



**ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS**

TO BE HELD ON THURSDAY, DECEMBER 19, 2013

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

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF BLACKHAWK RESOURCE CORP. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF BLACKHAWK RESOURCE CORP. TO BE HELD ON THURSDAY, DECEMBER 19, 2013.

TO BE HELD AT:

**1000, 250 - 2nd Street S.W.
Livingston Place
Calgary, Alberta**

at 10:00 a.m.

Dated: November 23, 2013

BLACKHAWK RESOURCE CORP.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER 19, 2013**

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING (the "**Meeting**") of holders of common shares ("**Common Shares**") of Blackhawk Resource Corp. (the "**Corporation**") will be held at 1000, 250 - 2nd Street S.W., Livingston Place, Calgary, Alberta, at 10:00 a.m., on Thursday, December 19, 2013 for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended June 30, 2013 and the report of the auditor thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at four (4);
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor's remuneration;
5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the re-approval of the stock option plan of the Corporation;
6. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the ratification and confirmation of the new by-laws of the Corporation; and
7. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

DATED this 23rd day of November, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

"David Antony"

David Antony

Chief Executive Officer and Director

IMPORTANT

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be received by Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

BLACKHAWK RESOURCE CORP.

MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR ("MANAGEMENT INFORMATION CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF BLACKHAWK RESOURCE CORP. (THE "CORPORATION") of proxies from the holders of common shares ("Common Shares") for the annual general and special meeting of the shareholders of the Corporation (the "Meeting") to be held on Thursday, December 19, 2013 at 10:00 a.m. at 1000, 250 - 2nd Street S.W., Livingston Place, Calgary, Alberta, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting ("Notice of Meeting").

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

APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the "Management Designees") in the enclosed instrument of proxy ("Instrument of Proxy") have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation's transfer agent, Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

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

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been

specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting, the Management Designees intend to vote in accordance with the judgment of management of the Corporation.

QUORUM

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two (2) persons are present in person or by proxy, each of whom is entitled to vote at the meeting, and who holds or represents by proxy not less than five (5%) percent of the shares entitled to vote at the meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Management Information Circular (the "**Effective Date**"), which is November 23, 2013, the Corporation has 22,179,706 Common Shares issued and outstanding. There are no other shares of any class issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one (1) vote for each Common Share held.

Holders of Common Shares of record at the close of business on November 18, 2013 (the "**Record Date**") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than 10 days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The compensation program of the Corporation is designed to attract, motivate, reward and retain knowledgeable and skilled executives required to achieve the Corporation's corporate objectives and increase shareholder value. The main objective of the compensation program is to recognize the contribution of the executive officers to the overall success and strategic growth of the Corporation. The compensation program is designed to reward management performance by aligning a component of the compensation with the Corporation's business performance and share value. The philosophy of the Corporation is to maintain a close monitoring over costs during its start-up phase and then to pay management a total compensation amount that is competitive with other junior oil and gas companies in Canada and is consistent with the experience and responsibility level of management. The purpose of executive compensation is to

reward the executives for their contributions to the achievements of the Corporation on both an annual and long term basis.

The Corporate Governance and Compensation Committee has adopted a compensation program that covers three key elements: (i) a base amount of salary and benefits; (ii) a performance based cash bonus; and (iii) stock options. A description of the criteria used in each element of compensation is set forth below.

Base Salary

The objective of base salary compensation is to reward and retain Named Executive Officers (defined below). The program is designed to reward Named Executive Officers for maximizing shareholder value in a volatile commodity based business in a safe, environmentally responsible, regulatory compliant and ethical manner. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience, expertise and the amount of time devoted to the affairs of the Corporation. The goal is to maintain modest base salaries during the start-up phase of the Corporation.

Bonus Plan

The Corporation's compensation philosophy will be to encourage the maximization of shareholder value at all levels of the organization by making cash bonuses a component of compensation, taking into consideration performance by both the Corporation and the respective executive officer.

Although no formal bonus plan has been implemented, all executive officers are eligible to receive a bonus. Bonus levels, if any, will be established by the Corporate Governance and Compensation Committee. Bonus awards for executive officers are discretionary and bonuses are not foreseen to be paid until the Corporation grows significantly.

Stock Options

The maximization of shareholder value is encouraged by the granting of stock options at all levels. The Corporation has in place a stock option plan (the "**Plan**") under which awards have been made to executive officers in amounts relative to positions, performance, and what is considered competitive in the industry. The objective of the Plan is to reward and retain Named Executive Officers. The program is designed to reward Named Executive Officers for maximizing shareholder value in a volatile commodity based business in a safe, environmentally responsible, regulatory compliant and ethical manner.

The Corporation has reviewed the public disclosure available for other junior oil and gas companies in Canada to assist in determining the competitiveness of stock option awards. The Chief Executive Officer makes recommendations to the Corporate Governance and Compensation Committee based on this information. The recommendations do not generally take into account awards made in the previous year. The Corporate Governance and Compensation Committee assesses the Chief Executive Officer's recommendations and then makes recommendations to the board of directors of the Corporation (the "**Board**") who ratify the recommendations. The Corporate Governance and Compensation Committee makes its own recommendations directly to the Board with respect to Chief Executive Officer stock option awards. In general, stock options are granted under the Plan to executive officers upon their commencement of service. Additional grants are made periodically to recognize the exemplary performance of, or the special contribution by eligible individuals. An annual grant may be made to eligible individuals based on individual performance and performance of the Corporation during the most recently completed financial year in relation to performance expected.

Risk Implications Associated with Compensation Policies and Practices

The Board is satisfied that there were not any identified risks arising from the Corporation's compensation plans or policies that would have had any negative or material impact on the Corporation.

Restrictions on Purchase of Financial Instruments

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

Summary Compensation Table

The following table sets forth all annual and long term compensation for the financial years ended June 30, 2013, 2012 and 2011 for services in all capacities to the Corporation and its subsidiaries in respect of individual(s) who were acting as, or were acting in a capacity similar to, a chief executive officer or chief financial officer and the three (3) most highly compensated individuals whose total compensation exceeded \$150,000 per annum for the year ended June 30, 2013 (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended June 30	Salary (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾⁽³⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
David Antony ⁽⁴⁾	2013	65,000 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil	65,000
Chief Executive Officer	2012	60,000 ⁽⁶⁾	Nil	45,690	Nil	Nil	Nil	Nil	105,690
	2011	60,000 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil	60,000
Charidy Lazorko	2013	58,500 ⁽⁷⁾	Nil	Nil	Nil	Nil	Nil	Nil	58,500
Chief Financial Officer	2012	54,000 ⁽⁷⁾	Nil	22,845	Nil	Nil	Nil	Nil	76,845
	2011	46,500 ⁽⁷⁾	Nil	Nil	Nil	Nil	Nil	Nil	46,500
David Bryson ⁽⁴⁾⁽⁵⁾	2013	12,738 ⁽⁸⁾	Nil	Nil	Nil	Nil	Nil	229,298 ⁽⁹⁾	242,036
Former President	2012	86,091 ⁽⁸⁾	Nil	45,690	Nil	Nil	Nil	Nil	131,781

Notes:

- (1) **"Share-Based Award"** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) **"Option-Based Award"** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (3) The "grant date fair value" has been determined by using the Black-Scholes option pricing model. See discussion below.
- (4) Mr. Antony and Mr. Bryson did not receive any additional compensation for serving as directors of the Corporation.
- (5) Mr. Bryson was appointed President of the Corporation effective December 7, 2011 and resigned effective July 31, 2012.
- (6) Represents compensation paid to RHM Management Inc., a company which is wholly-owned by Mr. Antony, for services provided to the Corporation. The Corporation paid no salary directly to Mr. Antony.
- (7) Represents compensation paid to FCross Consulting Ltd., a company which is wholly-owned by Mrs. Lazorko, for services provided to the Corporation. The Corporation paid no salary directly to Mrs. Lazorko.
- (8) Represents compensation paid to Rippowam Holdings LLC, a company which is wholly-owned by Mr. Bryson, for services provided to the Corporation. The Corporation paid no salary directly to Mr. Bryson.
- (9) Other compensation paid to Mr. Bryson represents a severance payment paid to Mr. Bryson upon his resignation as President of the Corporation.

Narrative Discussion

During the financial year ended June 30, 2013, the Corporation did not grant any stock options to the Name Executive Officers.

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option ⁽¹⁾⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
David Antony	266,667	0.30	December, 7 2016	Nil	N/A	N/A
Chief Executive Officer	66,667	0.45	September 1, 2014	Nil	N/A	N/A
	70,000	0.30	February 23, 2014	Nil	N/A	N/A
Charidy Lazorko	133,333	0.30	December, 7 2016	Nil	N/A	N/A
Chief Financial Officer	25,000	0.45	September 1, 2014	Nil	N/A	N/A
	43,333	0.30	February 23, 2014	Nil	N/A	N/A
David Bryson	Nil	N/A	N/A	N/A	N/A	N/A
Former President						

Notes:

- (1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at June 28, 2013 (the last day the Common Shares were traded before the fiscal year end), being \$0.14 per Common Share, and the exercise price of the stock options.

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

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
David Antony Chief Executive Officer	Nil	N/A	N/A
Charidy Lazorko Chief Financial Officer	Nil	N/A	N/A
David Bryson Former President	Nil	N/A	N/A

Note:

(1) Based on the difference between the market price of the options at the vesting date and the exercise price.

Narrative Discussion

The Corporation has a stock option plan (defined herein as the "**Plan**") previously approved by the shareholders of the Corporation on December 11, 2012. The details of the Plan are described under "*PARTICULARS OF MATTERS TO BE ACTED UPON - Re-Approval of Stock Option Plan*".

Pension Plan Benefits

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

Termination and Change of Control Benefits

During the year ended June 30, 2013, the Corporation was not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer's responsibilities other than as set forth below.

The Corporation entered into a consulting agreement with David Bryson dated December 9, 2011 which provided for payment of US\$225,000 in the event of a change of control of the Corporation (as defined in the consulting agreement) or termination "without cause". Mr. Bryson resigned as President of the Corporation effective July 31, 2012.

DIRECTOR COMPENSATION

The Corporation currently has four (4) directors, one (1) of which, David Antony, is also Named Executive Officer. David Bryson was also a Named Executive Officer and a director of the Corporation during the year ended June 30, 2013. For a description of the compensation paid to the Named Executive Officers who also act or acted as a director of the Corporation, see "*EXECUTIVE COMPENSATION*".

Director Compensation Table

The following table sets forth all compensation provided to directors who are not also Named Executive Officers ("**Outside Directors**") of the Corporation for the financial year ended June 30, 2013.

Name	Fees Earned (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Raymond Antony	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Bowie	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David M. Fuchs	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (3) The "grant date fair value" has been determined by using the Black-Scholes option pricing model. See discussion below.

Narrative Discussion

The Corporation has no arrangements, standards or otherwise, pursuant to which directors are compensated by the Corporation for their services in their capacity as directors, or for committee participation, except for the granting from time to time of stock options pursuant to the Plan and in accordance with the policies of the TSX Venture Exchange (the "TSXV"). The purpose of granting such stock options is to assist the Corporation in compensating, attracting, retaining and motivating the directors of the Corporation and to closely align the personal interests of such person to that of the shareholders. During the financial year ended June 30, 2013, the Corporation did not grant any stock options to the Outside Directors.

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Outside Director of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option ⁽¹⁾⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
Raymond Antony	200,000	0.30	December 7, 2016	Nil	N/A	N/A
	33,333	0.45	September 1, 2014	Nil	N/A	N/A
	61,667	0.30	February 23, 2014	Nil	N/A	N/A

Michael Bowie	200,000	0.30	December 7, 2016	Nil	N/A	N/A
	33,333	0.45	September 1, 2014	Nil	N/A	N/A
	61,667	0.45	May 6, 2014	Nil	N/A	N/A
David M. Fuchs	200,000	0.30	March 9, 2017	Nil	N/A	N/A

Notes:

- (1) Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at June 28, 2013 (the last day the Common Shares were traded before the fiscal year end), being \$0.14 per Common Share, and the exercise price of the stock options.

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

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for the Outside Directors of the Corporation.

Name	Option-Based Awards - Value vested during the year (\$)⁽¹⁾	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Raymond Antony	Nil	N/A	N/A
Michael Bowie	Nil	N/A	N/A
David M. Fuchs	Nil	N/A	N/A

Note:

- (1) Based in the difference between the market price of the options at the vesting date and the exercise price.

Narrative Discussion

The significant terms of the Plan are disclosed in this Management Information Circular under "*PARTICULARS OF MATTERS TO BE ACTED UPON – Re-Approval of Stock Option Plan*".

Other Compensation

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year.

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 issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)⁽¹⁾
Equity compensation plans approved by securityholders	1,561,667 Common Shares	\$0.32	656,304 Common Shares
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	1,561,667 Common Shares	\$0.32	656,304 Common Shares

Note:

- (1) The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. As at June 30, 2013, the number of Common Shares issued and outstanding was 22,179,706.

MANAGEMENT CONTRACTS

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

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

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

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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

any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation or its subsidiaries.

AUDIT COMMITTEE

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit committee is also responsible for managing, on behalf of the shareholders, the relationship between the Corporation and the external auditor.

Pursuant to National Instrument 52-110 — *Audit Committees* ("**NI-52-110**") the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

Audit Committee Terms of Reference

The Corporation must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The terms of reference of the Audit Committee are attached hereto as Schedule "A".

Audit Committee Composition

The following are the members of the Audit Committee as at the date hereof:

Raymond Antony	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Michael Bowie	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
David Antony	Not Independent ⁽¹⁾	Financially Literate ⁽¹⁾

Note:

(1) As defined by NI 52-110.

Relevant Education and Experience

All of the members of the Audit Committee have been either directly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of the Audit Committee. All members have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

Raymond Antony

- Mr. Antony has been a Chartered Accountant for more than 30 years and has obtained significant financial experience and exposure to accounting and financial issues as a director and audit committee member of a number of public companies with international operations.

Michael Bowie

- Mr. Bowie is a Principal of Summit Liability Solutions and was formerly the Vice-President Business Development of a Private Oil and Gas Company from April 2005 to December 2006 and EHS Co-ordinator of Vermillion Energy Trust from June 2002 to April 2005.

David Antony

- Mr. Antony is a Chartered Accountant with over 19 years of experience in financial and business planning services with both public and private companies, and has been a Chief Financial Officer and Chief Executive Officer of numerous public companies.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described in the terms of reference of the Audit Committee attached hereto as Schedule "A" under the heading "*External Auditors*".

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the last two (2) fiscal years for audit and other fees are as follows:

Financial Year Ending	Audit Fees (\$) ⁽¹⁾	Audit Related Fees (\$) ⁽²⁾	Tax Fees (\$) ⁽³⁾	All Other Fees (\$) ⁽⁴⁾
2013	77,254	Nil	1,099	Nil
2012	48,000	Nil	Nil	12,000

Notes:

- (1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Audit-related fees include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) Tax fees include fees for all tax services other than those included in audit fees and audit-related fees. This category includes fees for tax compliance, tax planning and tax advice.
- (4) All other fees include fees for products and services provided by the Auditor, other than the services reported above.

Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

CORPORATE GOVERNANCE

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

Pursuant to National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, the Corporation is required to disclose its corporate governance practices as summarized below.

Board of Directors

The Board is currently comprised of the following four (4) members: David Antony, Raymond Antony, Michael Bowie and David M. Fuchs. All of these directors, except for Mr. Bowie, are being nominated for re-election at the Meeting. Mike Smith is also nominated for election to the Board at the Meeting.

Raymond Antony, Michael Bowie and David M. Fuchs are independent directors of the Corporation and have no ongoing interest or relationship with the Corporation other than their security holdings in the Corporation and serving as directors. If elected to the Board at the Meeting, Mike Smith will be an independent director of the Corporation.

David Antony, the Chief Executive Officer of the Corporation, is a member of management and, as a result, is not an independent director. The Board is responsible for determining whether a director is an independent director.

National Policy 58-201 — *Corporate Governance Guidelines* suggests that the board of directors of a public Corporation should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. The Board is comprised of a majority of independent directors.

Directorships

The following directors of the Corporation are directors of other reporting issuers:

Director	Other Reporting Issuers
David Antony	Southern Pacific Resource Corp. North Sea Energy Inc. Sabre Graphite Inc. Iron Tank Resources Corp. Great Bear Resources Ltd. Africa Hydrocarbons Inc.
Raymond Antony	Eaglewood Energy Ltd. Canyon Services Group Inc. Sabre Graphite Inc.

Orientation and Continuing Education

At present, each new director is given an outline of the nature of the Corporation's business, its corporate strategy, and current issues with the Corporation along with a description of the committees constituted by the Board. New directors are also expected to be required to meet with management of the Corporation to discuss and better understand the Corporation's business and will be advised by counsel to the Corporation of their legal obligations as directors of the Corporation. New directors are also given copies of the Corporation's policies.

The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct which applies to all directors, officers, employees and consultants of the Corporation. The Code of Business Conduct addresses such matters as ethical, honest and fair

conduct of the Corporation's directors, officers, employees and consultants, safety, personal gain, dealings with public officials, conflicts of interest and the protection and proper use of the Corporation's assets.

The Board has established a Whistle Blower Policy, which establishes the complaint procedure for concerns about any aspect of the Corporation's activities and operations. The Corporation has also adopted an Insider Trading and Reporting Policy which establishes procedures for when insiders may trade securities of the Corporation. The Corporation has also adopted a Disclosure and Confidentiality Policy which establishes procedures for ensuring adequate disclosure and compliance with disclosure requirements as well as procedures for maintaining confidentiality.

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the 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 have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. The Board has also found that the in camera sessions of the independent directors held in conjunction with Board meetings also help to ensure that directors exercise independent judgment in considering transactions and agreements.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**"), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

Nomination of Directors

The Board have not appointed a nominating committee; however, pursuant to the Board Mandate, the Corporate Governance and Compensation Committee is responsible for recommending potential directors to the Board. The Board selects new nominees for election by the shareholders to the Board. The nominees are selected pursuant to criteria found in the Board Mandate such as personal qualities, characteristics, accomplishments, reputations, contacts in the business community, ability to commit time, fit and diversity of view point.

Compensation

The Corporate Governance and Compensation Committee is composed of a majority of independent directors. The members of the Corporate Governance and Compensation Committee are listed under "*PARTICULARS OF MATTERS TO BE ACTED UPON – Election of Directors*". The responsibilities of the Corporate Governance and Compensation Committee in respect of compensation matters include reviewing and recommending to the Board the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives, reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation; non-CEO officer and director compensation; the review of executive compensation disclosure; succession plans for officers and for key employees; and material changes and trends in human resources policy, procedure, compensation and benefits. The responsibilities of the Corporate Governance and Compensation Committee in respect of corporate governance matters include addressing all governance issues identified by securities regulators and any additional issues as they arise by virtue of the operations and growth of the Corporation as being emerging progressive issues of corporate governance.

The Corporate Governance and Compensation Committee has unrestricted access to the Corporation's personnel and documents and is provided with the resources necessary, including, as required, the engagement and compensation of outside advisors, to carry out its responsibilities.

See also "*EXECUTIVE COMPENSATION – Compensation Discussion and Analysis*" for further information on the process by which the Board determines the compensation for the Corporation's directors and officers.

Other Board Committees

Other than the Audit and Corporate Governance and Compensation Committees, the Corporation has established a Reserves Committee.

The Reserves Committee is responsible for various matters relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to National Instrument 51-101 — *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), including:

- (a) reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
- (b) reviewing the Corporation's procedures for providing information to the independent evaluator;
- (c) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- (d) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- (e) providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
- (f) reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities; and
- (g) generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

The members of the Reserves Committee are listed under "*PARTICULARS OF MATTERS TO BE ACTED UPON – Election of Directors*".

Assessments

The Board has not implemented a formal process for assessing its, or its members', effectiveness although the Board Mandate requires an annual self assessment of the entire Board and its committees. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board consider a formal assessment process (other than the above mentioned self evaluation) to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an annual basis.

The Board does not formally assess the performance or contribution of individual members or committee members.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Report and Financial Statements

The Board of the Corporation has approved all of the information in the audited financial statements of the Corporation for the year ended June 30, 2013 and the report of the auditor thereon.

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

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

At the Meeting, it will be proposed that four (4) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).**

3. Election of Directors

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five (5) years, the period during which the nominee has served as a director, and the number and percentage of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the ABCA to which the Corporation is subject.

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five (5) Years	Number and Percentage of Common Shares Held or Controlled as at the Effective Date ⁽⁴⁾⁽⁵⁾
David Antony ⁽¹⁾⁽³⁾ Calgary, Alberta, Canada Chief Executive Officer and Director February 23, 2009	Mr. Antony is a Chartered Accountant and is currently the Chief Executive Officer and a director of the Corporation. Mr. Antony has over 19 years' experience in assisting companies in structuring transactions, accessing capital, and corporate governance. In the last five years, Mr. Antony has been Chief Executive Officer of Southern Pacific Resource Corp. (from 2006 to May 2009) where he continues as Chairman of the board of that company. Prior thereto, Mr. Antony was a partner at an accounting firm. He is currently a director of Southern Pacific Resource Corp., North Sea Energy Inc., Sabre Graphite Inc., Iron Tank Resources Corp., Great Bear Resources Ltd. and Africa Hydrocarbons Inc.	576,245 (2.6%)

Raymond Antony ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada Director February 23, 2009	Mr. Antony has been a Chartered Accountant for more than 30 years. An independent business man since September, 2006, Mr. Antony was previously the President of Breakside Energy Ltd., a private oil and gas exploration and production company from January 2004 to September, 2006.	211,333 (less than 1%)
David M. Fuchs ⁽²⁾⁽³⁾ Calgary, Alberta, Canada March 9, 2012	Mr. Fuchs, B.Sc., P.Eng., is President, CEO, and a Director of Arriva Energy Inc., a private junior oil & gas corporation which he founded in 2003. Mr. Fuchs was a Director (2005-2010) and Chairman (2009-2010) of Excelsior Energy Limited, a TSX publicly-traded junior oilsands corporation. Mr. Fuchs is a Petroleum Engineering graduate of the University of Wyoming, a Petroleum Technology graduate of SAIT, has 31 years of industry experience and is a registered Professional Engineer in Alberta.	Nil
Mike Smith ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta, Canada Nominee	Mr. Smith is a Professional Engineer with over 13 years of experience in the oil and gas sector including 5 years in senior roles. Mr. Smith was formerly the President and Chief Executive Officer of Paramax Resources Ltd. (now Sabre Graphite Inc.). Prior thereto, Mr. Smith was a Vice President at The Codeco Energy Group. Prior to that appointment, Mr. Smith was the President of Fire Creek Resources.	Nil

Notes:

- (1) Anticipated member of the Audit Committee.
- (2) Anticipated member of the Corporate Governance and Compensation Committee.
- (3) Anticipated member of the Reserves Committee.
- (4) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based on information furnished to the Corporation by the above individuals.
- (5) Assumes a total of 22,179,706 Common Shares issued and outstanding as at the Effective Date.

Cease Trade Orders or Bankruptcies

No proposed director, within 10 years before the date of this Management Information Circular, has been, a director or executive officer of any company that, while 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 a 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 of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

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

Penalties and Sanctions

No proposed director has been subject to:

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

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

4. Appointment of Auditor

The shareholders of the Corporation will be asked to vote for the re-appointment of Grant Thornton LLP, Chartered Accountants, as auditor of the Corporation. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Grant Thornton LLP, Chartered Accountants, as auditor of the Corporation for the next ensuing year,** to hold office until the close of the next annual general meeting of shareholders or until the firm of Grant Thornton LLP, Chartered Accountants, is removed from office or resigns as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board to fix the compensation of the auditor. Grant Thornton LLP has been the auditor of the Corporation since December 9, 2010.

5. Re-Approval of Stock Option Plan

The Plan was previously approved by shareholders of the Corporation on December 11, 2012. A copy of the Plan is attached as Schedule "B" to the Management Information Circular of the Corporation dated February 6, 2012 and filed on SEDAR on February 15, 2012. The policies of the TSXV require that stock option plans which reserve for issuance up to 10% of a listed corporation's shares be re-approved annually by the shareholders of the listed corporation. That approval is being sought at the Meeting.

The Plan complies with the policies of the TSXV and the Toronto Stock Exchange ("**TSX**"). Under the Plan, the Board may, from time to time, grant options to purchase Common Shares to certain directors, officers, employees and consultants of the Corporation and of its subsidiaries and affiliates. The maximum number of Common Shares issuable under the Plan and all other security based compensation arrangements of the Corporation is 10% of the Common Shares outstanding from time to time, subject to the following additional limitations:

- (a) the aggregate number of Common Shares reserved for issuance to any one person under the Plan, together with all other security based compensation arrangements of the Corporation, must not exceed five (5%) percent of the then outstanding Common Shares (on a non-diluted basis);
- (b) in the aggregate, no more than 10% of the issued and outstanding Common Shares (on a non-diluted basis) may be reserved at any time for insiders under the Plan, together with all other security based compensation arrangements of the Corporation;
- (c) the number of securities of the Corporation issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares;
- (d) options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Common Shares of the Corporation in any 12 month period to any one (1) consultant of the

Corporation (or any of its subsidiaries); and

- (e) options shall not be granted if the exercise thereof would result in the issuance of more than two (2%) percent of the issued Common Shares of the Corporation in any 12 month period to persons employed to provide investor relations activities. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than one-quarter (1/4) of the options vesting in any three (3) month period.

The Plan includes a black out provision. Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "black out periods". A black out period is designed to prevent a person from trading while in possession of material information that is not yet available to other shareholders. The TSX recognizes these black out periods might result in an unintended penalty to employees who are prohibited from exercising their options during that period because of their company's internal trading policies. As a result, the TSX provides a framework for extending options that would otherwise expire during a black out period. The Plan includes a provision that should an option expiration date fall within a black out period or immediately following a black out period, the expiration date will automatically be extended for 10 business days following the end of the black out period.

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

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

Policy 4.4 of the TSXV requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual general meeting. In accordance with Policy 4.4, shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving, adopting and ratifying the Plan as the Corporation's stock option plan.

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

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

- 1. the stock option plan of the Corporation in substantially the form attached as Schedule "B" to the Management Information Circular of the Corporation dated February 6, 2012 (the "Plan") be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;**
- 2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;**

3. **all issued and outstanding stock options previously granted are hereby continued under and governed by the Plan;**
4. **the shareholders of the Corporation hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**
5. **any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."**

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

6. Ratification and Confirmation of the New By-laws

The shareholders of the Corporation will be asked to ratify and confirm the replacement of the By-laws of the Corporation (the "**Old By-laws**") with the new By-laws (the "**New By-laws**"), which were approved by the Board on November 21, 2013.

The New By-laws have been modernized as compared to the Old By-laws and reflect changes to corporate law in Alberta, general technological advancements and standard corporate practices. The New By-laws are more consolidated than the Old By-laws in that they do not restate many legislative requirements, including, among others, provisions dealing with corporate borrowing, proxy matters, the place and time of meetings and notice to shareholders.

The New By-laws also reflect changes with respect to the electronic transfer of securities required to support the Direct Registration System ("**DRS**") for the Corporation's securities. The DRS provides for electronic direct registration of securities in an investor's name on the books for the transfer agent or issuer, and allows shares to be transferred between a transfer agent and broker electronically. The DRS provides investors with an alternate approach to holding their securities in certificate or "street" form. Under DRS, investors can elect to have their securities registered directly on the issuer's records in book-entry form. An investor electing to hold a security in a DRS book-entry position will receive a statement from the issuer or its transfer agent evidencing ownership of the security. The investor can subsequently transfer electronically the DRS book-entry position to their bank or broker/dealer.

The New By-laws also incorporate an advance notice provision with respect to the nomination of directors. The New By-laws set forth a procedure requiring advance notice to the Corporation by any shareholder who intends to nominate any person for election as a director of the Corporation other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the ABCA, or (ii) a shareholder proposal made pursuant to the provisions of the ABCA. Among other things, the New By-laws set a deadline by which such shareholders must notify the Corporation in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and set forth the information that the shareholder must include in the notice for it to be valid.

The Board believes that the New By-laws provide a clear and transparent process for all shareholders to follow if they intend to nominate directors. In that regard, the New By-laws provide a reasonable time frame for shareholders to notify the Corporation of their intention to nominate directors and require shareholders to disclose information concerning the proposed nominees that is mandated by applicable securities laws. The Board will be able to evaluate the proposed nominees' qualifications and suitability as directors and respond as appropriate in the best interests of the Corporation. The New By-laws are also intended to facilitate an orderly and efficient meeting process.

In the case of an annual meeting of shareholders notice to the Corporation must be made not less than 30 and not more

than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting of shareholders was made.

The foregoing is only a summary of the substantive differences between the Old By-laws and the New By-laws and is qualified by reference to the full text of the New By-laws included at Schedule "B" to this Management Information Circular. Shareholders are urged to review the New By-laws in their entirety.

The New By-laws are in effect until they are confirmed, confirmed as amended or rejected by shareholders at the Meeting and, if the New By-laws are confirmed at the Meeting, they will continue in effect in the form in which they were so confirmed. Accordingly, at the Meeting, shareholders will be asked to pass the following ordinary resolution:

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

- 1. the replacement of the current by-laws of the Corporation by the deletion in their entirety and replacement with the by-laws substantially in the form attached as Schedule "B" to the Management Information Circular of the Corporation dated November 23, 2013 (the "New By-laws") and the New By-laws are hereby ratified, confirmed and approved as the by-laws of the Corporation;**
- 2. any director or officer be and is hereby authorized to send to the applicable regulatory authorities the New By-laws of the Corporation, and any one or more directors are hereby authorized to prepare, execute and file the New By-laws in order to give effect to this ordinary resolution, and to execute and deliver all such other deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this ordinary resolution; and**
- 3. notwithstanding approval of the shareholders of the Corporation as herein provided, the directors of the Corporation may, in their sole discretion, revoke the ordinary resolution before it is acted upon without further approval of the shareholders of the Corporation."**

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution ratifying and confirming the New By-laws. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution.

OTHER BUSINESS

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

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a 66 $\frac{2}{3}$ % majority of the votes cast at the Meeting by the holders of Common Shares. All approvals

by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation at Suite 650, 816 - 7th Avenue S.W., Calgary, Alberta T2P 1A1, Attn: Chief Financial Officer to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

BOARD APPROVAL

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

DATED this 23rd day of November, 2013.

SCHEDULE "A"

AUDIT COMMITTEE TERMS OF REFERENCE

I. Mandate

The primary function of the audit committee (the "**Committee**") is to assist the board of directors of the Corporation (the "**Board of Directors**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

II. Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be independent directors, pursuant to the policies of the TSX Venture Exchange.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Terms of Reference, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

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

III. Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

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

IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

1. Review and update this Terms of Reference annually.
2. Review the Corporation's financial statements, MD&A and any annual and interim earnings press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
3. Review and assess the Corporation's procedures for the review of its public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in paragraph 2 above and periodically assess the adequacy of those procedures.

External Auditors

4. Require the external auditors to report directly to the Committee.
5. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
6. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming their independence from the Corporation.
7. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
8. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
9. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
10. Review with management and the external auditors the terms of the external auditors' engagement letter.
11. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
12. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
13. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

14. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
- (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

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

Financial Reporting Processes

15. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
16. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
17. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
18. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
19. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
20. Review any significant disagreement among management and the external auditors regarding financial reporting.
21. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
22. Review certification process.
23. Establish procedures for:
- (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

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

Other

- 23. Review any related-party transactions.

V. Authority

The Committee may:

- (a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

SCHEDULE "B"

NEW BY-LAWS

BY-LAW NO. 3

**A by-law relating generally to
the transaction of the business
and affairs of**

**BLACKHAWK RESOURCE CORP.
(the "Corporation")**

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DIRECTORS AND OFFICERS

1. **Calling of and Notice of Meetings** - Meetings of the board shall be held at such place and time and on such day as the chairman of the board, president, chief executive officer or a vice-president, if any, or any two directors may determine. Notice of meetings of the board shall be given to each director not less than 48 hours before the time when the meeting is to be held. Each newly elected board may without notice hold its first meeting for the purposes of organization and the appointment of officers immediately following the meeting of shareholders at which such board was elected.
2. **Quorum** - Subject to the residency requirements contained in the Business Corporations Act, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors then elected or appointed or such greater or lesser number of directors as the board may from time to time determine.
3. **Place of Meeting** - Meetings of the board may be held in or outside Canada.
4. **Votes to Govern** - At all meetings of the board every question shall be decided by a majority of the votes cast on the question; and in case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.
5. **Interest of Directors and Officers Generally in Contracts** - No director or officer shall be disqualified by his office from contracting with the Corporation nor shall any contract or arrangement entered into by or on behalf of the Corporation with any director or officer or in which any director or officer is in any way interested be liable to be voided nor shall any director or officer so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or arrangement by reason of such director or officer holding that office or of the fiduciary relationship thereby established; provided that the director or officer shall have complied with the provisions of the Business Corporations Act.
6. **Appointment of Officers** - Subject to the articles and any unanimous shareholder agreement, the board may from time to time appoint a president, chief executive officer, chief financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Business Corporations Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to the provisions of this by-law, an officer may but need not be a director and one person may hold more than one office.
7. **Chairman of the Board** - The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the managing director or to the president; and he shall, subject to the provisions of the Business Corporations Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.
8. **Managing Director** - The board may from time to time appoint a managing director who shall be a resident Canadian and a director. If appointed, he shall have such powers and duties as the board may specify.
9. **President** - If appointed, the president shall be the chief operating officer and, subject to the authority of the board, shall have general supervision of the business of the Corporation; and he shall have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the managing director shall also have the powers and duties of that office.
10. **Vice-President** - A vice-president shall have such powers and duties as the board or the chief executive officer may specify.

11. **Secretary** - The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.
12. **Treasurer** - The treasurer shall keep proper accounting records in compliance with the Business Corporations Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board or the chief executive officer may specify.
13. **Agents and Attorneys** - The board shall have the power from time to time to appoint agents and attorneys for the Corporation in or outside Canada with such powers as the board sees fit.

SHAREHOLDERS' MEETINGS

14. **Quorum** - Subject to the requirements of the Business Corporations Act, a quorum for the transaction of business at any meeting of the shareholders, irrespective of the number of persons actually present at the meeting, shall be at least two (2) persons present in person being a shareholder entitled to vote thereat or a duly appointed representative or proxyholder for an absent shareholder so entitled, and holding or representing in the aggregate not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the meeting.
15. **Votes to Govern** - At any meeting of shareholders every question shall, unless otherwise required by the Business Corporations Act, be determined by the majority of votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled a second or casting vote.
16. **Show of Hands** - Subject to the provisions of the Business Corporations Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote per share. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.
17. **Ballots** - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Business Corporations Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

ADVANCE NOTICE

18. **Nomination of Directors** - Subject only to the Business Corporations Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation.

Nominations of persons for election to the board may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which a special meeting was called was the election of directors, (a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting of shareholders, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Business Corporations Act or a requisition of the shareholders made in accordance with the provisions of the Business Corporations Act or (c) by any person (a "**Nominating Shareholder**") (i) who, at the close of business on the date of the giving of the notice provided for below in this Section 18 and on the record date for the receipt of notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting, or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Section 18:

- (a) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form (the "**Notice**") to the Chief Executive Officer of the Corporation at the principal executive offices of the Corporation, in accordance with this Section 18.
- (b) To be timely, a Notice to the Chief Executive Officer of the Corporation must be given:
 - (i) in the case of an annual general meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is called for at a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual general meeting was made, the Notice must be given by the Nominating Shareholder not later than the close of business on the tenth (10th) day following the Notice Date;
 - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the date on which the first public announcement of the date of the special meeting of shareholders was made; and
 - (iii) in no event shall any adjournment or postponement of a meeting of shareholders, or the public announcement thereof, commence a new time period for the giving of the Notice.
- (c) To be in proper written form, the Notice to the Chief Executive Officer of the Corporation must set forth: (a) as to each person who the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person (A) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred), and (B) as of the date of such Notice and (iv) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and applicable securities laws; and (b) as to the Nominating Shareholder, any information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and applicable securities laws.
- (d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 18; provided, however, that nothing herein shall be deemed to preclude discussions by a shareholder (as distinct from seeking to nominate directors) at a meeting of shareholders, on any matter in respect of which such shareholder would have been entitled to submit a proposal pursuant to the provisions of the Business Corporations Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance

with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such nomination is invalid due to its non-compliance with this Section 18.

- (e) For purposes of this Section 18, (i) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) "**applicable securities laws**" means the securities legislation in those provinces and territories of Canada to which the Corporation is subject, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the relevant provinces and territories of Canada.
- (f) Notice given to the Chief Executive Officer of the Corporation pursuant to this Section 18 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Chief Executive Officer of the Corporation for the purposes of such Notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Chief Executive Officer at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day, or later than 5:00 pm (Calgary time) on a day which is a business day, then such a delivery or electronic communication shall be deemed to have been made on the next following business day.
- (g) Notwithstanding any of the foregoing, the board may, in its sole discretion, waive any requirement in this Section 18.

MEETING BY TELEPHONE

19. **Directors and Shareholders** - A director may participate in a meeting of the board or of a committee of the board and a shareholder or any other person entitled to attend a meeting of shareholders may participate in a meeting of shareholders by means of telephone or other communication facilities that permit all persons participating in any such meeting to hear each other.

INDEMNIFICATION

20. **Indemnification of Directors and Officers** - The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives to the extent permitted by the Business Corporations Act.
21. **Indemnity of Others** - Except as otherwise required by the Business Corporations Act and subject to paragraph 20, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, agent of or participant in another body corporate, partnership, joint venture, trust or other enterprise, against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted honestly and in good faith with a view to the best interests of the Corporation and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction shall not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Corporation and, with respect to any criminal or administrative

action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that his conduct was lawful.

22. **Right of Indemnity Not Exclusive** - The provisions for indemnification contained in the by-laws of the Corporation shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in his official capacity and as to action in another capacity, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and legal representatives of such a person.
23. **No liability of Directors or Officers for Certain Matters** - To the extent permitted by law, no director or officer of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or body corporate with whom or which any moneys, securities or other assets belonging to the Corporation shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

DIVIDENDS

24. **Dividends** - Subject to the provisions of the Business Corporations Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.
25. **Dividend Cheques** - A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.
26. **Non-Receipt of Cheques** - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnify, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.
27. **Unclaimed Dividends** - Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

BANKING ARRANGEMENTS, CONTRACTS, DIVISIONS ETC.

28. **Banking Arrangements** - The banking business of the Corporation, or any part thereof, shall be transacted with such banks, trust companies or other financial institutions as the board may designate, appoint or authorize from time to time by resolution and all such banking business, or any part thereof, shall be transacted on the Corporation's behalf by such one or more officers and/or other persons as the board may designate, direct or authorize from time to time by resolution and to the extent therein provided.
29. **Execution of Instruments** - Contracts, documents or instruments in writing requiring execution by the Corporation may be signed by any one officer or director and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board is authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation to sign and deliver either contracts, documents or instruments in writing generally or to sign either manually or by facsimile signature and/or counterpart signature and deliver specific contracts, documents or instruments in writing. The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically, but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities), share certificates, warrants, bonds, debentures and other securities or security instruments of the Corporation and all paper writings.
30. **Voting Rights in Other Bodies Corporate** - The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.
31. **Creation and Consolidation of Divisions** - The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.
32. **Name of Division** - Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name. Any such contracts, cheque or document shall be binding upon the Corporation as if it had been entered into or signed in the name of the Corporation.
33. **Officers of Divisions** - From time to time the board or a person designated by the board, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or a person designated by the board, may remove at its or his pleasure any officer so appointed, without prejudice to such officers rights under any employment contract. Officers of divisions or their sub-units shall not, as such be officers of the Corporation.

MISCELLANEOUS

34. **Invalidity of Any Provisions of This By-Law** - The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.
35. **Share Certificates, Acknowledgements and Direct Registration System** - Every shareholder of one or more shares of the Corporation shall be entitled, at the shareholder's option, to a share certificate that complies with the Business Corporations Act, or a non-transferable written acknowledgment that complies with the Business

Corporations Act of the shareholder's right to obtain a share certificate from the Corporation in respect of the shares of the Corporation held by such shareholder in an amount as shown on the securities register of the Corporation. Any share certificate issued pursuant to this paragraph 35 shall be in such form as the board may from time to time approve, shall be signed by the Corporation in accordance with paragraph 29 and need not be under the corporate seal.

For greater certainty, but subject to this paragraph 35, a registered shareholder may have his holdings of shares of the Corporation evidenced by an electronic, book-based, direct registration system or other non-certificated entry or position on the register of shareholders to be kept by the Corporation in place of a physical share certificate pursuant to such a registration system that may be adopted by the Corporation, in conjunction with its transfer agent. This by-law shall be read such that a registered holder of shares of the Corporation pursuant to any such electronic, book-based, direct registration service or other noncertificated entry or position shall be entitled to all of the same benefits, rights, entitlements and shall incur the same duties and obligations as a registered holder of shares evidenced by a physical share certificate. The Corporation and its transfer agent may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a share registration system by electronic, book-based, direct registration system or other non-certificated means.

36. **Omissions and Errors** - The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any shareholder, director, officer or auditor or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

REPEAL OF FORMER BY-LAWS

37. **Repeal of by-laws** - All prior by-laws of the Corporation relating generally to the conduct of the business and affairs of the Corporation are hereby repealed.
38. **Effect of Repeal of by-laws** - The repeal of any by-law in whole or in part shall not in any way affect the validity of any act done or right, privilege, obligation or liability acquired or incurred thereunder prior to such repeal.

EFFECTIVE DATE

39. **Effective Date** - This by-law shall come into force when made by the board of directors in accordance with the Act.

INTERPRETATION

40. **Interpretation** - In this by-law and all other by-laws of the Corporation words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include an individual, partnership, association, body corporate, executor, administrator or legal representative and any number or aggregate of persons; "articles" include the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement and articles of revival; "board" shall mean the board of directors of the Corporation; "**Business Corporations Act**" shall mean the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B 9, as amended from time to time, or any Act that may hereafter be substituted therefor; "meeting of shareholders" shall mean and include an annual meeting of shareholders and a special meeting of shareholders of the Corporation; and "signing officers" means any person authorized to sign on behalf of the Corporation pursuant to paragraph 29.