on the Exchange at June 30, 2013, being \$0.19.

Incentive Plan Awards - Value Vested or Earned During the Year

During the most recently completed financial year end, all option based awards for the directors vested on their grant dates with a nil value. No share based awards were outstanding.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the financial year ended June 30, 2013. The Option Plan (as described in “Particulars of Matters to be Acted Upon – 5. Long-Term Performance Incentive Plan”) was the only equity compensation plan outstanding as at the financial year ended June 30, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	6,720,000	\$0.21	165,400
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	6,720,000	\$0.21	165,400

AUDIT COMMITTEE DISCLOSURE

Audit Fees

National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its external auditor as set forth below.

Audit Committee Charter

The Company’s audit committee is governed by an audit committee charter, the text of which is attached as Schedule “A” to this Information Circular.

Composition of Audit Committee

The Audit Committee is currently comprised of three directors Ian Hume, William Hudson and Stan Lis. All three audit committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements and are therefore considered “financially literate”.

Relevant Education and Experience

All of the audit committee members are businessmen with experience in financial matters; each has a understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor.

Mr. Hume joined the World Bank in 1969 as an economist. His career at the World Bank included macroeconomic work, project assignments, and management positions from Division Chief, Assistant Director of Energy Department, Resident Representative and Country Director in Poland. Since 1994, Mr. Hume has worked on a range of private energy ventures in electric power and coal industries including: technical advisor to EUROGAZ Gas Pipeline from 1995 to 1996; coordinator of a consortium for an LNG Feasibility Study in Poland in 2007; founder of an independent evaluation group and quality assurance group for the World Bank between 2005 and 2010, and; acting as a local US Partner for C2E, a coal to liquids technology company in Hong Kong and the USA since 2009.

Mr. Hudson founded The Domus Group in 1992, a private holding company that invests in and develops real estate properties in South Texas including a 1,000-acre Master Planned Community with 2,600 households and over \$300 million of tax base created to date. Mr. Hudson also co-founded, in 1989, International UNP Holdings Ltd. Mr. Hudson was a key team leader in the acquisition of control of the public shell corporation, designing the business plan, assembling a first-rate board and competent management team and raising the initial \$20 million in

investment capital. In 1979, he co-founded Hudson & Hudson Partners, a Texas general partnership that managed real estate, mineral exploration and production and securities investments. Mr. Hudson worked as a geologist with the Continental Oil Company from 1975 to 1980. He was also a director of First Valley Bank Group, Inc., a \$450 million bank with branches in the Rio Grande Valley of Texas from 1968 to 1997, and was crucial in growing the bank 10-fold while retaining strong earnings.

Mr. Lis is a co-founder, President and director of the Company since its inception in 2006. From 2000 until 2006, he was President, CEO and director of Stream Communications Network & Media Inc., a cable company, where he was directly responsible for taking the company from start up to 60,000 subscribers and personally raised over \$37 million USD for the company. From 1993 until 2000, Mr. Lis acted as President, CEO and director of Trooper Technologies Inc., an environmental company focused on waste management in Central Europe. In 1988 he founded International UNP Holdings Ltd., a Toronto Stock Exchange investment company used to acquire and finance privatized Polish state enterprises. Mr. Lis studied Business Administration and Securities at Simon Fraser University.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year ended June 30, 2013, the Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

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 set out in Schedule “A” to this Information Circular.

External Audit Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its external auditor, BDO Canada LLP, for services rendered to the Company in each of the last two financial years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
June 30, 2013	\$82,000	\$Nil	\$Nil	\$Nil
June 30, 2012	\$75,000	\$Nil	\$Nil	\$788

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

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 Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines, which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) also requires the Company to disclose annually in its Information Circular certain information concerning its corporate governance practices. As a “venture issuer” the Company is required to make such disclosure with reference to the requirements of Form 58-101F2, which disclosure is set forth below.

Board of Directors

Structure and Composition

The Board is currently composed of five directors. All of the proposed nominees for election as directors at the Meeting are currently directors of the Company.

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Of the current directors, Stan Lis and Slawomir Smulewicz are senior officers of the Company and are therefore not considered independent. James Young, Ian Hume and William Hudson are considered independent.

Mandate of the Board

The mandate of the Board is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its audit committee. In fulfilling its mandate, the Board, among other matters, is responsible for: reviewing and approving the Company’s overall business strategies and its annual business plan; reviewing and approving the annual corporate budget and forecast; reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company’s proposed actions accord with Shareholder objectives; reviewing succession planning; assessing management’s performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to Shareholders; ensuring the effective operation of the Board; and safeguarding Shareholders’ equity interests through the optimum utilization of the Company’s capital resources. The Board also takes responsibility for identifying the principal risks of the Company’s business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company’s development, the Board does not believe it is necessary to adopt a written mandate as sufficient guidance is found in the applicable corporate and securities legislation and regulatory policies; however, as the Company grows, the Board will move to develop a formal written mandate.

The Board delegates to management, through the Chief Executive Officer, Chief Financial Officer and other executive officers, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing the Company’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Given the size of the Company's current operations, the Board believes that the independence of the Board from management is not compromised by the composition of the Board. The Board believes that the fiduciary duties placed on management by the Company's governing corporate legislation and common law and the restrictions on an individual director's participation in decisions of the Board in which the director has an interest under applicable corporate and securities legislation provide the "independent" directors with significant input and leadership in exercising their responsibilities for independent oversight of management. In addition, each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances and the "independent" directors have the ability to meet independently of management whenever deemed necessary.

Directorships

As of the date of this Information Circular, none of the directors of the Company are currently directors and/or executive officers of other reporting issuers (or equivalent) in a Canadian jurisdiction or a foreign jurisdiction.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest are sufficient to ensure that the Board operates independent of management and in the best interest of the Company.

Nomination and Assessment

Given its current size and stage of development, the Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer, and proposed director's credentials are reviewed in advance of a Board meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies; however, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current operations.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing various public and private entities. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" in Part 3 of "Particulars of Matters to be Acted Upon" for a description of the current principal occupations of the Company's Board.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's current size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness and the effectiveness and contribution of its committees or individual directors on an ad hoc basis.

Committees of the Board of Directors

At the present time, the Board of the Company has appointed one formal committee, being the Audit Committee.

The Audit Committee is comprised of Ian Hume, William Hudson and Stan Lis, and is primarily responsible for the policies and practices relating to integrity of financial and regulatory reporting of the Company, as well as internal controls to achieve the objectives of safeguarding the Company's assets; reliability of information; and compliance with policies and laws. For further information regarding the mandate of the Company's audit committee, its

specific authority, duties and responsibilities, as well as the Audit Committee Charter, see “Audit Committee Disclosure” in this Information Circular.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the last completed financial year, no director, executive officer, or nominee for director of the Company nor any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the last completed financial year, no “informed person”, any proposed director of the Company, or an associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. “Informed Person” means: (a) a director or executive officer of the Company; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Company; or (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company.

MANAGEMENT CONTRACTS

The management functions of the Company are performed by its directors and executive officers and the Company has no management agreements or arrangements under which such management functions are performed by persons other than the directors and executive officers of the Company.

OTHER MATTERS

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

OTHER MATERIAL FACTS

There are no other material facts other than as disclosed herein.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Financial information is provided in the Company’s financial statements and management’s discussion and analysis (“MD&A”) for the most recently completed financial year.

The Company will provide to any Shareholder upon request, copies of the Company’s financial statements and MD&A for the most recently completed financial year. Please direct your request to the Company at Suite 2500, 555 West Hastings Street, Vancouver, British Columbia, V6B 4N5.

BOARD APPROVAL

The Board of Directors of the Company has approved the contents and the delivery of this Information Circular to its Shareholders.

DATED at Vancouver, British Columbia, this 29th day of November, 2013.

ON BEHALF OF THE BOARD OF DIRECTORS
MICROCOAL™ TECHNOLOGIES INC.

Per: “Stan Lis”
President and Director

SCHEDULE "A"

Audit Committee Charter

I. Committee Composition

The audit committee (the “**Committee**”) shall be comprised of three or more members, and each member of the Committee must be a member of the Board of Directors (“**Board**”). The members of the Committee shall, subject to appointments made as a result of resignations, removals and retirements, be appointed annually by the Board of MicroCoal™ Technologies Inc. (the “**Company**”), taking into account the recommendations made by the Nominating and Corporate Governance Committee, if such committees exist, with respect to who should serve on the Committee. The Board shall annually designate a Chair of the Committee from among the members of the Committee. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

Majority of the members of the Committee must be determined by the Board to be independent and shall satisfy the independence requirements under applicable securities law, stock exchange and any other regulatory requirements applicable to the Corporation.

Each member of the Committee must be financially literate, meaning that they have an 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 the issues that could reasonably be expected to be raised by the Company’s financial statements.

In addition, where possible, at least one member of the Committee shall qualify as an “Audit Committee financial expert” within the meaning of applicable securities law.

Sub-committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

II. Meetings

The Committee shall hold at least four (4) regularly scheduled meetings in each calendar year in person or by conference call or by means of similar communications equipment hook-up, and shall meet more frequently if circumstances warrant, including convening a meeting to cover any matters at the request of the independent auditors. Attendance by a majority of members of the Committee either in person or by conference call or by means of similar communications equipment hookup shall constitute a quorum for the transaction of any business that may properly come before any meeting of such Committee.

The Committee is authorized to invite officers and employees of the Company and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings if it considers this appropriate. In addition, the Committee will meet with the Auditor and management annually to review the Company’s financial statements in a manner consistent with Section III of this Charter.

The Committee will appoint a Secretary who will keep minutes of all meetings. The Secretary may be the Company’s Corporate Secretary or another person who does not need to be a member of the Committee. The Secretary for the Committee can be changed by simple notice from the Chair.

III. Duties and Responsibilities

(A) Purpose

The purpose of the Committee is to provide independent and objective assistance to the Board in its oversight of:

1. The financial statements and other financial information provided by the Company to its shareholders, the public and others;
2. The Company's compliance with legal and regulatory requirements;
3. The qualification, independence and performance of the Auditors; and
4. The Company's risk management and internal financial and accounting controls, and management information systems.

In fulfilling their responsibilities, it is recognized that majority of the members of the Committee are not full-time employees of the Company and are not, and do not represent themselves to be, performing the functions of accountants or auditors. As such, it is not the duty or responsibility of the Committee or any of its members to serve in such capacity.

(B) Duties and Responsibilities

The Committee shall:

With respect to the external auditors (the "Auditors"):

1. Recommend to the Board the Auditors to be nominated for appointment as auditors of the Company at the Company's annual meeting; be responsible for the oversight of the work of the Auditors, including the resolution of disagreements between management and the Auditors regarding financial reporting; and recommend to the Board and the shareholders the termination of the appointment of the Auditors, if and when advisable;
2. Approve, or recommend to the Board for approval, all audit engagement fees and terms, as well as all non-audit engagements of the Auditors prior to the commencement of the engagement. Review and approve any disclosures required to be included in periodic reports under applicable securities law, stock exchange and other regulatory requirements with respect to non-audit services;
3. Evaluate the independence of the Auditor and any potential conflicts of interests and (to assess the Auditors' independence) all relationships between the Auditors and the Company, including obtaining and reviewing an annual report prepared by the Auditors describing all relationships between the Auditors and the Company;
4. Review with the Auditors the plan and scope of the quarterly review and annual audit engagements. Also review their staffing, materiality, and general audit approach;
5. Setting hiring policies with respect to the employment of current or former employees of the Auditors; and
6. Consider the tenure of the lead audit partner on the engagement in light of applicable securities law, stock exchange or applicable regulatory requirements.

With respect to **financial statements and financial information**:

7. Review, discuss with management and recommend to the Board for approval the annual audited financial statements and related "management's discussion and analysis of financial and operating results" prior to filing with securities regulatory authorities and delivery to shareholders;
8. Review and discuss with the Auditors the results of their reviews and audit, any issues arising and managements' response, including any restrictions on the scope of the external Auditors' activities or requested information and any significant disagreements with management, and resolving any disputes;

9. Review and discuss with management and the Auditors, the Company's interim financial statements, including managements' discussion and analysis, and the auditors' review of interim financial statements, prior to filing or distribution of such statements;
10. Review and discuss with management and the Auditors major issues regarding accounting principles used in the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles. Review and discuss analyses prepared by management and the Auditors setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative approaches under generally accepted accounting principles;
11. Be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information and extracted or derived from the Company's financial statements and periodically assess the adequacy of these procedures;
12. Review and discuss with management the Company's earnings press releases, as well as any type of financial information and earnings guidance (if any) provided to analysts and ratings agencies;
13. Review and discuss such other relevant public disclosures containing financial information as the Committee may consider necessary or appropriate; and
14. Review and discuss with management any regulatory initiatives and material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses. Obtain explanations from management of all significant variances between comparative reporting periods.

With respect to **internal control and risk management:**

15. Review and discuss with management the effectiveness of the Company's internal controls over financial reporting, particularly any significant deficiencies in the design or operation of internal controls, and any possibility of fraud being perpetrated, whether or not material, by management or other employees who have a significant role in the Company's internal controls over financial reporting;
16. In consultation with management, review the adequacy of the Company's internal control structure and procedures designed to insure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the Company's financial and accounting group;
17. Review and discuss with management the Company's process with respect to risk assessment (including fraud risk), risk management and the Company's major financial risks and financial reporting exposures, all as they relate to internal controls over financial reporting, and the steps management has taken to monitor and control such risks;
18. Approve and recommend to the Board for adoption of policies and procedures on risk oversight and management to establish an effective system for identifying, assessing, monitoring and managing risk;
19. Review and discuss with management the Company's Code of Business Conduct and Ethics and anti-fraud program and the actions taken to monitor and enforce compliance; and
20. Establish procedures for:

- a. The receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and
- b. the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting, internal controls or auditing matters.

With respect to **reporting**:

21. Meet separately, periodically, with each of management, and the Auditors;
22. Report regularly to the Board and submit the minutes of all meetings of the Committee to the Board. The Committee shall also report to the Board on the proceeding and deliberations of the Committee at such times and in such manner as the Board may require;
23. Review and assess its mandate and recommend any proposed changes to the Nominating and Corporate Governance Committee of the Board, if any, on an annual basis; and
24. Evaluate the functioning of the Committee on an annual basis, including with reference to the discharge of its mandate, with the results to be reported to the Nominating and Corporate Governance Committee, if any, which shall report on the Board.

IV. Authority and Resources

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall have unrestricted access to the Company's internal accounting staff, managers, other staff and Auditors as necessary to carry out these duties. While acting within the scope of its stated mandate, the Committee shall have all the authority of, but shall remain subject to, the Board.

The Committee shall have the authority, including approval of fees and other retention terms, to obtain advice and assistance from outside legal, accounting or other advisors in its sole discretion, at the expense of the Company, which shall provide adequate funding for such purposes. The Company shall also provide the Committee with adequate funding for the ordinary administrative expenses of the Committee.

Approved by the Board on April 10, 2013