



**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**in respect of the**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**to be held on Friday, February 24, 2012**

**DATED AS OF JANUARY 25, 2012**



**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
to be held on Friday, February 24, 2012**

**TO THE SHAREHOLDERS OF EAGLEFORD ENERGY INC.:**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the "**Meeting**") of shareholders ("**Shareholders**") of common shares ("**Common Shares**") of Eagleford Energy Inc. (the "**Company**") will be held at the offices of WeirFoulds LLP, Mason Room, 130 King Street West, Suite 1500, Toronto, Ontario, Canada at 2:00 p.m. (Toronto time) on Friday, February 24, 2012 for the following purposes:

1. to receive the audited financial statements of the Company for the year ended August 31, 2011 and the report of the auditors thereon;
2. to elect the directors of the Company for the ensuing year;
3. to appoint the auditors of the Company for the ensuing year, and to authorize the directors to fix the auditors' remuneration;
4. to consider, and if thought advisable, to approve the amendments to the Company's stock option plan, on the terms more fully described in the Information Circular;
5. to consider and, if thought advisable, to pass an ordinary resolution to repeal the existing By-Laws of the Company and to adopt new By-Laws, as more particularly described in the Information Circular;
6. to consider and, if thought advisable, to approve a resolution, in the form of the proposed resolution set forth in the Information Circular, the text of which is incorporated herein by reference, authorizing the issuance by the Company of up to 37,716,076 additional Common Shares by way of private placements, acquisitions or equity credit lines during the period of one year following shareholders' approval;
7. to consider and, if thought advisable, to approve a special resolution, in the form of the proposed special resolution set forth in the Information Circular, the text of which is incorporated herein by reference, authorizing the consolidation of the Company's issued and outstanding Common Shares on an up to one (1) for four (4) basis, or the division of the Company's issued and outstanding Common Shares on an up to four (4) for one (1) basis, all subject to regulatory approval;
8. to consider and, if thought advisable in conjunction with a determination to proceed with a consolidation or share split as described in the Information Circular, to approve a special resolution in the form of the proposed special resolution set forth in the Information Circular, the text of which is incorporated herein by reference, an amendment to the articles of the Company to change the name of the Company to "Eagleford Resources Inc." or such other name as may be approved by the board of directors of the Corporation and applicable regulatory and exchange authorities; and
9. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Shareholders should refer to the accompanying management information circular for more detailed information with respect to the matters to be considered at the Meeting.

**If you are a registered shareholder** of the Company and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Equity Financial Trust Company, the registrar and transfer agent of the Company, at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 by no later than 4:00 p.m. (Toronto time) on February 23, 2012.

**If you are not a registered shareholder** of the Company and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

**DATED** this 25th day of January, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS**

<i>"James Cassina"</i>
<b>JAMES CASSINA</b> Chief Executive Officer, President and Director

**Registered shareholders unable to attend the Meeting are requested to date, sign and return their form of proxy in the enclosed envelope. If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.**



**PROXY STATEMENT AND MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 24, 2012**

**PURPOSE OF SOLICITATION**

**THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF EAGLEFORD ENERGY INC. ("EAGLEFORD" OR THE "COMPANY") FOR USE AT THE ANNUAL AND SPECIAL MEETING (THE "MEETING") OF THE HOLDERS OF COMMON SHARES ("COMMON SHARES") OF THE COMPANY.**

The Meeting will be held at the offices of WeirFoulds LLP, Mason Room, 130 King Street West, Suite 1500, Toronto, Ontario, Canada at 2:00 p.m. (Toronto time) on Friday, February 24, 2012, and at any adjournments thereof for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders accompanying this management information circular ("**Information Circular**").

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 personal interview by regular employees of the Company, or by other proxy solicitation services retained by the Company. The costs thereof will be borne by the Company. 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 to forward solicitation materials to the beneficial owners of Common Shares of the Company held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

Unless otherwise specified, information contained in this Information Circular is given as January 25, 2012 and, unless otherwise specified, all amounts shown represent Canadian dollars. The record date for the Meeting has been set as January 23, 2012 (the "**Record Date**").

**APPOINTMENT AND REVOCATION OF PROXIES**

Enclosed herewith is a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO DESIGNATE OR APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED INSTRUMENT OF PROXY.**

Such right may be exercised by striking out the names of the two persons designated in the instrument of proxy and by inserting in the blank space provided for that purpose the name of the desired person or company or by completing another proper instrument of proxy and, in either case, depositing the completed and executed proxy with the registrar and transfer agent of the Company, Equity Financial Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 at any time prior to 4:00 p.m. (Toronto time) on Thursday, February 23, 2012.

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A Shareholder who has given a proxy may revoke it at any time in so far as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a body corporate, by a duly authorized officer, attorney or representative thereof and deposited at the registered office of the Company at any time prior to 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law. The Company's registered office is located at Suite 1505, 1 King Street West, Toronto, Ontario, M5H 1A1.

### **ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

The information set forth in this section is of significant importance to many shareholders of the Company as a substantial number of shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the names of CDS & Co. (the registration name for CDS Depository and Clearing Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients.

### **THEREFORE, BENEFICIAL SHAREHOLDERS SHOULD ENSURE THAT INSTRUCTIONS RESPECTING THE VOTING OF THEIR COMMON SHARES ARE COMMUNICATED TO THE APPROPRIATE PERSON.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**"). Broadridge typically mails a scanable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

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 (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for a registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for a registered shareholder should enter their own names in the blank space on the instrument 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 (or agent), well in advance of the Meeting.

## MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted accordingly.

**WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR EACH OF THE MATTERS IDENTIFIED IN THE NOTICE AND DESCRIBED IN THIS INFORMATION CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS JUDGMENT MAY DETERMINE. AS OF THE DATE OF THIS INFORMATION CIRCULAR, MANAGEMENT OF THE COMPANY KNOWS OF NO SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THE MATTERS REFERRED TO IN THE NOTICE.**

### APPROVAL OF MATTERS

Unless otherwise noted, approval of matters to be placed before the Meeting is by "**ordinary resolution**", which is a resolution passed by a simple majority (50% plus 1) of the votes cast by Shareholders of the Company entitled to vote and present in person or represented by proxy.

### INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or officer of the Company at any time since the beginning of its last completed financial year, no proposed nominee for election as a director, and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preference shares of which, as of the date of this Information Circular, an aggregate of 37,716,076 Common Shares of the Company are issued and outstanding and no preference shares are issued. Each common share entitles the holder thereof to one vote at all meetings of Shareholders.

All holders of Common Shares of the Company of record at the close of business on the Record Date will be entitled either to attend and vote at the Meeting in person the shares held by them or, provided a completed and executed proxy shall have been delivered to the Company as described above, to attend and vote thereat by proxy the shares held by them. However, if a holder of Common Shares of the Company has transferred any shares after the Record Date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than ten (10) days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting, the transferee will be entitled to vote such shares.

As of the date of this Information Circular, the only persons or companies who, to the knowledge of the directors and executive officers of the Company, beneficially own, or control or direct, directly or indirectly, voting securities carrying ten percent (10%) or more of the issued and outstanding voting shares of the Company are as follows:

Name	Number of Shares	Percentage of Outstanding Common Shares
James Cassina <sup>(1)</sup>	6,136,329 Common Shares	16.27%

**Notes:**

<sup>(1)</sup> Of the 6,136,329 Common Shares held by Mr. Cassina, 2,036,604 are held indirectly through Core Energy Enterprises Inc. and a further 4,099,725 are held directly by Mr. Cassina.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Under the Company's current stock option plan, the maximum number of Common Shares reserved for issuance and available for purchase under the stock option plan is 7,543,215 common shares of the Company, of which NIL are issued and outstanding as of the date of this information circular.

### STATEMENT OF EXECUTIVE COMPENSATION

The Company's Statement of Executive Compensation, in accordance with the requirements of Form 51-102F6 – Statement of Executive Compensation, is set forth below, which contains information about the compensation paid to, or earned by, the Company's Chief Executive Officer and Chief Financial Officer and each of the other three most highly compensated executive officers of the Company earning more than CDN\$150,000.00 in total compensation (the "**Named Executive Officers**" or "**NEOs**") during the Company's last three most recently completed financial years. Based on the foregoing, James Cassina the Company's Chief Executive Officer was the Company's only Named Executive Officer as at August 31, 2011.

#### Compensation Discussion and Analysis

##### Objective of the Compensation Program

The objectives of the Company's compensation program are to attract, hold and inspire performance of its NEO's of a quality and nature that will enhance the sustainable profitability and growth of the Company. Due to the Company's present financial situation, the Company views it as an important objective of the Company's compensation program to ensure staff retention.

##### The Compensation Review Process

To determine compensation payable, the compensation committee of the Company (the "**Compensation Committee**") determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Named Executive Officers of the Company while taking into account the financial and other resources of the Company.

The Company's Compensation Committee is comprised of Milton Klyman (Chair) and Colin McNeil. The Compensation Committee is comprised entirely of independent directors. Compensation is determined in the context of our strategic plan, our growth, shareholder returns and other achievements and considered in the context of position descriptions, goals and the performance of each NEO. With respect to directors' compensation, the Compensation Committee reviews the level and form of compensation received by the directors, members of each committee, the board chair and the chair of each board committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to us. The compensation of directors, the CEO and executive officers of competitors are considered, to the extent publicly available, in determining compensation and the Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

##### Elements of Executive Compensation

The Company's NEO compensation program is based on the objectives of: (a) recruiting and retaining the executives critical to the success of the Company; (b) providing fair and competitive compensation; (c) balancing the interests of management and shareholders of the Company; and (d) rewarding performance, on the basis of both individual and corporate performance.

For the financial year ended August 31, 2011, the Company's NEO compensation program consisted of the following elements:

- (a) a base salary/management fee (the "**Short-Term Incentive**").

- (b) a long-term equity compensation consisting of stock options granted under the Company's stock incentive plan ("**Long-Term Incentive**").

The specific rationale and design of each of these elements are outlined in detail below.

### **Short-Term Incentive**

Salaries form an essential element of the Company's compensation mix as they are the first base measure to compare and remain competitive relative to peer groups. Base salaries are fixed and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits. The base salary provides an immediate cash incentive for the Named Executive Officers. The Compensation Committee and the Board review salaries at least annually.

Base salary/management fees of the Named Executive Officer is set by the Compensation Committee on the basis of the applicable officer's responsibilities, experience and past performance. In determining the base salary to be paid to a particular Named Executive Officer, the Compensation Committee considers the particular responsibilities related to the position, the experience level of the officer, and his or her past performance at the Company and the current financial position of the Company.

### **Long-Term Incentive**

The granting of stock options is a variable component of compensation intended to reward the Company's Named Executive Officers for their success in achieving sustained, long-term profitability and increases in stock value. Stock options ensure that the Named Executive Officers are motivated to achieve long-term growth of the Company and continuing increases in shareholder value. In terms of relative emphasis, the Company places more importance on stock options.

The Company provides long-term incentive compensation through its stock option plan. The Compensation Committee recommends the granting of stock options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of stock options already outstanding and overall market conditions. The Compensation Committee views the granting of stock options as a means of promoting the success of the Company and higher returns to its shareholders. The Board grants stock options after reviewing recommendations made by the Compensation Committee.

As of our fiscal year end August 31, 2011 we had no option/stock appreciation rights or grants outstanding.

### **Stock Option Plan**

The Company's Stock Option Plan (the "**Option Plan**") was adopted by the board of directors on December 21, 2010 and approved by a majority of our shareholders voting at the Annual and Special Meeting held on February 24, 2011. Amendments to the Option Plan were approved by the Board on January 25, 2012 and a copy of the amended Option Plan is attached hereto as **Schedule "C"**. Shareholder approval is required to ratify these amendments and Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to ratify and approve the Option Plan, as amended January 25, 2012.

The Company had 37,716,076 issued and outstanding Common Shares on January 25, 2012 and the aggregate maximum number of Common Shares that may be reserved for issuance under the Option Plan is 20% of the issued and outstanding Common Shares of the Corporation, which as at January 25, 2012 was equal to 7,543,215 Common Shares.

As of January 25, 2012, there were no Options outstanding under the Option Plan. Accordingly, as of January 25, 2012 there were 7,543,215 unallocated Options available for issuance under the Option Plan, representing approximately 20% of the Company's issued and outstanding Common Shares.



### ***Description of the Option Plan***

The Option Plan was adopted in order that we may be able to provide incentives for directors, officers, employees, consultants and other persons (an "**Eligible Individual**") to participate in our growth and development by providing us with the opportunity through share options to acquire an ownership interest in us. Directors and officers currently are not remunerated for their services except as stated in "**Executive Compensation**" above.

Under the Option Plan:

1. options may be granted in such numbers and with such vesting provisions as the Board may determine;
2. the exercise price of Options shall be at the discretion of the Board;
3. the term and expiry date of the Options granted shall be determined in the discretion of the Board at the time of granting of the Options;
4. the maximum term for Options is five years;
5. the Options are not assignable or transferable, with the exception of an assignment made to a personal representative of a deceased Participant;
6. the vesting period or periods within the five year maximum term during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. Further, the Board may, in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted;
7. in the event of the resignation or retirement of a Participant, or the termination of the employment of a Participant, whether with or without cause or reasonable notice, prior to the expiry time of an Option, such Option shall cease and terminate on the ninetieth day following the effective date of such resignation, retirement or termination, and in the event of the death of a holder of Options, such Options shall be exercisable until the earlier of one year following the death of the holder, or the expiry time of such Option, whichever occurs first, and thereafter shall be of no further force or effect whatsoever as to the Common Shares in respect of which such Option has not previously been exercised;
8. in the event of a sale of the Company or all or substantially all of its property and assets or a change of control of the Company, holders of Options, whether such Options have vested or not in accordance with their terms, may exercise such options until the earlier of the expiry of the Options and the thirtieth day following the sale of the Company or all or substantially all of its property and assets or a change of control of the Company;
9. the aggregate number of Common Shares that may be reserved for issuance under the Option Plan, together with any Common Shares reserved for issuance under any other share compensation arrangement, must not exceed 20% of the number of Common Shares, on a non-diluted basis, outstanding at the time; and
10. the Board retains the right to suspend, terminate, or discontinue the terms and conditions of the Option Plan by resolution of the Board.

The Company does not have any other long-term incentive plans, including any supplemental executive retirement plans.

### **Overview of How the Compensation Program Fits with Compensation Goals**

The compensation package is designed to meet the goal of attracting, holding and motivating key talent in a highly competitive oil and gas exploration environment through salary and providing an opportunity to participate in the Company's growth through stock options. Through the grant of stock options, if the price of the Company shares increases over time, both the Named Executive Officer and shareholders will benefit.

## Summary Compensation Table (CDN\$)

The following table provide information for the three most recently completed financial years ended August 31, 2011, 2010 and 2009 regarding compensation earned by James Cassina the President and Chief Executive Officer of the Company.

Name and Principal Position	Year	Salary	Share Based Awards	Option Based Awards	Non-equity Incentive Plan Compensation		Pension Value	All Other Compensation <sup>(1)</sup>	Total Compensation
					Annual Incentive Plans	Long Term Incentive Plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
James Cassina, Chief Executive Officer, President and Director <sup>(2)</sup>	2011	\$56,250	0	0	0	0	0	700	\$56,950
	2010	0	0	0	0	0	0	600	\$600
	2009	0	0	0	0	0	0	0	0

### Notes:

- (1) Accrued on account of directors fees at a rate of \$100 per meeting.
- (2) James Cassina has been the acting Chief Financial Officer for the years ended August 31, 2011 and 2010, and was appointed President of the Company on June 18, 2010.

### Incentive Plan Awards

There are no incentive plan awards outstanding for any of the Named Executive Officers as of August 31, 2011.

### Pension Plan Benefits

The Company does not currently provide pension plan benefits to its Named Executive Officers.

### Termination and Change of Control Benefits

The Company does not currently have executive employment agreements in place with any of its Named Executive Officers.

The Company has no compensatory plan, contract or arrangement where a named executive officer or director is entitled to receive compensation in the event of resignation, retirement, termination, change of control or a change in responsibilities following a change in control.

### Director Compensation

Each director of the Company is entitled to receive the sum of \$100 for each meeting of the directors, meeting of a committee of the directors or meeting of the shareholders attended. During the fiscal year ended August 31, 2011 no amount was paid by the Company with respect to such fees.

### Retirement Policy for Directors

The Company does not have a retirement policy for its directors.

### Directors' and Officers' Liability Insurance

The Company does not maintain directors' and officers' liability insurance.

## CORPORATE GOVERNANCE

The Canadian Securities Administrators in National Instrument 58-101 ("NI 58-101") have adopted guidelines for effective corporate governance which address the constitution and independence of boards, the functions to be performed by boards and their committees and the recruitment, effectiveness and education of board members. A description of our corporate governance practices is set out below, including a discussion of the principal matters relating to corporate governance practices discussed in NI 58-101.

Corporate governance refers to the manner in which a board of directors oversees the management and direction of a corporation. Governance is not a static issue, and must be judged from time-to-time based on the evolution of a corporation with respect to its size and the nature of its business, and upon the changing standards of the community. Not all corporate governance systems are alike. The Company's approach has been developed with respect to the Company's growth and current status. The composition of the Board is reviewed on an annual basis by the full Board and management of the Company.

In reviewing the issue of corporate governance, the Board has determined to perform the function as an entire Board. Their mandate was to consider corporate governance matters and make recommendations consistent with the Company's position and size as a junior oil and gas Company. The resulting approach to corporate governance adopted by the Company's Board reflects these recommendations and recognizes the responsibility of the Board for the stewardship of the Company. Through regular review at quarterly meetings, the Company's Board will continue to examine these issues in light of the Company's development in the oil and gas exploration and exploitation business.

Most matters requiring approval of the Board of the Company were approved by written resolutions signed by all members of the Board, with detailed information being circulated to all members of the Board beforehand. Any member of the Board may request a formal meeting of the Board in the event that such director considers that the subject matter of a particular resolution requires full Board discussion. While it is standard practice for the Company's Board to pass written resolutions in lieu of holding formal meetings in person, the Board of Directors held four (4) formal meetings during fiscal 2011.

The information required to be disclosed by NI 58-101 is set out in **Schedule "A"** attached to this Information Circular.

## AUDIT COMMITTEE

The mandate of the Audit Committee is formalized in a written charter. The members of the audit committee of the board are James Cassina, Milton Klyman (Chair) and Colin McNeil. Based on his professional certification and experience, the board has determined that Milton Klyman is an Audit Committee Financial Expert and that James Cassina and Colin McNeil are financially literate. The audit committee's primary duties and responsibilities are to serve as an independent and objective party to monitor our financial reporting process and control systems, review and appraise the audit activities of our independent auditors, financial and senior management, and the lines of communication among the independent auditors, financial and senior management, and the board of directors for financial reporting and control matters including investigating fraud, illegal acts or conflicts of interest.

The Audit Committee held four (4) formal meetings in person or via conference call during fiscal 2011.

All information required to be disclosed by Multilateral Instrument 52-110 – Audit Committees is attached to this Information Circular as **Schedule "B"**.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

The Board of the Company is currently comprised of four (4) directors.

UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ACCOMPANYING PROXY INTEND TO VOTE FOR THE ELECTION OF ALL FOUR (4) NOMINEES. MANAGEMENT OF THE COMPANY DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR, BUT IF THAT SHOULD OCCUR FOR ANY REASON PRIOR TO THE MEETING, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY TO VOTE THE PROXY FOR THE ELECTION OF ANY OTHER PERSON OR PERSONS IN PLACE OF ANY NOMINEE(S) UNABLE TO SERVE. EACH DIRECTOR ELECTED WILL HOLD OFFICE UNTIL THE CLOSE OF THE FIRST ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE COMPANY FOLLOWING HIS ELECTION UNLESS HIS OFFICE IS EARLIER VACATED IN ACCORDANCE WITH THE BY-LAWS OF THE COMPANY.

Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected. The following table and the notes thereto set out the name as well as the country and province and/or state of residence of each person proposed to be nominated for election as a director, his or her current position and office with the Company, his or her present principal occupation, business or employment, the date on which he or she was first elected or appointed a director of the Company and the approximate number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, which is in each instance based on information furnished by the person concerned as of the date of this Information Circular.

Name and Residence	Present Position(s) with the Company	Director Since	Principal Occupation	Common Shares Beneficially Owned Directly or Indirectly <sup>(1)</sup>
<b>James Cassina</b> <sup>(2)</sup> Nassau, Bahamas	Chief Executive Officer, President and Director	February, 2009	Business Consultant	6,136,329 <sup>(4)</sup>
<b>Milton Klyman</b> <sup>(2)(3)</sup> Toronto, Ontario	Director	August, 2000	Self Employed Financial Consultant	50,000 <sup>(5)</sup>
<b>Colin McNeil</b> <sup>(2)(3)</sup> Calgary, Alberta	Director	June, 2010	Independent Consulting Geophysicist	Nil
<b>Alan D. Gaines</b> Beverly Hills, California	Director	January, 2012	Business Consultant	2,000,000 <sup>(6)</sup>

**Notes:**

- (1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective proposed directors individually.
- (2) Member of the Audit Committee of the Company.
- (3) Member of the Compensation Committee of the Company.
- (4) Mr. Cassina holds directly 4,099,725 Common Shares and 3,995,919 Common Share purchase warrants. Each warrant is exercisable until February 27, 2014 to purchase one Common Share at a purchase price of \$0.07 per share. Mr. Cassina holds indirectly through Core Energy Enterprises Inc., 2,036,604 Common Shares and 2,036,604 common share purchase warrants. Each warrant is exercisable until February 27, 2014 to purchase one Common Share at a purchase price of \$0.07 per share. Mr. Cassina has voting and investment power with respect to the shares owned by Core Energy Enterprises Inc.
- (5) Mr. Klyman holds 50,000 Common Shares and 50,000 Common Shares purchase warrants. Each warrant is exercisable until February 25, 2014 to purchase one Common Share at a purchase price of \$0.07 per share.
- (6) Mr. Gaines holds directly 2,000,000 Common Shares and 2,000,000 Common Share purchase warrants. Each warrant is exercisable until January 24, 2015 to purchase one Common Share at a purchase price of \$0.10 per share.

## **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as disclosed below, to the best knowledge of the Company, no proposed director of the Company is, as at the date hereof, or has been within the last ten years prior to the date hereof: (a) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the proposed director of the Company was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the proposed director of the Company ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

James Cassina was Chairman of the Board of EnerNorth Industries Inc. ("EnerNorth") from July 1, 2002 to March, 2007, and had been a Director of EnerNorth from 1996 to March 21, 2007, and President and Chief Executive Officer from July 22, 1998 to June 30, 2002. On March 20, 2007 EnerNorth filed an Assignment in Bankruptcy under the Bankruptcy and Insolvency Act (Canada).

Mr. Klyman had been a Director of EnerNorth from December 1997 to September 2000. Mr. Klyman was re-appointed a director of the EnerNorth in April 2001 until March 21, 2007. On March 20, 2007 EnerNorth filed an Assignment in Bankruptcy under the Bankruptcy and Insolvency Act (Canada).

To the knowledge of the Company, no proposed director of the Company: (a) has been subject to any penalties or sanctions imposed by a court relating to securities or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory; or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director of the Company.

To the knowledge of the Company, no proposed director of the Company is, or has within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **Appointment of Auditors**

Schwartz Levitsky Feldman LLP, Chartered Accountants, of Toronto, Ontario are the current auditors of the Company and were first appointed auditors of the Company in 2007. Shareholders of the Company will be asked at the Meeting to reappoint Schwartz Levitsky Feldman LLP, Chartered Accountants, of Toronto, Ontario, as the Company's auditors to hold office until the close of the next annual meeting of Shareholders of the Company, and to authorize the directors of the Company to fix the auditors' remuneration.

**UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ACCOMPANYING PROXY INTEND TO VOTE FOR THE APPOINTMENT OF SCHWARTZ LEVITSKY FELDMAN LLP, CHARTERED ACCOUNTANTS AS AUDITORS OF THE COMPANY UNTIL THE CLOSE OF THE NEXT ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS AND FOR THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION.**

## **Financial Statements**

Accompanying these materials is a copy of the audited consolidated financial statements of the Company for the financial period ended August 31, 2011, together with the auditors' report thereon. The directors will lay before the Meeting the said audited financial statements and auditors' report, receipt of which by the Meeting will not constitute approval or disapproval of any matters referred to therein.

## Repeal and Adoption of General By-Laws

At the Meeting, the Shareholders will be asked to consider, and if deemed advisable, to repeal and replace the Corporation's current By-Law No. 1 and Special By-Law No. 1 (the "**Old By-Laws**") with a new By-Law No. 1 (the "**New By-Laws**") in order to reflect the current circumstances and practices of the Company and certain amendments to the *Business Corporations Act* (Ontario) (the "**OBCA**"), which came into force on August 1, 2007. The Corporation's By-Laws have not been updated since 1978, and the New By-Laws are typical of by-laws of public companies incorporated under the OBCA. A copy of the New By-Laws is attached hereto as **Schedule "C"**. The material changes may be summarized as follows:

- (a) The quorum necessary for board meetings has changed from requiring two of five directors to a majority of the number of directors or minimum number of directors required by the articles, and if the Corporation has fewer than three directors, all of the directors must be present at any meeting of directors to constitute a quorum for the transaction of business;
- (b) Conflict of interest provisions have been added to reflect amendments to the OBCA prohibiting conflicted directors from attending any part of a meeting during which the contract or transaction creating the conflict is discussed;
- (c) Indemnity provisions have been added to reflect OBCA amendments which have broadened the language of indemnity coverage to include "investigative or other proceedings in which the indemnitee is involved because of association with the corporation" and which also now permit the Company to advance monies to an indemnified individual for costs, charges and expenses associated with such proceedings;
- (d) The record date for notice of meetings of shareholders has been added to reflect OBCA amendments (as a result of this amendment, the record date shall not precede by more than sixty days nor by less than thirty days the date on which the meeting is to be held); and
- (e) The notice and waiver provisions have been amended to reflect OBCA amendments that allow for persons to send notices and consents to waive by electronic means in accordance with the *Electronic Commerce Act, 2000*.

Pursuant to the OBCA, in order to be effective, the Shareholders are required by ordinary resolution (the "**By-law Resolution**"), to confirm the repeal of the old By-Law No. 1 and Special By-Law No. 1 and the adoption of the New By-Laws. The form of ordinary resolution to approve the By-law Resolution to be considered by the Shareholders at the Meeting is as follows:

### **BE IT RESOLVED as an ordinary resolution of the Company that:**

1. Pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**"), the repeal of By-Law No. 1 and Special By-Law No. 1 and their replacement with By-law No. 1 in the form attached as Schedule "C" to the Corporation's management information circular dated January 25, 2012, prepared for the purpose of the annual and special meeting of shareholders to be held February 24, 2012, is hereby approved, ratified and confirmed; and
2. Any one director or officer of the Corporation be and is hereby authorized to make all such arrangements and do all acts and things, and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

To be approved, the above resolution must be passed by a majority of the votes cast by Shareholders at the Meeting in respect of this resolution.

**Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR this ordinary resolution.**

## **Amendments to the Stock Option Plan**

The Company's Option Plan was adopted by the board of directors on December 21, 2010 and approved by a majority of our shareholders voting at the Annual and Special Meeting held on February 24, 2011. Amendments to the Option Plan were approved by the Board on January 25, 2012 and a copy of the amended Option Plan is attached hereto as **Schedule "D"**. Shareholder approval is required to ratify these amendments and Shareholders will therefore be asked at the Meeting to consider and, if thought advisable, to ratify and approve the Option Plan, as amended January 25, 2012.

On January 25, 2012, the Board approved the following amendments to the Option Plan:

1. Section 2.2, which deals with the participation of Eligible Individuals under the Option Plan, was revised to remove the restrictions on the number of Options which may be granted to individual Eligible Individuals.
2. Section 3.2 was revised to change the number of Common Shares reserved for issuance under the Option Plan from a fixed maximum number of Common Shares set as of the date of approval of the Option Plan to being 20% of the issued and outstanding Common Shares of the Company on a rolling basis.
3. Section 3.5, which deals with the exercise price of Options, was revised to provide that the price at which an Option holder may purchase a Common Share upon the exercise of an Option is to be determined by the Board in its sole discretion.
4. Article 4, which deals with the exercise of Options, was amended to take into account recent changes to the *Income Tax Act* (Canada) which have resulted in the "source deduction requirements" applying to stock option benefits. As a result, the Company (and other public companies) will have to make an income tax withholding upon the exercise of options when Common Shares are issued to Option holders. The Company has amended the Option Plan to provide it with explicit authority to make such withholding.

Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

### **WHEREAS:**

1. The Board of Directors of the Corporation adopted on December 21, 2010 a stock option plan (the "**Option Plan**"), which does not have a rolling number of common shares issuable;
2. The shareholders of the Corporation ratified and adopted the Option Plan, by a majority of votes cast, on February 24, 2011; and
3. The Board of Directors approved certain amendments (the "**Amendments**") to the Option Plan on January 25, 2012, as more particularly set forth in the Corporation's management information circular dated January 25, 2012, prepared for the purpose of the annual and special meeting of shareholders to be held February 24, 2012 where shareholder approval is required to ratify such amendments.

### **BE IT RESOLVED as an ordinary resolution of the Company that:**

1. The Amendments are hereby ratified and approved;
2. Any one (1) director or officer of the Corporation be and he or she is hereby authorized and directed to do all acts and things and to execute, whether under the corporate seal of the Corporation or otherwise, and deliver all agreements, certificates and documents necessary or desirable to fully effect the forgoing resolutions."

To be approved, the above resolution must be passed by a majority of the votes cast by Shareholders at the Meeting in respect of this resolution.

**In the absence of contrary directions, Management intends to vote proxies in favour of this ordinary resolution.**

#### **Advance Approval of Issuance of Common Shares**

Management of the Company is continuing to evaluate potential acquisitions and exploration and development opportunities to complement the existing operations of the Company and to enhance future growth. In furtherance of acquisitions and or to provide working capital, the Company may be required to raise additional capital by way of private placements, acquisitions or equity credit lines with or without combined possible debt financing.

The Company will be seeking at the Meeting advance shareholder approval for share issuances by the Company, pursuant to private placements, acquisitions or equity credit lines. The Company proposes that the advance approval being sought be restricted to a maximum of 100% of the number of common shares issued and outstanding at the date of this Circular, being 37,716,076 common shares.

Any proposed transaction proceeded with by the Company under the advance approval may be subject to regulatory approval and to the following additional guidelines:

- (a) It must be completed within a twelve month period following the date the shareholder approval is given; and
- (b) It must comply with the requirements and relevant private placement pricing rules of applicable regulatory authorities.

The Board of Directors of the Company do not necessarily intend to issue the entire number of common shares authorized pursuant to the proposed resolution. A proposed transaction may be negotiated, and, if the directors consider the terms reasonable in the circumstances and if the directors consider that the transaction enhances the Company's operations, closed accordingly.

Shareholders of the Company will therefore be asked at the Meeting to consider and, if thought advisable, to authorize by means of an ordinary resolution, the issuance by the Company during the twelve months following the Meeting, pursuant to private placements, acquisitions or equity credit lines, of a maximum of 100% of the number of common shares issued and outstanding at the date of this Circular, currently being 37,716,076 common shares, at such price or prices and on such terms as the Board of Directors of the Company considers appropriate, subject to the restrictions referred to above.

The text of the ordinary resolution which Management intends to place before the Meeting for the approval is as follows:

**"BE IT RESOLVED as an ordinary resolution of the Company that:**

1. The Company be and is hereby authorized to issue during the twelve months following the Meeting, pursuant to private placements, acquisitions or equity credit lines, a maximum of 37,716,076 common shares at such price or prices and on such terms as the board of directors of the Company considers appropriate, subject to the restrictions described in the management information circular of the Company dated January 25, 2012 distributed in connection with the Meeting.
2. The directors of the Company are hereby authorized, in their discretion, to revoke this resolution or any portion thereof before it is acted upon without further approval or authorization of the shareholders of the Company."



**In the absence of contrary directions, Management intends to vote proxies in favour of this ordinary resolution.**

### **Approval to Adjust the Number of Common Shares**

As indicated above, management of the Company is continuing to evaluate potential acquisitions and exploration and development opportunities to complement the existing operations of the Company and to enhance future growth. In furtherance of these various initiatives that may be available to the Company, the Company may be required to adjust the existing capital structure, by changing number of common shares issued and outstanding. A capital structure change of this nature could require a reduction in the number of issued common shares by share consolidation (a "Consolidation"), or an increase in the number of issued common shares by share split (a "Split"). In either event, if acted upon by the Company, a Consolidation or a Split would impact each shareholder identically in respect of the resulting number of common shares outstanding.

The Company will be seeking at the Meeting advance shareholder approval for any proposed Consolidation or Split that may be required, within the parameters contained in the special resolution set out below. The Company proposes that the advance approval being sought be restricted under any Consolidation to a maximum of up to 1/4 of the number of common shares issued and outstanding at the date of implementing any Consolidation, and under the Split to a maximum of up to 4 times the number of common shares issued and outstanding at the date of implementing any Split.

To consolidate or divide the common shares of the Corporation, the articles of the Corporation must be amended. Such an amendment must be authorized by a special resolution of shareholders. Shareholders of the Corporation will therefore be asked at the Meeting to consider and, if thought advisable, to authorize by means of a special resolution, an amendment to the articles of the Corporation: (i) in the case of a Consolidation to consolidate the issued and outstanding common shares of the Corporation resulting in up to four (4) issued and outstanding common shares being consolidated for one (1) post consolidated share; and (ii) in the case of a Split to split the issued and outstanding common shares of the Corporation resulting in each one (1) issued and outstanding common share being split for up to four (4) post split shares. No fractional common shares of the Corporation will be issued in connection with the Consolidation or the Split and, in the event that a shareholder would otherwise be entitled to receive a fractional share upon such Consolidation or Split, the number of common shares of the Corporation to be received by such shareholder shall be rounded up to the nearest whole number of common shares.

The text of the special resolution shareholders will be asked to approve is as follows:

#### **BE IT RESOLVED as a special resolution of the Company that:**

1. In the event the Company proceeds with a Consolidation, the articles of the Company be amended to consolidate the issued and outstanding common shares of the Company by changing each one of the issued and outstanding common shares of the Company to up to one-fourth (1/4) of a common share of the Company.
2. In the event the Company proceeds with a Split, the articles of the Company be amended to split the issued and outstanding common shares of the Company by changing each one of the issued and outstanding common shares of the Company to up to four (4) common shares of the Company.
3. No fractional common shares of the Company shall be issued in connection with the Consolidation or the Split and, in the event that a shareholder would otherwise be entitled to receive a fractional share upon such Consolidation or Split, the number of common shares of the Company to be received by such shareholder shall be rounded up to the nearest whole number of common shares.
4. Any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver, or cause to be delivered, articles of amendment of the Company, as required pursuant to the *Business Corporations Act* (Ontario), and to do all such other acts or things necessary or desirable to implement, carry out and give effect to the aforesaid amendment to the articles of the Company.

5. The directors of the Company are hereby authorized, in their discretion, to amend this resolution so that if the Consolidation is implemented the Consolidation shall be less than one common share consolidated into one-fifth of a common share, or if the Split is implemented the Split shall be less than one common share split into five common shares, or otherwise to revoke this special resolution or any portion thereof before it is acted upon without further approval or authorization of the shareholders of the Company.

To be approved, the special resolution must be passed by at least two-thirds of the votes cast by shareholders at the Meeting in respect of this special resolution, and approved by applicable regulatory and exchange authorities.

**Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the special resolution.**

#### **Proposed Name Change of the Company**

In the event the Company determines it is in the best interests of the Company to implement either the Consolidation or the Split, the Company will need to change its name. In such a case the proposed name for the Company is "Eagleford Resources Inc." or such other name as may be approved by the Board of the Company and applicable regulatory and exchange authorities.

To change the name, the articles of the Company must be amended. Such an amendment must be authorized by a special resolution of shareholders. Shareholders of the Company will therefore be asked at the Meeting to consider and, if thought advisable, to authorize by means of a special resolution, an amendment to the articles of the Company to change the name of the Company to "Eagleford Resources Inc." or such other name as may be approved by the Board of the Company and applicable regulatory and exchange authorities.

Accordingly, management is seeking the approval of the shareholders to change the name of the Company in conjunction with a Consolidation or a Split. Such name change requires the approval of the shareholders, and applicable regulatory and exchange authorities of the Company by way of a special resolution, being a resolution passed by a majority of not less than 2/3 of the votes cast by shareholders at the Meeting. The following is the text of the proposed special resolution to be put forth by management at the Meeting:

#### **BE IT RESOLVED as a special resolution of the Company that:**

1. The articles of the Company be amended to change the name of the Company from "Eagleford Energy Inc." to "Eagleford Resources Inc." or such other name as approved by the Board of the Company and applicable regulatory and exchange authorities.
2. Any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver, or cause to be delivered, articles of amendment of the Company, as required pursuant to the *Business Corporations Act* (Ontario), and to do all such other acts or things necessary or desirable to implement, carry out and give effect to the said change of name.
3. The directors of the Company are hereby authorized, in their discretion, to delay or revoke this special resolution or any portion thereof before it is acted upon without further approval or authorization of the shareholders of the Company.

To be approved, the special resolution must be passed by at least two-thirds of the votes cast by shareholders at the Meeting in respect of this special resolution, and approved by applicable regulatory and exchange authorities.

**Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the special resolution.**

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

During the fiscal year ended August 31, 2011, no loans were made by the Company to any senior officer, director or proposed nominee for election as a director or any key employee of the Company, or any of their respective associates, for any reason whatsoever.

## **MANAGEMENT CONTRACTS**

Management functions of the Company and its subsidiaries are not to any substantial degree performed by those other than by the directors or executive officers of the Company or subsidiary.

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

Except as disclosed herein, no informed person of the Company, proposed director of the Company nor any associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Company's financial year-ended August 31, 2011 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

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

Management is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting of Shareholders. If any other business properly comes before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company may be obtained or viewed from the System for Electronic Data Analysis and Retrieval (sedar) at [www.sedar.com](http://www.sedar.com). Readers can also access and view the public insider trading reports via the System for Electronic Disclosure by Insiders at [www.sedi.ca](http://www.sedi.ca). The Company's United States Securities and Exchange Commission filings can be viewed through the Electronic Data Gathering Analysis and Retrieval System (edgar) at [www.sec.gov](http://www.sec.gov).

Shareholders may also contact the Company at Suite 1505, 1 King Street West, Toronto, Ontario M5H 1A1 or by telephone (416) 364-4039 to request copies of the Company's financial statements and management's discussion and analysis ("MD&A"). Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

**APPROVAL OF INFORMATION CIRCULAR**

The contents and the sending of this Information Circular to the shareholders of the Company have been approved by the Board of Directors of the Company. Unless otherwise specified, information contained in this Information Circular is given as of January 25, 2012.

**DATED** at Toronto, Ontario this 25<sup>th</sup> day of January, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
EAGLEFORD ENERGY INC.**

*"James Cassina"*

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**JAMES CASSINA**

Chief Executive Officer, President and Director

**SCHEDULE "A"**

**EAGLEFORD ENERGY INC.**  
(the "Company")

**FORM 58-101F1**  
**CORPORATE GOVERNANCE DISCLOSURE**

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Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Company is required and hereby discloses its corporate governance practices as of the date of this Information Circular.

***Board of Directors***

The mandate of our board of directors (the "**Board**"), prescribed by the *Business Corporations Act* (Ontario), is to manage or supervise the management of our business and affairs and to act with a view to our best interests. In doing so, the Board oversees the management of our affairs directly and through its committees.

Mr. Klyman was appointed to the Board on August 10, 2000, Mr. Cassina was appointed on February 9, 2010, Mr. McNeil was appointed on June 18, 2010 and Mr. Gaines was appointed on January 25, 2012. Our directors serve until our next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with our Articles or Bylaws. Our sole executive officer was appointed by our Board to serve until the earlier his resignation or removal, with or without cause by the directors. There was no compensation paid by us to our directors during the fiscal year ended August 31, 2011 for their services in their capacity as directors or any compensation paid to committee members.

As of January 25, 2012 our Board consists of four directors, two of which are "independent directors" in that they are "independent from management and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors ability to act with a view to our best interests, other than interests and relationships arising from shareholding". The independent directors are Milton Klyman and Colin McNeil. Prior to the appointment of Mr. Gaines to the Board on January 25, 2012, the Board consisted of a majority of independent directors. The Board will formulate a policy to facilitate its exercise of independent judgment in carrying out its responsibilities in light of its current composition. It is our practice to attempt to maintain a diversity of professional and personal experience among our directors.

The independent directors of the Company do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Company holds meetings as required, at which the opinions of the independent directors are sought and duly acted upon for all material matters relating to the Company.

***Directorships***

The following directors of ours are directors of other Canadian or United States reporting issuers as follows:

Colin McNeil	Strategic Oil & Gas Ltd.
Milton Klyman	Western Troy Capital Resources Inc.
Alan D. Gaines	Signature Exploration Corp.

***Board and Committee Meetings***

The Board has met at least once annually or otherwise as circumstances warrant to review our business operations, corporate governance and financial results. The table below reflects the attendance of each director of ours at each Board and committee meeting of the Board during the fiscal year ended August 31, 2011.

Name	Board of Directors Meetings	Audit Committee Meetings	Compensation Committee Meetings	Petroleum and Natural Gas Committee Meetings	Disclosure Committee Meetings
Milton Klyman	4	4	Nil	1	Nil
James Cassina	4	4	Nil	1	Nil
Colin McNeil	4	4	Nil	1	Nil

***Board Mandate***

The Board assumes responsibility for stewardship of the Company, including overseeing all of the operation of the business, supervising management and setting milestones for the Company. The Board reviews the statements of responsibilities for the Company including, but not limited to, the code of ethics and expectations for business conduct.

The Board approves all significant decisions that affect the Company and its subsidiaries and sets specific milestones towards which management directs their efforts.

The Board ensures, at least annually, that there are long-term goals and a strategic planning process in place for the Company and participates with management directly or through its committees in developing and approving the mission of the business of the Company and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Company's business. The strategic planning process is carried out at each Board meeting where there are regularly reviewed specific milestones for the Company.

The strategic planning process incorporates identifying the main risks to the Company's objectives and ensuring that mitigation plans are in place to manage and minimize these risks. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable. The Board appoints senior management.

The Company adheres to regulatory requirements with respect to the timeliness and content of its disclosure. The Board approves all of the Company's major communications, including annual and quarterly reports and press releases. The Chief Executive Officer authorizes the issuance of news releases. The Chief Executive Officer is generally the only individual authorized to communicate with analysts, the news media and investors about information concerning the Company.

The Board and the audit committee of the Company (the "**Audit Committee**") examines the effectiveness of the Company's internal control processes and information systems.

The Board as a whole, given its small size, is involved in developing the Company's approach to corporate governance. The number of scheduled Board meetings varies with circumstances. In addition, special meetings are called as necessary. The Chief Executive Officer establishes the agenda at each Board meeting and submits a draft to each director for their review and recommendation for items for inclusion on the agenda. Each director has the ability to raise subjects that are not on the agenda at any Board meeting. Meeting agendas and other materials to be reviewed and/or discussed for action by the Board are distributed to directors in time for review prior to each meeting. Board members have full and free access to senior management and employees of the Company.

### ***Position Descriptions***

The Board has not developed written position descriptions for the Chairman of the Board or the Chief Executive Officer. The Board is currently of the view that the respective corporate governance roles of the Board and management, as represented by the Chief Executive Officer, are clear and that the limits to management's responsibility and authority are well-defined.

Each of the Audit Committee, Compensation Committee, Disclosure Committee and a Petroleum and Natural Gas Committee has a chair and a mandate.

### ***Orientation and Continuing Education***

We have developed an orientation program for new directors including a director's manual ("Director's Manual") which contains information regarding the roles and responsibilities of the Board, each Board committee, the Board chair, the chair of each Board committee and our president. The Director's Manual contains information regarding its organizational structure, governance policies including the Board Mandate and each Board committee charter, and our code of business conduct and ethics. The Director's Manual is updated as our business, governance documents and policies change. We update and inform the Board regarding corporate developments and changes in legal, regulatory and industry requirements affecting us.

### ***Ethical Business Conduct***

We have adopted a written code of business conduct and ethics (the "**Code**") for our directors, officers and employees. The Board encourages following the Code by making it widely available. It is distributed to directors in the Director's Manual and to officers, employees and consultants at the commencement of their employment or consultancy. The Code reminds those engaged in service to us that they are required to report perceived or actual violations of the law, violations of our policies, dangers to health, safety and the environment, risks to our property, and accounting or auditing irregularities to the chair of the Audit Committee who is an independent director of ours. In addition, to requiring directors, officers and employees to abide by the Code, we encourage consultants, service providers and all parties who engage in business with us to contact the chair of the Audit Committee regarding any perceived and all actual breaches by our directors, officers and employees of the Code. The chair of our Audit Committee is responsible for investigating complaints, presenting complaints to the applicable Board committee or the Board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the chair of our Audit Committee will advise the complainant of the corrective action measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by us, our directors and management, against complainants who raise concerns in good faith and requires us to maintain the confidentiality of complainants to the greatest extent practical. Complainants may also submit their concerns anonymously in writing. In addition to the Code, we have an Audit Committee Charter and a Policy of Procedures for Disclosure Concerning Financial/Accounting Irregularities.

Since the beginning of our most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code. The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The Board is required by the Board Mandate to satisfy our CEO and other executive officers are acting with integrity and fostering a culture of integrity throughout the Company. The Board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. In addition, the Board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. The Board Mandate requires that directors and executive officers disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with us, and that directors excuse themselves from both Board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the Board strives to ensure that directors exercise independent judgment, unclouded by the relationships of the directors and executive officers to each other and us, in considering transactions and agreements in respect of which directors and executive officers have an interest.

### *Nomination of Directors*

The Board has not appointed a nominating committee and does not believe that such a committee is warranted at the present time. The entire Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and officers. The Board generally looks for the nominee to have direct experience in the oil and gas business and significant public company experience. The nominee must not have a significant conflicting public company association.

### *Compensation*

The Board determines director and executive officer compensation by recommendation of the Compensation Committee. The Company's Compensation Committee reviews the amounts and effectiveness of compensation. Each of the members of the Compensation Committee are independent. The Board reviews the adequacy and form of compensation and compares it to other companies of similar size and stage of development. There is no minimum share ownership requirement of directors.

The Compensation Committee convenes at least once annually to review director and officer compensation and status of stock options. The Compensation Committee also responds to requests from management and the Board to review recommendations of management for new senior employees and their compensation. The Compensation Committee has the power to approve and/or amend these recommendations.

The Company has felt no need to retain any compensation consultants or advisors at any time since the beginning of the Company's most recently completed financial year.

### *Committees of the Board*

Our Board discharges its responsibilities directly and through committees of the Board, currently consisting of the Audit Committee, a compensation committee (the "**Compensation Committee**"), a disclosure committee (the "**Disclosure Committee**") and a petroleum and natural gas committee (the "**Petroleum and Natural Gas Committee**").

Each of the Audit Committee, Disclosure Committee and the Petroleum and Natural Gas Committee consists of a majority of independent directors, while the Compensation Committee consists of independent directors. Each Committee has a specific mandate and responsibilities, as reflected in the charters for each committee.

### *Audit Committee*

The mandate of the Audit Committee is formalized in a written charter. The members of the Audit Committee are James Cassina, Milton Klyman (Chair) and Colin McNeil. Based on his professional certification and experience, the Board has determined that Milton Klyman is an Audit Committee Financial Expert and that James Cassina and Colin McNeil are financially literate. The Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor our financial reporting process and control systems, review and appraise the audit activities of our independent auditors, financial and senior management, and the lines of communication among the independent auditors, financial and senior management, and the Board for financial reporting and control matters including investigating fraud, illegal acts or conflicts of interest.

### *Compensation Committee*

The mandate of the Compensation Committee is formalized in a written charter. The members of the Compensation Committee are Colin McNeil and Milton Klyman (Chair). The Compensation Committee is comprised entirely of independent directors. Compensation is determined in the context of our strategic plan, our growth, shareholder returns and other achievements and considered in the context of position descriptions, goals and the performance of each individual director and officer. With respect to directors' compensation, the Compensation Committee reviews the level and form of compensation received by the directors, members of each committee, the Board chair and the chair of each Board committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to us. The compensation of directors, the CEO and executive officers of competitors



are considered, to the extent publicly available, in determining compensation and the Compensation Committee has the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

### ***Disclosure Committee***

The mandate of the Disclosure Committee is formalized in a written charter. The members of the Disclosure Committee are Milton Klyman, Colin McNeil and James Cassina (Chair). The Committee's duties and responsibilities include, but are not limited to, review and revise our controls and other procedures ("Disclosure and Controls Procedures") to ensure that (i) information required by us to be disclosed to the applicable regulatory authorities and other written information that we will disclose to the public is reported accurately and on a timely basis, and (ii) such information is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure; assist in documenting and monitoring the integrity and evaluating the effectiveness of the Disclosure and Control Procedures; the identification and disclosure of material information about us, the accuracy completeness and timeliness of our financial reports and all communications with the investing public are timely, factual and accurate and are conducted in accordance with applicable legal and regulatory requirements.

### ***Petroleum and Natural Gas Committee***

The members of the Petroleum and Natural Gas Committee are Milton Klyman, James Cassina and Colin McNeil (Chair). The Petroleum and Natural Gas Committee has the responsibility of meeting with the independent engineering firms commissioned to conduct the reserves evaluation on our oil and natural gas assets and to discuss the results of such evaluation with each of the independent engineers and management. Specifically, the Petroleum and Natural Gas Committee's responsibilities include, but are not limited to, a review of management's recommendations for the appointment of independent engineers, review of the independent engineering reports and considering the principal assumptions upon which such reports are based, appraisal of the expertise of the independent engineering firms retained to evaluate our reserves, review of the scope and methodology of the independent engineers' evaluations, reviewing any problems experienced by the independent engineers in preparing the reserve evaluation, including any restrictions imposed by management or significant issues on which there was a disagreement with management and a review of reserve additions and revisions which occur from one report to the next.

### ***Assessments***

The Board assesses, on an annual basis, the contributions of the Board as a whole, the Audit Committee and each of the individual directors, in order to determine whether each is functioning effectively. The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. The Audit Committee will annually review the Audit Committee Charter and recommend, if any, revisions to the Board as necessary.

## SCHEDULE "B"

### EAGLEFORD ENERGY INC. (the "Company")

#### FORM 52-110F2 AUDIT COMMITTEE DISCLOSURE

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##### *Audit Committee Charter*

The responsibilities and duties of the audit committee (the "**Audit Committee**") of the board of directors of the Company (the "**Board**") are set out in the Audit Committee's charter (the "**Charter**"), the text of which is set forth in **Appendix "1"** to this **Schedule "B"**.

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

The members of the audit committee of the board are James Cassina, Milton Klyman (Chairman) and Colin McNeil. Based on his professional certification and experience, the board has determined that Milton Klyman is an Audit Committee Financial Expert and that James Cassina and Colin McNeil are financially literate. The audit committee's primary duties and responsibilities are to serve as an independent and objective party to monitor our financial reporting process and control systems, review and appraise the audit activities of our independent auditors, financial and senior management, and the lines of communication among the independent auditors, financial and senior management, and the board of directors for financial reporting and control matters including investigating fraud, illegal acts or conflicts of interest.

##### *Relevant Education and Experience of Audit Committee Members*

Milton Klyman is the Chairman of the Audit Committee. He is a self-employed financial consultant and has been a Chartered Accountant since 1952. Milton Klyman is a Life Member of the Institute of Chartered Accountants of Ontario, a Life member of the Canadian Institute of Mining Metallurgy and Petroleum and a Fellow of the Institute of Chartered Secretaries and Administrators.

James Cassina is a consultant in business development, mergers and acquisitions and corporate finance. James Cassina has served as a director and held various executive positions with public companies.

Colin McNeil is an independent consulting geophysicist and has managed exploration programs and structured technical assessments for companies in the Middle East, Africa, Asia, Central and South America, the Arctic, and Canada. Colin McNeil has served as a director and held various positions with public and private companies.

##### *Reliance on Certain Exemption*

Since the commencement of the Company's most recently completed financial year, the Company has not relied upon any of the exemptions contained in the following provisions of MI 52-110: (i) Section 2.4 (*De Minimis Non-audit Services*); (ii) Section 3.2 (*Initial Public Offerings*); (iii) Section 3.4 (*Events Outside Control of Member*); (iv) Section 3.5 (*Death, Disability or Resignation of Audit Committee Member*); and (v) Part 8 (*Exemptions*).

##### *Reliance on the Exemption in Subsection 3.3(2) or Section 3.6*

Since the commencement of the Company's most recently completed financial year, the Company has not relied upon any of the exemptions contained in the following provisions of MI 52-110: (i) Subsection 3.3(2) (*Controlled Companies*); and (ii) Section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*).

### **Reliance on Section 3.8**

Since the commencement of the Company's most recently completed financial year, the Company has not relied upon the exemption in Section 3.8 (*Acquisition of Financial Literacy*) of MI 52-110.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, no recommendations were made by the Audit Committee to nominate or compensate an external auditor.

### **Pre-approval Policies and Procedures**

The policies and procedures adopted by the Audit Committee in respect of the engagement of the Company's auditors in respect of non-audit services, being services other than audit services, is described under the heading "*Responsibilities and Powers*" in the Charter.

### **External Auditor Service Fees (By Category)**

The aggregate fees billed or accrued for professional fees rendered by Schwartz Levitsky Feldman LLP, Chartered Accountants for the years ended August 31, 2011 and August 31, 2010 are as follows:

<b>Nature of Services</b>	<b>Fees Paid to Auditor in Year-ended August 31, 2011</b>	<b>Fees Paid to Auditor in Year-ended August 31, 2010</b>
Audit Fees(1)	\$55,000	\$37,000
Audit-Related Fees(2)	Nil	\$4,900
Tax Fees(3)	Nil	\$7,500
All Other Fees(4)	Nil	Nil
<b>TOTALS</b>	<b>\$55,000</b>	<b>\$49,400</b>

#### **Notes:**

- (1) "**Audit Fees**" include fees necessary to perform the annual audit and any quarterly reviews of the Company's financial statements management discussion and analysis. This includes fees for the review of tax provisions and for accounting consultations on matters reflected in the financial statements. This also includes 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 fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not included in "Audit Fees".
- (3) "**Tax Fees**" include fees for all professional services rendered by the Company's auditors for tax compliance, tax advice and tax planning.
- (4) "**All Other Fees**" include all fees for products and services provided by the Company's auditors not included in "Audit Fees", "Audit-Related Fees" and "Tax Fees".

It is the policy of the Audit Committee that all audit and non-audit services are pre-approved prior to engagement. Before the initiation of each audit, the principal accountant submits a budget of the expected range of expenditures to complete their audit engagement (including Audit Fees and Tax Fees) to the Audit Committee for approval. In the event that the principal accountant exceeds these parameters, the individual auditor is expected to communicate to management the reasons for the variances, so that such variances can be ratified by the Audit Committee. As a result, 100% of expenditures within the scope of the noted budget are approved by the Audit Committee.

During fiscal 2011 and 2010 there were no hours performed by any person other than the primary accountant's fulltime permanent employees.

### **Exemption**

The Company is relying upon the exemption set forth in Section 6.1 (Part 3 – *Composition of the Audit Committee*) of MI 52-110 which allows for an exemption of venture issuers from the requirement that all members of its audit committee be independent.

## EXHIBIT 1

### EAGLEFORD ENERGY INC. (the "Company")

#### AUDIT COMMITTEE CHARTER

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*This Charter was approved by the Board of Directors of the Company on May 28, 2009 and replaces all previous audit committee charters, terms of reference or other similar documents prescribing the procedures, powers and duties of the Audit Committee.*

##### *Audit Committee Charter*

This Audit Committee Charter (the "Charter") has been adopted by the Board of Directors (the "Board") of Eugenic Corp. (the "Company"). The Audit Committee of the Board (the "Committee") will review and reassess this charter annually and recommend any proposed changes to the Board for approval. The Audit Committee's primary duties and responsibilities are to:

- Oversee (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the independent auditors' qualifications and independence.
- Serve as an independent and objective party to monitor the Company's financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Company's independent auditors and the internal auditing functions.
- Provide open lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters.

##### *Role and Independence: Organization*

The Committee assists the Board on fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Company. It may also have such other duties as may from time to time be assigned to it by the Board.

The Audit Committee is to be comprised of at least three directors. The majority of this Committee must be independent from management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

All members shall, to the satisfaction of the Board, be financially literate (i.e. will have the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto), and at least one member shall have accounting or related financial management expertise to qualify as "financially sophisticated". A person will qualify as "financially sophisticated" is an individual who possesses the following attributes:

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

The majority of the members of the Committee are "independent" as defined by the Securities and Exchange Commission, and the Board has determined that Mr. Klyman is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K promulgated by the Securities and Exchange Commission.

The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders. Each member of the Committee serves during the pleasure of the Board and, in any event, only so long as he or she is a director.

One member of the Committee shall be appointed as chair. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings and making regular reports to the Board. The chair will also maintain regular liaison with the CEO, CFO, and the lead independent audit partner.

### ***Responsibilities and Powers***

Although the Committee may wish to consider other duties from time to time, the general recurring activities of the Committee in carrying out its oversight role are described below.

- Annual review and revision of this Charter as necessary with the approval of the Board.
- Review and obtain from the independent auditors a formal written statement delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard 1.
- Recommending to the Board the independent auditors to be retained (or nominated for shareholder approval) to audit the financial statements of the Company. Such auditors are ultimately accountable to the Board and the Committee, as representatives of the shareholders.
- Evaluating, together with the Board and management, the performance of the independent auditors and, where appropriate, replacing such auditors.
- Obtaining annually from the independent auditors a formal written statement describing all relationships between the auditors and the Company. The Committee shall actively engage in a dialogue with the independent auditors with respect to any relationship that may impact the objectivity and the independence of the auditors and shall take, or recommend that the Board take, appropriate actions to oversee and satisfy itself as to the auditors' independence.
- Ensuring that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:
  - Bookkeeping or other services related to the accounting records or financial statements of the Company;
  - Financial information systems design and implementation;
  - Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - Actuarial services;
  - Internal audit outsourcing services;
  - Management functions or human resources;
  - Broker or dealer, investment advisor or investment banking services;
  - Legal services and expert services unrelated to the audit; and
  - Any other services which the Public Company Accounting Oversight Board determines to be impermissible.
- Approving any permissible non-audit engagements of the independent auditors.
- Meeting with the auditors and management of the Company to review the scope of the proposed audit for the current year, and the audit procedures to be used, and to approve audit fees.
- Reviewing the audited financial statements and discussing them with management and the independent auditors. Consideration of the quality of the Company's accounting principles as applied in its financial reporting. Based on such review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited financial statement in the Company's Annual Report to Shareholders.
- Discussing with management and the independent auditors the quality and adequacy of and compliance with the Company's internal controls.

- Establishing procedures: (i) for receiving, handling and retaining of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.
- Review and discuss all related party transactions involving the Company.
- Engaging independent counsel and other advisors if the Committee determines that such advisors are necessary to assist the Committee in carrying out its duties.
- Publicly disclose the receipt of warning about any violations of corporate governance rules.

### *Authority*

The Committee will have the authority to retain special legal, accounting or other experts for advise, consultation or special investigation. The Committee may request any officer or employee of the Company, the Company's outside legal counsel, or the independent auditor to attend a meeting of the Committee, or to meet with any member of, or consultants to, the Committee. The Committee will have full access to the books, records and facilities of the Company.

### *Meetings*

The Committee shall meet at least yearly, or more frequently as the Committee considers necessary. Opportunities should be afforded periodically to the external auditor and to senior management to meet separately with the independent members of the Committee. Meetings may be with representatives of the independent auditors, and appropriate members of management, all either individually or collectively as may be required by the Chairman of the Committee.

The independent auditors will have direct access to the Committee at their own initiative.

The Chairman of the Committee will report periodically the Committee's findings and recommendations to the Board of Directors.

**SCHEDULE "C"**

**EAGLEFORD ENERGY INC.**  
(the "Company")

**BY-LAW NO. 1**

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**BY-LAW NO. 1**

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

**EAGLEFORD ENERGY INC.**

(herein called the "**Corporation**")

CONTENTS

- 1. Interpretation
- 2. Business of the Corporation
- 3. Directors
- 4. Committees
- 5. Officers
- 6. Protection of Directors, Officers and Others
- 7. Shares
- 8. Dividends and Rights
- 9. Meetings of Shareholders
- 10. Information Available to Shareholders
- 11. Divisions and Departments
- 12. Notices
- 13. Borrowing Powers of the Directors
- 14. Business of the Corporation

**BE IT ENACTED** as a by-law of the Corporation as follows:

**ARTICLE 1  
INTERPRETATION**

1.1 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

- (a) "Act" means the *Business Corporations Act* (Ontario) and the regulations made pursuant thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- (b) "appoint" includes "elect" and vice versa;
- (c) "board" means the board of directors of the Corporation;
- (d) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (e) "meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;



- (f) "non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario);
- (g) "recorded address" means in the case of a shareholder his address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the board his latest address as recorded in the records of the Corporation;
- (h) "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by paragraph 2.2 or by a resolution passed pursuant thereto;
- (i) all terms contained in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act; and
- (j) the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and neuter genders; and the word "person" shall include, individuals, bodies corporate, corporations, companies, partnerships, syndicates, trusts, unincorporated organizations and any number or aggregate of persons.

## **ARTICLE 2 BUSINESS OF THE CORPORATION**

### **2.1 Financial Year**

The financial year of the Corporation shall be as determined by the board from time to time.

### **2.2 Execution of Instruments**

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by any two officers or directors and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board shall have power from time to time by resolution to appoint any officer or officers or any person or persons on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The seal of the Corporation may when required be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, person or persons, appointed as aforesaid by resolution of the board.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures, notes or other securities and all paper writings.

The signature or signatures of the Chairman of the Board (if any), the Vice-Chairman of the Board, the Chief Executive Officer, the President, any Executive Vice-President, or any Vice-President together with any one of the Secretary, the Chief Financial Officer, the Treasurer, an Assistant Secretary, an Assistant Treasurer or any one of the foregoing officers together with any one director of the Corporation and/or any other officer or officers, person or persons, appointed as aforesaid by resolution of the board may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed

or otherwise mechanically reproduced upon any contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation on which the signature or signatures of any of the foregoing officers or directors or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the board, shall be deemed to have been manually signed by such officers or directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers or directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation.

### 2.3 Banking Arrangements

The banking business of the Corporation, or any part thereof, including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time by resolution prescribe or authorize.

### 2.4 Custody of Securities

All shares and securities owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the board, with such other depositaries or in such other manner as may be determined from time to time by resolution of the board.

All share certificates, bonds, debentures, notes or other obligations or securities belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with the right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

### 2.5 Voting Shares and Securities in other Companies

All of the shares or other securities carrying voting rights of any other body corporate held from time to time by the Corporation may be voted at any and all meetings of shareholders, bondholders, debenture holders or holders of other securities (as the case may be) of such other body corporate and in such manner and by such person or persons as the board shall from time to time by resolution determine. The proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the board.

## **ARTICLE 3 DIRECTORS**

### 3.1 Number of Directors and Quorum

The number of directors of the Corporation shall be the number of directors as specified in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation shall be the number of directors determined from time to time by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. Notwithstanding the above, the Corporation shall not have fewer than three directors, one-third of which may not be officers or employees of the Corporation. At least one quarter (or such other percentage as may be specified in the Act, from time to time) of the board of directors shall be resident Canadians. The quorum for the transaction of business at any meeting of the board shall be a majority of the number of directors or minimum number of directors required by the articles, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be.

### 3.2 Qualification

No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder.

### 3.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if the special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. The voting on the election shall be by show of hands unless a ballot is demanded by any shareholder. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

### 3.4 Removal of Directors

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by a quorum of the directors.

### 3.5 Vacancy of Office

A director ceases to hold office when: (i) he dies; (ii) he is removed from office by the shareholders; (iii) he ceases to be qualified for election as a director; or (iv) his written resignation is received by the Corporation provided if a time subsequent to its date of receipt by the Corporation is specified in such written resignation the resignation shall become effective at the time so specified.

### 3.6 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or maximum number of directors or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the

number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

### 3.7 Action by the Board

The board shall manage or supervise the management of the business and affairs of the Corporation. The powers of the board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

### 3.8 Meeting by Telephone

If all the directors of the Corporation present or participating in the meeting consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

### 3.9 Place of Meetings

Meetings of the board may be held at any place within or outside Ontario.

### 3.10 Calling of Meetings

Subject to the Act, meetings of the board shall be held from time to time on such day and at such time and at such place as the board, the Chairman of the Board (if any), the Chief Executive Officer, the President, the Chief Financial Officer or any two directors may determine and the Secretary, when directed by the board, the Chairman of the Board (if any), the Chief Executive Officer, the President, the Chief Financial Officer or any two directors shall convene a meeting of the board.

### 3.11 Notice of Meeting

Notice of the date, time and place of each meeting of the board shall be given in the manner provided in paragraph 12.1 to each director not less than 48 hours (exclusive of any part of a non-business day) before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the board. Attendance of a director at such a meeting is a waiver of notice of meeting except where the attendance is for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

### 3.12 First Meeting of New Board

Provided a quorum of directors is present, each newly elected board may without notice hold, its first meeting immediately following the meeting of shareholders at which such board is elected.

### 3.13 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

### 3.14 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

### 3.15 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chairman of the Board, the President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

### 3.16 Votes to Govern

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

### 3.17 Conflict of Interest

A director or officer of the Corporation who is a party to, is a director or officer of, or has a material interest in, another person who is a party to, a material contract or transaction (in either case a "**Conflict of Interest Transaction**"), whether proposed or made, with the Corporation shall, in accordance with the Act, disclose in writing to the Corporation or request to have entered in the minutes of meetings of the directors or of meetings of committees of directors, the nature and extent of his interest in the Conflict of Interest Transaction. Except as permitted by the Act, a director so interested shall not attend any part of a meeting during which a Conflict of Interest Transaction is discussed, nor vote on any motion to approve the Conflict of Interest Transaction. A general notice to the directors by a director or officer of the Corporation declaring that he is a director or officer of, or has a material interest in, a person and is to be regarded as interested in any contract made or transaction entered into with that person is a sufficient disclosure of interest in relation to any Conflict of Interest Transaction with that person.

### 3.18 Effect of Disclosure

Where the Corporation enters into a Conflict of Interest Transaction, a director or officer is not accountable to the Corporation or the shareholders of the Corporation for any profit or gain realized from the Conflict of Interest Transaction and the Conflict of Interest Transaction is neither void nor voidable, by reason only of that relationship (or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the Conflict of Interest Transaction), if the director or officer disclosed his interest therein in the manner prescribed by the Act, the directors approved the Conflict of Interest Transaction and the Conflict of Interest Transaction was reasonable and fair to the Corporation at the time it was approved. Notwithstanding the foregoing, a director or officer of the Corporation, acting honestly and in good faith, is not accountable to the Corporation or to the shareholders of the Corporation for any profit or gain realized from any Conflict of Interest Transaction and the Conflict of Interest Transaction is not void or voidable by reason only of the interest of the director or officer of the Corporation therein, if (a) the Conflict of Interest Transaction was

approved or confirmed by special resolution at a meeting of the shareholders of the Corporation, (b) disclosure of the interest of the director or officer of the Corporation in the Conflict of Interest Transaction was made to the shareholders of the Corporation in a manner sufficient to indicate its nature before the Conflict of Interest Transaction was approved or confirmed, and (c) the Conflict of Interest Transaction was reasonable and fair to the Corporation at the time it was approved or confirmed. Nothing in this section 3.18 shall be construed as an affirmative statement that, in any particular situation or situations, a director or officer of the Corporation shall be accountable to the Corporation or the shareholders of the Corporation for any profit or gain realized from a Conflict of Interest Transaction or that a Conflict of Interest Transaction is void or voidable due to a failure of the officer or director to comply with the procedures set forth in this section 3.18.

#### 3.19 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the shareholders or of the board or any committee thereof or otherwise in the performance of their duties. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

### **ARTICLE 4 COMMITTEES**

#### 4.1 Committee of Directors

The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

#### 4.2 Transaction of Business

The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

#### 4.3 Audit Committee

The board shall elect annually from among its number an audit committee to be composed of not fewer than three directors of whom a majority shall not be officers or employees of the Corporation or its affiliates, subject to the restrictions imposed by applicable legislation. The audit committee shall have the powers and duties provided in the Act, and such other applicable legislation.

#### 4.4 Advisory Committees

The board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

#### 4.5 Procedure

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

## **ARTICLE 5 OFFICERS**

### 5.1 Appointment

The Chairman of the Board may, but need not be, an officer of the Corporation. The board may from time to time appoint a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Chief Financial Officer, 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 Act, delegate to such officers powers to manage the business and affairs of the Corporation. An officer may but need not be a director and one person may hold more than one office. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability to act of any officer or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

### 5.2 Chairman of the Board

The Chairman of the Board, if appointed, shall be a director and shall, when present, preside at all meetings of the board and committees of the board. The Chairman of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him by the board. During the absence or disability of the Chairman of the Board, his duties shall be performed and his powers exercised by the Chief Executive Officer. The board of directors may determine that the chairman of the board shall not be an officer of the Corporation and shall act solely in a non-executive capacity. A non-executive Chairman of the Board shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws and the board of directors.

### 5.3 President

The President shall, and unless and until the board designates any other officer of the Corporation to be the Chief Executive Officer of the Corporation, be the Chief Executive Officer and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the board may specify. The President shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board if none be appointed or if the Chairman of the Board is absent or unable or refuses to act.

### 5.4 Vice-President

Each Vice-President shall have such powers and duties as the board or the President may specify. The Vice-President or, if more than one, the Vice-President designated from time to time by the board or by the President, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of the board and that a Vice-President who is not a director and shareholder shall not preside as chairman at any meeting of shareholders.

### 5.5 Secretary

The Secretary 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 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 may specify.

#### 5.6 Chief Financial Officer

The Chief Financial Officer shall keep proper accounting records in compliance with the 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 Chief Financial Officer and of the financial position of the Corporation; and he shall have such other powers and duties as the board may specify.

#### 5.7 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

#### 5.8 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

#### 5.9 Term of Office

The board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed or until the earlier of his resignation or death.

#### 5.10 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be so determined.

#### 5.11 Conflict of Interest

An officer shall disclose his interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with paragraph 3.17.

#### 5.12 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the powers to subdelegate) as may be thought fit.

#### 5.13 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.



**ARTICLE 6**  
**PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

6.1 Submission of Contracts or Transactions to Shareholders for Approval

The board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

6.2 For the Protection of Directors and Officers

In supplement of and not by way of limitation upon any rights conferred upon directors by the provisions of the Act, it is declared that no director shall be disqualified by his office from, or vacate his office by reason of, holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which he is in any way directly or indirectly interested either as vendor, purchaser or otherwise nor shall any director be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the provisions of the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be avoided or voidable and no director shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of the fiduciary relationship existing or established thereby. Subject to the provisions of the Act and to paragraph 3.17, no director shall be obliged to make any declaration of interest or refrain from voting in respect of a contract or proposed contract with the Corporation in which such director is in any way directly or indirectly interested.

6.3 Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being 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 persons, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited 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 exercise the powers and to discharge the duties of his office honestly, in good faith and in the best interests of the Corporation and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board. 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 company 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 company, as the case may be, from receiving proper remuneration for such services.

#### 6.4 Indemnity

Subject to the limitations contained in the Act, the Corporation shall indemnify and hold harmless a director or officer, a former director or officer, or an individual who acts or acted at the request of the Corporation as a director or officer or in a similar capacity of another entity, and each of their respective heirs and personal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by them in respect of any civil, criminal, administrative, investigative or other proceeding to which the individual is made a party by reason of being or having been a director or officer of the Corporation or at the request of the Corporation as a director or officer, or in similar capacity, of another entity, if:

- (a) such individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which such individual acted as director or officer, or in a similar capacity, at the request of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such individual had reasonable grounds for believing that his conduct was lawful.

The Corporation shall advance moneys to a director, officer or other individual for the costs, charges and expenses of any proceeding referred to in this section 6.4 of this by-law. The individual shall repay the moneys to the Corporation if the individual does not fulfill the relevant conditions specified in the Act. The Corporation shall also indemnify such individual in such other circumstances as the Act permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

#### 6.5 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in paragraph 6.4 against such liabilities and in such amounts as the board may from time to time determine and are permitted by the Act.

### **ARTICLE 7 SHARES**

#### 7.1 Allotment

The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

#### 7.2 Commissions

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

### 7.3 Registration of Transfers

Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an 'appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles.

### 7.4 Transfer Agents and Registrars

The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a securities register and one or more branch securities registers. Such a person may be designated as transfer agent and registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

### 7.5 Non-recognition of Trusts

Subject to the provisions of the Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

### 7.6 Share Certificates

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with paragraph 2.2 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

### 7.7 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$5.00, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board or any duly appointed transfer agent may from time to time prescribe, whether generally or in any particular case.

7.8 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

7.9 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

**ARTICLE 8  
DIVIDENDS AND RIGHTS**

8.1 Dividends

Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

8.2 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 of 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.

8.3 Non-receipt of Payment

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 indemnity, 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.

#### 8.4 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date -for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as al record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

#### 8.5 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

### **ARTICLE 9 MEETINGS OF SHAREHOLDERS**

#### 9.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year as the board, the Chairman of the Board (if any), The Chief Executive Officer, or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

#### 9.2 Special Meetings

The board, the Chairman of the Board (if any) or the President shall have power to call a special meeting of shareholders at any time.

#### 9.3 Place of Meetings

Meetings of shareholders shall be held at such place in or outside Ontario as the board shall so determine.

#### 9.4 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 12.1 not less than 21 days nor more than 50 days before the date of the meeting or as otherwise prescribed by applicable laws, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditors report, election of directors and reappointment of the incumbent auditor shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

#### 9.5 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to paragraph 9.6, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

#### 9.6 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, or as otherwise prescribed by applicable laws, as a record date for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange on which its shares are traded. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

#### 9.7 Meetings without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act

- (i) if all the shareholders entitled to vote thereat are present in person or represented by proxy waive notice of or otherwise consent to such meeting being held, and
- (ii) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held, so long as such shareholders, auditor and directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

#### 9.8 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the Chief Executive Officer, the President or a Vice-President who is a director and a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

#### 9.9 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation and others who, although not entitled to vote are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

#### 9.10 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be 2 persons present in person, each being a shareholder entitled to vote thereat, or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 10% of the issued shares of the Corporation enjoying voting rights at such meeting.

#### 9.11 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in paragraph 9.5, every person who is named in such list shall be entitled to vote the shares shown opposite his name. At any meeting of shareholders for which the Corporation has not prepared the list referred to in paragraph 9.5, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

#### 9.12 Proxies

Shareholders of the Corporation shall be entitled to vote in person or, if the shareholder is a body corporate, association or other unincorporated entity, by a representative authorized by a resolution of the directors of such body corporate, association or other unincorporated entity. association or other unincorporated entity, entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or alternate proxyholder, who need not be a shareholder of the Corporation, as the nominee thereof to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy. Signatures on instruments of proxy need not be witnessed and may be printed, lithographed or otherwise reproduced thereon. The chairman of any meeting of shareholders shall determine the authenticity of all signatures on instruments of proxy, which determination shall be final and conclusive. The chairman of any meeting of shareholders, including any adjournment thereof, may also in his discretion, unless otherwise determined by resolution of the directors, accept any telecopied, telegraphed, telexed, cabled or emailed proxy or other communication as to the authority of anyone claiming to vote on behalf of, or to represent, a shareholder of the Corporation notwithstanding that no instrument of proxy conferring such authority has been lodged with the Corporation and any votes cast in accordance with such telecopied, telegraphed, telexed, cabled or e-mailed proxy or other communication accepted by the chairman shall be valid and any votes cast in accordance therewith shall be counted. An instrument of proxy may be signed and delivered in blank and filled in afterwards by the chairman of the board, the president, the secretary or any assistant-secretary of the Corporation or by any other person designated by the directors. It shall not be necessary for an instrument of proxy to be dated or to have inserted therein the number of shares of the Corporation owned by the appointor thereunder. The directors may, at the expense of the Corporation, send out an instrument of proxy in which certain directors or officers of the Corporation or other persons are named, which may be accompanied by stamped envelopes for the return of such instruments of proxy, even if the directors so named vote the proxies in favour of their own election as directors. The directors may specify in the notice calling a meeting of the shareholders of the Corporation a time, not exceeding 48 hours (excluding Saturdays and holidays) preceding the time fixed for the meeting or any adjournment thereof, before which proxies must be deposited with the Corporation or an agent thereof. Unless otherwise determined by the chairman of the meeting, an instrument of proxy shall be acted

upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, where no such time is specified in such notice, if it has been received by the secretary or another officer of the Corporation or the chairman of the meeting or any adjournment thereof before the time of voting on the particular matter. An instrument of proxy shall cease to be valid one year from the date thereof.

#### 9.13 Revocation of Proxies

In addition to revocation in any other manner permitted by law, an instrument of proxy may be revoked by an instrument in writing signed in the same manner as an instrument of proxy may be signed and deposited either at the registered office of the Corporation at any time up to and including the last day (excluding Saturdays and holidays) preceding the date of the meeting of shareholders or any adjournment thereof at which the instrument of proxy is to be used or with the chairman of such meeting or any adjournment thereof before the time of voting on the particular matter.

#### 9.14 Time for Deposit of Proxies

The board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours exclusive of any part of a non-business day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

#### 9.15 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

#### 9.16 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the 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 to a second or casting vote.

#### 9.17 Show of Hands

Subject to the provisions of the 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. 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.



9.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by 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 Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

9.19 Termination, Adjournment and Postponement

The chairman of a meeting of shareholders may terminate the meeting following the conclusion of all business which may properly come before the meeting. A meeting of shareholders may be adjourned only upon the affirmative vote of a majority of the votes cast in respect of the shares present or represented in person or by proxy at the meeting. Any business may be brought before or dealt with at any adjourned meeting which may have been brought up or dealt with at the original meeting. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days, it is not necessary to give notice of the resumption of the meeting if the time and place for resuming the meeting are announced at the meeting which is adjourned. The directors may postpone any meeting of shareholders previously called by the directors. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the resumption of the meeting shall be given in accordance with the Act.

9.20 Procedure at Meetings

The chairman of any meeting of shareholders shall determine the procedure thereat in all respects and his decision on all matters or things, including but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instrument of proxy or ballot, shall be conclusive and binding upon all of the shareholders of the Corporation, except as otherwise specifically provided in the by-laws of the Corporation.

9.21 One-Shareholder Meeting

Where all of the outstanding shares of any class or series of shares of the Corporation are held by one shareholder, that shareholder present in person or by proxyholder or by authorized representative shall constitute a meeting of the holders of that class or series of shares of the Corporation.

9.22 Meetings by Telephonic, Electronic or Other Communication Facility

Meetings of shareholders may be held entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting if so determined by the directors or by the shareholders who called the particular meeting of shareholders. Any person entitled to attend a meeting of shareholders may participate in such a meeting by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other if the Corporation makes available such a communication facility and any person participating in a meeting by such means shall be deemed to be present at the meeting. Any vote at such a meeting may, but is not required to, be held entirely by means of a telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

9.23 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a

written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

## **ARTICLE 10 INFORMATION AVAILABLE TO SHAREHOLDERS**

### 10.1 Information Available to Shareholders

Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public.

### 10.2 Directors' Determination

The directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders in general meeting.

## **ARTICLE 11 DIVISIONS AND DEPARTMENTS**

### 11.1 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 or any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.

### 11.2 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 under such name, provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation.

### 11.3 Officers of Division

From time to time the board or, if authorized by the board, the Chief Executive Officer, 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, if authorized by the board, the Chief Executive Officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Corporation.

## **ARTICLE 12 NOTICES**

### 12.1 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid mail or if sent to him at his recorded address by any means of prepaid transmitted or, recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

### 12.2 Signature to Notices

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

### 12.3 Proof of Service

A certificate of the Chairman of the Board (if any), the President, a Vice- President, the Secretary or the Treasurer or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

### 12.4 Notice to Joint Shareholders

All notices with respect to shares registered in more than one name shall, if more than one address appears on the records of the Corporation in respect of such joint holdings, be given to all of such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to the holders of such shares.

### 12.5 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event both the date of giving the notice and the date of the meeting or other event shall be excluded.

#### 12.6 Undelivered Notices

If any notice given to a shareholder pursuant to paragraph 12.1 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

#### 12.7 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person 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 found thereon.

#### 12.8 Deceased Shareholders

Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any person or persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons, if any, interested with him in such shares.

#### 12.9 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall, have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

#### 12.10 Waiver of Notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

### **ARTICLE 13 BORROWING POWERS OF THE DIRECTORS**

#### 13.1 Borrowing Power.

Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the provisions of the Act, the board may from time to time, without authorization of the shareholders:

- (a) borrow money on the credit of the Corporation;

- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) give guarantees on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

13.2 The directors may from time to time authorize any director or directors, officer or officers, employee of the Corporation or other person or persons, whether connected with the Corporation or not, to make arrangements with reference to the monies borrowed or to be borrowed as aforesaid and as to the terms and conditions of the loan thereof and as to the securities to be given therefor, with power to vary or modify such arrangements, terms and conditions and to give such additional debt obligations for any monies borrowed or remaining due by the Corporation as the directors of the Corporation may authorize and generally to manage, transact and settle the borrowing of money by the Corporation.

13.3 The directors may from time to time authorize any director or directors, officer or officers, employee of the Corporation or other person or persons, whether connected with the Corporation or not, to sign, execute and give on behalf of the Corporation all documents, agreements and promises necessary or desirable for the purposes aforesaid and to draw, make, accept, endorse, execute and issue cheques, promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments and the same and all renewals thereof or substitutions therefor so signed shall be binding upon the Corporation.

13.4 The words "**debt obligations**" as used in this Section 13 mean bonds, debentures, notes or other similar obligations or guarantees of such an obligation, whether secured or unsecured.

## **ARTICLE 14 BUSINESS OF THE CORPORATION**

### 14.1 Registered Office.

The registered office of the Corporation shall be in the municipality or geographic township specified in its Articles, and at such place therein as the directors of the Corporation may from time to time by resolution determine.

### 14.2 Corporate Seal.

The corporate seal of the Corporation, if any, shall be such seal as the directors of the Corporation may from time to time by resolution adopt.

### 14.3 Banking Arrangements.

The banking business of the Corporation or any part thereof shall be transacted with such chartered banks, trust companies or other financial institutions as the board may by resolution from time to time determine.

Cheques on the bank accounts, drafts drawn or accepted by the Corporation, promissory notes given by it, acceptances, bills of exchange, orders for the payment of money and other instruments of a like nature may be made, signed, drawn, accepted or endorsed, as the case may be, by such officer or officers, person or persons as the board of directors may by resolution from time to time name for that purpose.

Cheques, promissory notes, bills of exchange, orders for the payment of money and other negotiable paper may be endorsed for deposit to the credit of the Corporation's bank account by such officer or officers, person or persons, as the board of directors may by resolution from time to time name for that purpose, or they may be endorsed for such deposit by means of a stamp bearing the Corporation's name.

#### 14.4 Execution of Instruments.

Any instruments in writing may be signed in the name of and on behalf of the Corporation by two persons, one of whom holds the office of Chairman of the Board, Chief Executive Officer, President, Vice-President or director and the other of whom holds one of the said offices or the office of Secretary, Chief Financial Officer or Treasurer and any instrument in writing so signed shall be binding upon the Corporation without any further authorization or formality. In the event that the Corporation has only one officer and director, that person alone may sign any instruments in writing in the name of and on behalf of the Corporation. The board of directors shall have power from time to time by resolution to appoint any one officer or director or any other officer or officers or any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing. The corporate seal, if any, may be affixed to any instruments in writing on the authority of any of the persons named in this section.

The term "**instruments in writing**" as used herein shall, without limiting the generality thereof, include contracts, documents, deeds, mortgages, hypothecs, charges, security interests, conveyances, transfers and assignments of property (real or personal, immovable or movable), agreements, tenders, releases, proxies, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, stocks, bonds, debentures or other securities and all paper writings.

#### 14.5 Investments.

In particular, without limiting the generality of the foregoing, execution as provided in Section 14.4 hereof shall be adequate to sell, assign, transfer, exchange, convert or convey any securities, rights and warrants.

#### 14.6 Voting Securities in Other Companies.

All securities carrying voting rights in any other body corporate held from time to time by the Corporation may be voted at all meetings of holders of such securities in such manner and by such person or persons as the board of the Corporation from time to time determines. In the absence of action by the board, the proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation instruments of proxy and arrange for the issuance of voting certificates and other evidence of right to vote in such names as they may determine.

#### 14.7 Solicitors.

Either the Chief Executive Officer, President or Chief Financial Officer shall have power from time to time to instruct solicitors to institute or defend actions or other legal proceedings for the Corporation without any specific resolution or retainer or instructions from the board provided, however, that the board may give instructions superseding or varying such instructions.

#### 14.8 Custody of Securities.

The directors may from time to time by resolution provide for the deposit and custody of securities of the Corporation.

All share certificates, bonds, debentures, debenture stock certificates, notes or other obligations or securities belonging to the Corporation, may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the name of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and may be endorsed in blank with endorsement guaranteed in order to enable transfers to be completed and registration to be effected.

14.9 Charging Assets.

The board may from time to time charge, hypothecate, mortgage or pledge any or all of the assets of the Corporation not only by means of bonds and debentures by way of fixed charge or charges or by way of floating charge or charges, but also by any other instrument or instruments for the purposes of securing any past or existing or new or future liability direct or indirect of the Corporation or for the purpose of securing any bonds, debentures or other securities or liabilities of the Corporation or of any other body corporate.

14.10 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.

14.11 Fiscal Year.

The fiscal year of the Corporation shall terminate on such day in each year as is from time to time established by the board of directors.

**ARTICLE 15  
EFFECTIVE DATE**

15.1 Effective date.

This by-law shall come into force on the date of the resolution of the shareholders making this by-law a by-law of the Corporation.

15.2 Registered Office.

All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operations of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the directors or a committee of the directors with continuing effect passed under any repealed by-law shall continue good and valid except to the extent inconsistent with this by-law and until amended or repealed.

ENACTED this 25<sup>th</sup> day of January, 2012.

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James Cassina  
President, Chief Executive Officer and Director

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Milton Klyman  
Director



**SCHEDULE "D"**

**EAGLEFORD ENERGY INC.**  
(the "Company")

**OPTION PLAN**

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**EAGLEFORD ENERGY INC.**

**2012 AMENDED STOCK OPTION PLAN**

**THIS AMENDED PLAN** was approved and adopted on December 21, 2010 by the Board of Directors of the Corporation, ratified on February 24, 2011 by the shareholders of the Corporation and amended on January 25, 2012 by the Board of Directors of the Corporation.

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

1.1 **Definitions.** Where used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

- (a) **"Administrator"** means, initially, the President or Secretary of the Corporation and thereafter will mean such director or other senior officer or employee of the Corporation or a duly appointed committee thereof as may be designated as Administrator by the Board from time to time.
- (b) **"associate"** has the meaning ascribed to it in Section 1(1) of the Securities Act.
- (c) **"Board"** means the board of directors of the Corporation, or any duly appointed committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under this Plan, as constituted from time to time.
- (d) **"cause"** means, with respect to a particular Employee:
  - (i) "cause" as such term is defined in the written employment agreement between the Corporation and the Employee; or
  - (ii) in the event there is no written employment agreement between the Corporation and the Employee or "cause" is not defined in the written employment agreement between the Corporation and the Employee, the usual meaning of cause under the laws of the Province of Ontario.
- (e) **"Company"** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.
- (f) **"Consultant"** means a person, other than an Employee or Director of the Corporation, or a Company, who:
  - (i) provides on a *bona fide* basis consulting, technical, management or other services to the Corporation or a Subsidiary of the Corporation under a written contract;
  - (ii) possesses technical, business, management or other expertise of value to the Corporation or a Subsidiary of the Corporation;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or a Subsidiary of the Corporation; and
  - (iv) has a relationship with the Corporation or a Subsidiary of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (g) **"Corporation"** means Eagleford Energy Inc., and includes any successor corporation thereto.

- (h) **"Director"** means a director or senior officer of the Corporation or a Subsidiary of the Corporation to whom stock options may be granted in reliance on a prospectus exemption under applicable Securities Laws.
- (i) **"disinterested Shareholder approval"** means approval by a majority of the votes cast by all shareholders of the Corporation at a duly called and held meeting of shareholders of the Corporation, excluding votes attaching to Shares beneficially owned by:
  - (i) Insiders to whom Options may be granted under this Plan; and
  - (ii) associates of Insiders referred to in Section 1.1(i)(i) above.
- (j) **"Effective Date"** means the effective date of this Plan as amended being December 10, 2010.
- (k) **"Employee"** means an individual who:
  - (i) is considered an employee of the Corporation or a Subsidiary of the Corporation under the *Income Tax Act* (Canada) (i.e., for whom income tax, employment insurance and CPP deductions must be made at source); or
  - (ii) works full-time for the Corporation or a Subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) works for the Corporation or a Subsidiary of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Subsidiary of the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- (l) **"Exchange"** means where the context permits, any exchange on which the Shares are or may be listed from time to time.
- (m) **"Exercise Notice"** means the notice respecting the exercise of an Option, in the form set out in Exhibit "I" of the Option Agreement, duly executed by the Option Holder.
- (n) **"Exercise Period"** means the period during which a particular Option may be exercised and, subject to earlier termination in accordance with the terms hereof, is the period from and including the Grant Date through to and including the Expiry Date.
- (o) **"Exercise Price"** means the price per Share at which Shares may be purchased under an Option duly granted under this Plan, as determined in accordance with Section 3.5 of this Plan and, if applicable, adjusted in accordance with Section 3.8 of this Plan.
- (p) **"Expiry Date"** means the date determined in accordance with Section 3.3 of this Plan and after which a particular Option cannot be exercised and is deemed to be null and void and of no further force or effect.
- (q) **"Grant Date"** means the date on which the Board grants a particular Option.
- (r) **"Insider"** means:

- (i) an Insider as defined in Section 1(1) of the Securities Act, other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary; or
  - (ii) an associate of an Insider, a director or senior officer of a Company that is an Insider or Subsidiary of the Corporation.
- (s) "**Limit**" shall have the meaning ascribed thereto in Section 3.2 of this Plan.
- (t) "**OBCA**" means the *Ontario Business Corporations Act*, as amended, or such other successor legislation which may be enacted, from time to time.
- (u) "**Option**" means an option to acquire Shares granted to a Director, Employee or Consultant pursuant to this Plan.
- (v) "**Option Agreement**" means an agreement, in the form substantially similar as that set out in Schedule "A" hereto, evidencing an Option granted under this Plan.
- (w) "**Option Holder**" means a Director, Employee or Consultant or former Director, Employee or Consultant, to whom an Option has been granted and who continues to hold an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (x) "**Plan**" means this stock option plan as may be amended from time to time.
- (y) "**person**" means a Company or an individual.
- (z) "**Personal Representative**" means:
- (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who, for any reason, is unable to manage his or her affairs, the individual entitled by law to act on behalf of such Option Holder.
- (aa) "**Regulatory Authorities**" means the Exchange and any other organized trading facilities on which the Corporation's Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.
- (bb) "**Re-Organization Event**" has the meaning given in Section 3.8 of this Plan.
- (cc) "**Securities Act**" means the *Securities Act (Ontario)*, as amended, or such other successor legislation as may be enacted, from time to time.
- (dd) "**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject, including, without limitation, the Securities Act.
- (ee) "**Share**" or "**Shares**" means, as the case may be, one (1) or more common shares without par value in the capital stock of the Corporation as constituted on the Effective Date or, in the event of an adjustment contemplated by Section 3.8 of this Plan, such other shares or securities to which an Option Holder may be entitled upon the due exercise of an Option as a result of such adjustment.
- (ff) "**Share Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Corporation involving the

issuance or potential issuance of Shares to one or more Directors, Employees or Consultants, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.

(gg) "**Subsidiary**" means a subsidiary as interpreted in the OBCA.

(hh) "**Termination Date**" means:

- (i) in the case of the resignation of the Option Holder as an Employee of the Corporation, the date that the Option Holder provides notice of his or her resignation as an Employee of the Corporation to the Corporation; or
- (ii) in the case of the termination of the Option Holder as an Employee of the Corporation by the Corporation for any reason other than death, the effective date of termination set out in the Corporation's notice of termination of the Option Holder as an Employee of the Corporation to the Option Holder; or
- (iii) in the case of the termination of the written contract of the Option Holder to provide consulting services to the Corporation, the effective date of termination set out in any notice provided by one of the parties to the written contract to the other party; or
- (iv) the effective date of termination of a Director, Employee or Consultant pursuant to an order made by any Regulatory Authority having jurisdiction to so order.

1.2 **Choice of Law.** This Plan is established under and the provisions of this Plan will be subject to and interpreted and construed in accordance with the laws of the Province of Ontario.

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

## **ARTICLE 2 PURPOSE AND PARTICIPATION**

2.1 **Purpose.** The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants, to reward such of those Directors, Employees and Consultants as may be granted Options under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

2.2 **Participation.** The Board will, from time to time and in its sole discretion, determine those Directors, Employees, Consultants (and, when applicable, to a Company wholly owned by any such Director, Employee or Consultant), if any, to whom Options are to be granted. The Board may only grant options to an Employee or Consultant if such Employee or Consultant is a *bona fide* Employee or Consultant of the Corporation or a Subsidiary of the Corporation, as the case may be. The Board may, in its sole discretion, grant any number of the Options to Insiders of the Corporation.

2.3 **Notification of Grant.** Following the approval by the Board of the granting of an Option, the Administrator will notify the Option Holder in writing of the award and will enclose with such notice the Option Agreement representing the Option so granted.

2.4 **Copy of Plan.** Each Option Holder, concurrently with the notice of the award of the Option, will, upon written request, be provided with a copy of this Plan, and a copy of any amendment to this Plan will be promptly provided by the Administrator to each Option Holder.

2.5 **Limitation.** This Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Corporation, does not give any Option Holder that is an Employee the right to be or to continue to be employed by the Corporation and does not give any Option Holder that is a Consultant the right to be or continue to be retained or engaged by the Corporation as a consultant for the Corporation.

### ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 **Board to Issue Shares.** The Shares to be issued to Option Holders upon the exercise of Options will be previously authorized but unissued Shares in the capital stock of the Corporation.

3.2 **Number of Shares Reserved.** Subject to adjustment as provided for in Section 3.8 of this Plan and any subsequent amendment to this Plan, the number of Shares reserved for issuance and which will be available for purchase pursuant to Options granted under this Plan shall not exceed 20% of the total issued and outstanding Shares of the Corporation as of the date of each Option grant (the "**Limit**"), inclusive of all Shares presently reserved for issuance pursuant to previously granted Options, unless disinterested Shareholder approval is obtained in advance, in accordance with Section 6.5 hereof. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of which Option expired or terminated, as the case may be, shall not be counted towards the Limit, and will again be available for the purposes of this Plan.

3.3 **Term of Option.** Subject to Section 3.4, the Expiry Date of an Option will be the date so fixed by the Board at the time the particular Option is granted, provided that such date will be not later than the fifth (5<sup>th</sup>) anniversary of the Grant Date of such Option.

3.4 **Termination of Option.** Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of 5:00 p.m. (Toronto time) on the Expiry Date. The Expiry Date of an Option will be the earlier of the date so fixed by the Board at the time the Option is granted and the date established, if applicable, in subsections (a) to (c) below:

(a) Death of Option Holder

In the event that the Option Holder should die while he or she is still a Director (if he or she holds his or her Option as a Director), an Employee (if he or she holds his or her Option as an Employee) or a Consultant (if he or she holds his or her Option as a Consultant), the Expiry Date will be the first anniversary of the Option Holder's date of death.

(b) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as a Director of the Corporation and such Option Holder ceases to be a Director of the Corporation other than by reason of death, the Expiry Date of the Option will not exceed the ninetieth (90<sup>th</sup>) day following the date the Option Holder ceases to be a Director of the Corporation unless the Option Holder ceases to be a Director of the Corporation as a result of:

- (i) ceasing to meet the qualifications of a director set forth in the OBCA; or
- (ii) an ordinary resolution having been passed by the shareholders of the Corporation pursuant to subsection 122 of the OBCA; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the date the Option Holder ceases to be a Director of the Corporation.

(c) Ceasing to be an Employee or Consultant

In the event that the Option Holder holds his or her Option as an Employee or Consultant of the Corporation and such Option Holder ceases to be an Employee or Consultant of the Corporation other than by reason of death, the Expiry Date of the Option will not exceed the ninetieth (90<sup>th</sup>) day following the Termination Date unless the Option Holder ceases to be:

- (i) an Employee of the Corporation as a result of termination for Cause; or
- (ii) an Employee or Consultant of the Corporation as a result of an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date will be the Termination Date.

(d) Bankruptcy

In the event that an Option Holder commits an act of bankruptcy or any proceeding is commenced against an Option Holder under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy or insolvency and such proceeding remains undismissed for a period of thirty (30) days, no Option held by such Option Holder may be exercised following the date on which such Option Holder commits such act of bankruptcy or such proceeding remains undismissed, as the case may be.

Notwithstanding anything contained in this Plan, in no case will an Option be exercisable after the fifth (5<sup>th</sup>) anniversary of the Grant Date of the Option.

3.5 **Exercise Price.** The price at which an Option Holder may purchase a Share upon the exercise of an Option (the "**Exercise Price**") will be determined by the Board in its sole discretion and set forth in the Option Agreement issued in respect of such Option.

3.6 **Additional Terms.** Subject to all applicable Securities Laws of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in the Option Agreement at the time of grant. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) providing that an Option expires on a date other than as provided for herein;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events;
- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events, such as a friendly or hostile take-over bid for the Corporation; and
- (d) providing that an Option issued to, held by or exercised by an Option Holder who is a citizen or resident of the United States of America, and otherwise meeting the statutory requirements, be treated as an "Incentive Stock Option" as that term is defined for purposes of the United States of America Internal Revenue Code of 1986, as amended.

3.7 **Non-Transferability of Options.** The Options granted hereunder are not assignable, transferable or negotiable (whether by operation of law or otherwise) and may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by Section 4.1 of this Plan, exercise the Option within the Exercise Period. Upon any attempt to assign, transfer, negotiate, pledge, hypothecate or otherwise dispose of or transfer an Option contrary to this Section 3.7 of this Plan, or upon the levy of any

attachment or similar process upon an Option, the Option and all rights, benefits and privileges arising thereunder or therefrom, at the sole discretion and election of the Corporation, shall cease and terminate and be of no further force or affect whatsoever.

3.8 **Adjustments.** If, prior to the complete exercise of an Option, the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively, a "**Re-Organization Event**"), an Option, to the extent that it has not been exercised, will be adjusted by the Board in accordance with such Re-Organization Event in the manner the Board deems appropriate. No fractional Shares will be issued upon the exercise of the Options and accordingly, if as a result of the Re-Organization Event, an Option Holder would become entitled to a fractional Share, such Option Holder will have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

3.9 **No Rights as Shareholders.** An Option Holder shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of a certificate for Shares upon the due exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

#### **ARTICLE 4 EXERCISE OF OPTION**

4.1 **Exercise of Option.** An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. Subject to the provisions of this Plan, an Option Holder or the Personal Representative of an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. (Toronto time) on the Expiry Date by (i) delivering to the Administrator an Exercise Notice and the applicable Option Agreement specifying the number of Shares with respect to which such Option is being exercised; (ii) a certified cheque or bank draft payable to "**Eagleford Energy Inc.**" in an amount equal to the aggregate Exercise Price of the Shares being purchased; and (iii) make suitable arrangements with the Corporation, in accordance with section 4.4 for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an option (the "**Withholding Obligations**").

4.2 **Issue of Share Certificates.** As soon as practicable following the Option Holder duly exercising an Option in accordance with Section 4.1 hereof, the Administrator will cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Agreement, the Option Holder will surrender the Option Agreement to the Corporation and the Administrator will forward a new Option Agreement to the Option Holder concurrently with delivery of the Share certificate for the balance of Shares available under the Option.

4.3 **Condition of Issue.** The Options and the issue of Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of this Plan and compliance with the rules and policies of all applicable Regulatory Authorities to the granting of such Options and to the issuance and distribution of such Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with and to fully cooperate with the Corporation in complying with such laws, regulations, rules and policies. Notwithstanding any of the provisions contained in this Plan or in any Option, the Corporation's obligation to issue Shares to an Option Holder pursuant to the exercise of any Option granted under the Plan shall be subject to:

- (a) completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed;



- (c) the receipt from the Option Holder of such representations, warranties, agreements and undertakings, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the Securities Laws of any jurisdiction;
- (d) the satisfaction of any conditions on exercise prescribed pursuant to Section 3.6 and Article 5 of this Plan; and
- (e) the provisions of Section 4.4 of this Plan having been complied with to the Board's satisfaction as a condition to the exercise of an Option.

#### 4.4 **Withholding Taxes**

Upon the exercise of an Option by an Option Holder, the Corporation shall have the right to require the Option Holder to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

- (a) the tendering by the Option Holder of a cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or
- (b) the withholding by the Corporation from the Shares otherwise due to the Option Holder such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the Option Certificate, the Option Holder shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Shares; or
- (c) the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Option Holder, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the Option Certificate shall provide that the Option Holder (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Plan and an acknowledgement that neither the Board nor the Corporation shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Plan and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to an Option Holder (or its beneficiaries) with respect thereto.

### **ARTICLE 5 ADMINISTRATION**

5.1 **Administration.** This Plan will be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with this Plan as it may deem necessary or advisable for the proper administration and operation of this Plan and such regulations will form part of this Plan. The Board may delegate to the Administrator or any director or other senior officer or employee of the Corporation such administrative duties and powers as it may see fit.

5.2 **Board Powers.** The Board shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of this Plan;
- (b) to interpret and construe this Plan and to determine all questions arising out of this Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine the number of Shares reserved for issuance by each Option;
- (d) to determine the Exercise Price of each Option;
- (e) to determine the time or times when Options will be granted and exercisable;
- (f) to determine if the Shares which are issuable on the due exercise of an Option will be subject to any restrictions upon the due exercise of such Option; and
- (g) to prescribe the form of the instruments and certificates relating to the grant, exercise and other terms of Options.

5.3 **Board Discretion.** The Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Option Holder shall have:

- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that the Option Holder is acquiring and will acquire such Option and the Shares to be issued upon the exercise thereof or, as the case may be, is acquiring such Shares, for his, her or its own account, for investment and not with a view to or in connection with any distribution, that the Option Holder has had access to such information as is necessary to enable him, her or it to evaluate the merits and risks of such investment and that the Option Holder is able to bear the economic risk of holding such Shares for an indefinite period;
- (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
- (c) agreed to indemnify the Corporation in connection with the foregoing.

5.4 **Board Requirements.** Any Option granted under this Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares issuable upon due exercise of such Option upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of Regulatory Authority, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

5.5 **Interpretation.** The interpretation by the Board of any of the provisions of this Plan and any determination by it pursuant thereto will be final and conclusive and will not be subject to any dispute by any Option Holder. No member of the Board or any individual acting pursuant to authority delegated by it hereunder will be liable for any action or determination in connection with this Plan made or taken in good faith and each member of the Board and each such individual will be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

**ARTICLE 6  
AMENDMENT AND TERMINATION**

6.1 **Prospective Amendment and Termination.** The Board may amend or terminate the Plan at any time upon receipt of requisite regulatory approval including, without limitation, the approval of the Exchange, provided, however, that no such amendment may increase the maximum number of Shares that may be optioned under the Plan, change the manner of determining the minimum Option Price or, without the consent of the Optionee, alter or impair any of the terms of any Option previously granted to an Optionee under the Plan. Any amendments to the terms of an Option shall also require regulatory approval, including without limitation, the approval of the Exchange.

6.2 **Retrospective Amendment.** The Board may from time to time retrospectively amend this Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options that have been previously granted.

6.3 **Sale of Corporation, Extension of Expiration Date, Non-Applicability of Termination of Employment Provisions.** Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in implementation thereof:

- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned Subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares of the Corporation or any part thereof shall be made to all or substantially all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Option Holder holding Options under the Plan, to permit the exercise of all such Options within the twenty (20) day period next following the date of such notice and to determine that upon the expiration of such twenty (20) day period, all rights of the Option Holders to such Options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever;
- (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, any outstanding Option may be exercised as to all or any part of the Optioned Shares in respect of which the Option Holder would have been entitled to exercise the Option in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the Expiry Date of the Option; but the Option Holder shall not be entitled to exercise the Option with respect to any other Shares;
- (c) subject to the rules of any relevant Regulatory Authority, the Board may, by resolution, extend the Expiration Date of any Option. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which Options may be exercised by any other Option Holder; and
- (d) the Board may, by resolution, but subject to requirements of applicable Regulatory Authorities and Securities Laws, decide that any of the provisions hereof concerning the effect of termination of the Option Holder's employment shall not apply to any Option Holder for any reason acceptable to the Board.

Notwithstanding the provisions of this Section 6.3, should changes be required to the Plan by any Regulatory Authority of any jurisdiction to which this Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Corporation and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

6.4 **Regulatory Authority Approval.** This Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities.

6.5 **Disinterested Shareholder Approval.** Disinterested Shareholder approval must be obtained if the number of Shares reserved for issuance under the Plan, together with all other outstanding Options, could at any time exceed 20% of the issued and outstanding Shares of the Corporation.

6.6 **Agreement.** The Corporation and every Option granted hereunder will be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of this Plan.

6.7 **Effective Date of Plan.** Upon approval by the shareholders of the Corporation in accordance with the OBCA, and by acceptance by the Exchange (if the Shares are listed or posted on an Exchange and such acceptance is required), this Plan shall be deemed to be effective as of the Effective Date. Any Options granted prior to such approval and acceptance(s) shall be conditional upon such approval and acceptance(s) being given and no such Options may be exercised unless such approval and acceptance is given.

6.8 **Governing Law.** This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## SCHEDULE "A"

Unless otherwise defined, all capitalized terms used herein will have the meanings specified in the amended stock option plan adopted by Eagleford Energy Inc. effective as of December 21, 2010 (the "**Plan**").

### OPTION AGREEMENT

THIS AGREEMENT made as of [●], 20[●] (the "**Effective Date**").

**BETWEEN:**

**EAGLEFORD ENERGY INC.**, a corporation incorporated pursuant to the laws of Ontario,

(the "**Corporation**")

OF THE FIRST PART

- and -

•,

(the "**Optionee**")

OF THE SECOND PART.

For good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the Corporation and the Optionee hereby agree as follows:

1. **Grant of Option**

1.1 The Corporation hereby grants to the Optionee pursuant to the terms of the Plan the right and option (the "**Option**") to purchase all or any part of an aggregate of up to [●] Shares at a purchase price of \$[●] per Share expiring on [●] and on the terms and conditions set forth herein and therein.

2. **Vesting**

2.1 Notwithstanding Section 1 above or any other provision of this Agreement, legal and beneficial title to the Option granted to the Optionee hereunder, in respect of the Shares and all rights, privileges and benefits arising and flowing therefrom or to arise or flow therefrom hereafter, shall vest in the Optionee and the Optionee shall be entitled to exercise said Option to purchase the Shares only in the proportion and on the dates (the "**Vesting Dates**") set out below, provided that the Optionee is a [**Consultant or Employee or Director**] of the Corporation on such Vesting Date (and has been a [**Consultant or Employee or Director**] of the Corporation continuously from the date hereof):

Vesting Date	Number of Shares subject to the Option	Exercise Price
•	•	•
•	•	•
•	•	•
•	•	•
<b>Total:</b>	•	•

NON-TRANSFERABLE

3. **Exercise of Option**

3.1 Subject to the provisions of this Agreement, including, without limitation, Section 2 above, the Option may be exercised from time to time prior to the Expiry Time (as hereinafter defined) by delivery to the Corporation at its registered office of an executed Exercise Notice (attached hereto as Exhibit "I") addressed to the President of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or certified cheque, of the purchase price of the Shares then being purchased. The Optionee must also make suitable arrangements with the Corporation, in accordance with Section 3.2, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of the Option (the "**Withholding Obligations**"). Subject to any provisions of this Agreement to the contrary, certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice, payment of the purchase price and receipt by the Corporation of an amount sufficient to satisfy any Withholding Obligations in respect of the exercise of the Option.

3.2 Upon the due exercise of an Option by the Optionee, the Corporation shall have the right to require the Optionee to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the board of directors (the "**Board**") or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

- (a) the tendering by the Optionee of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or
- (b) the withholding by the Corporation from the Shares otherwise due to the Optionee such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering this Agreement, the Optionee shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Shares; or
- (c) the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

3.3 The Optionee acknowledges and agrees, that pursuant to the exercise of the Options, the Optionee shall be responsible for all taxes with respect to the exercise of the Options granted hereunder and acknowledges that neither the Board nor the Corporation makes any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of the Options or payments on account of the Withholding Amount made under this Agreement and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

3.4 Notwithstanding any provisions contained in this Agreement, the Corporation's obligation to issue Shares to the Optionee pursuant to the exercise of the Option shall be subject to: (i) receipt of any required shareholder approval; (ii) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (iii) the admission of such Shares to listing on any stock exchange or market on which the Shares may then be listed; (iv) the receipt from the Optionee of such representations, warranties, agreements and undertakings as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdictions; (v) receipt by the Corporation

of the Withholding Amount, and (vi) compliance with the terms and conditions of the Plan. Nothing contained in this Agreement shall be deemed to require the Corporation to apply for or obtain any such registration, qualification, approval or listing referred to above. The Optionee hereby acknowledges and agrees that he has had access to such information as is necessary to enable him to evaluate the merits and risks of acquiring Shares pursuant to the exercise of the Option and that he is able to bear the economic risk of holding such Shares for an indefinite period.

4. **No Assignment**

4.1 The Option is personal to the Optionee and non-assignable (whether by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Option contrary to the provisions of this Agreement, or upon the levy of any attachment or similar process upon the Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever.

5. **Expiration**

5.1 Subject to the terms and conditions set out in this Agreement, including the vesting conditions set out in Section 2 above and the termination provisions set out in Section 6 below, the Optionee shall have the right to exercise the Option with respect to all or any part of the Shares to the extent vested at any time or from time to time after the date hereof and prior to the close of business on [●] (the "**Expiry Time**"). On the Expiry Time, the Option shall forthwith expire and terminate and be of no further force or effect whatsoever with respect to the unexercised balance of the Shares available under the Option, whether vested or not.

6. **Termination of Employment; Death; Bankruptcy**

6.1 Subject to the provisions of this Agreement and this Section 6 and to any express resolution passed with respect to the Option by the Board of Directors of the Corporation (the "**Board**") or by any committee of the Board established by the Board to administer the Plan (the "**Committee**"), the Option and all rights to purchase Shares pursuant thereto shall immediately expire, except to the extent vested in which case they shall expire and terminate on the [●] day following the date the Optionee ceases to be a ["**Consultant**" or "**Employee**" or "**Director**"] within the meaning of Section 1.1 of the Plan.

6.2 Subject to the provisions of this Agreement and this Section 6, if the Optionee shall die prior to the full exercise of the Option, his Personal Representatives, heirs or legatees may, at any time within twelve (12) months after the date of such death, exercise the Option with respect to the unexercised balance of the Shares to the extent vested, subject to the terms of the Option but only to the same extent to which the Optionee could have exercised the Option immediately before the date of such death. In no event, however, shall the Option be exercisable after the Expiry Time.

6.3 In the event that the Optionee commits an act of bankruptcy or any proceeding is commenced against the Optionee under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy and such proceeding remains undismissed for a period of thirty (30) days, the Option may not be exercised following the date on which the Optionee commits such act of bankruptcy or such proceeding remains undismissed, as the case may be.

7. **Rights as a Shareholder**

7.1 An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares subject to the Option until the date of issuance of a certificate for such Shares upon the exercise of the Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

8. **Inconsistency with Plan**

8.1 The parties hereto agree that in the event this Agreement is inconsistent with the Plan the Plan shall prevail.

9. **Certain Adjustments**

9.1 In the event that the Shares are at any time changed or affected as a result of the declaration of a stock dividend thereon or their subdivision or consolidation, the number of Shares reserved for the Option shall be adjusted accordingly by the Board or the Committee to such extent as they deem proper in their discretion. In such event, the number of, and the price payable for, the Shares that are then subject to the Option may also be adjusted by the Board or the Committee to such extent, if any, as they deem proper in their discretion.

9.2 If at any time after the date of this Agreement and prior to the expiration of the term of the Option, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Section 8.1 of this Agreement or, subject to the provisions of subsection 10.1(a) of this Agreement, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the "**Successor Corporation**"), the Optionee shall be entitled to receive upon the subsequent exercise of the Option in accordance with the terms of this Agreement and shall accept in lieu of the number of Shares to which he was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class and/or other securities of the Corporation or the Successor Corporation (as the case may be) and/or other consideration from the Corporation or the Successor Corporation (as the case may be) that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of subsection 9.1 of this Agreement, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change or the effective date of such consolidation, merger or amalgamation, as the case may be, he had been the registered holder of the number of Shares to which he was theretofore entitled upon such exercise.

10. **Amendments to the Option**

10.1 Notwithstanding anything to the contrary contained in this Agreement:

- (a) in the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned Subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares or any part thereof shall be made to all or substantially all holders of the Shares, the Corporation shall have the right, upon written notice thereof to the Optionee, to permit the exercise of the Option within the twenty (20) day period next following the date of such notice and to determine that upon the expiration of such twenty (20) day period, all rights of the Optionee to the Option or to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have further force or effect whatsoever;
- (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, the Option may be exercised as to all or any part of the Shares subject to the Option in respect of which the Optionee would have been entitled to exercise the Option in accordance with the provisions of this Agreement at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the expiration date of the Option; but the Optionee shall not be entitled to exercise the Option with respect to any other Shares; and



- (c) subject to the rules of any relevant stock exchange or other regulatory authority, the Board may, by resolution, advance the date on which any Option may be exercised or extend the expiration date of the Option.
- (d) The Optionee hereby acknowledges and agrees that the Board may at any time by resolution terminate the Plan. In such event, the Option if vested and outstanding may be exercised by the Optionee after the date on which the Corporation shall have notified the Optionee of the termination of the Plan, but only to the same extent as the Optionee could have exercised the Option immediately prior to the date of such notification.

11. **Notice**

11.1 All communications and payments provided for under this Agreement shall be in writing and shall be deemed to be given when delivered in person or deposited in the mail, first class, certified or registered, return receipt requested, with proper postage prepaid and,

- (a) if to the Optionee, addressed to:

- 

Phone No.: [●]  
Fax No.: [●]

- (b) if to the Corporation, addressed to:

**Eagleford Energy Inc.**  
**1 King Street West**  
**Suite 1505**  
**Toronto, Ontario**  
**M5H 1A1**

Attention: President  
Phone No.: 416-364-4039  
Fax No.: 416-364-8244

in either case with a copy to:

**WeirFoulds LLP**  
The Exchange Tower,  
Suite 1600  
130 King Street West  
Toronto, ON M5X 1J5  
Attention: Wayne Egan  
  
Phone No. 416-947-5086  
Fax No. 416-365-1876

12. **Time of Essence**

12.1 Time shall be of the essence of this Agreement and each and every part hereof.

13. **Binding Effect**

13.1 This Agreement shall enure to the benefit of and be binding upon the parties hereto, the successors of the Corporation and the executor, administrator, heirs and personal representatives of the Optionee. This Agreement shall not be assignable by the Optionee.

14. **Headings**

14.1 The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. **Amendment**

15.1 This Agreement may be amended only by a written instrument signed by each of the parties hereto.

16. **Governing Law**

16.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

17. **Duplicate Originals**

17.1 It is hereby acknowledged by the parties hereto that this Agreement has been signed in duplicate only, one (1) original executed copy delivered to the Optionee and one (1) delivered to the Corporation.

18. **Paramountcy**

18.1 To the extent there is any inconsistency or ambiguity between this Agreement and any other employment or consulting agreement, the terms of this Agreement shall govern to the extent of such inconsistency or ambiguity.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first above written.

**SIGNED, SEALED & DELIVERED**  
in the presence of)

)  
)  
)  
)  
)  
)  
)  
)  
)  
)

**EAGLEFORD ENERGY INC.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Witness:       •

\_\_\_\_\_

**EXHIBIT "I"**

**EXERCISE NOTICE**

TO: **EAGLEFORD ENERGY INC.**  
AND TO: **THE BOARD OF DIRECTORS THEREOF**

*Unless otherwise defined herein, all capitalized terms will have the meanings specified in the amended stock option plan adopted by Eagleford Energy Inc. effective as of December 21, 2010.*

The undersigned holder of the Options evidenced by the Option Agreement hereby subscribes for \_\_\_\_\_ Shares of the Corporation pursuant to such Options exercisable at an aggregate exercise price of Cdn\$ \_\_\_\_\_ until the Expiry Time (or such other price as is determined pursuant to the Option Agreement) on the terms specified in such Option Agreement and enclosed herewith a certified cheque, bank draft or money order payable to the order of the Corporation in payment therefor.

The undersigned hereby irrevocably directs that the said Shares be issued in the name of the undersigned and delivered as follows:

<b>Name(s) in Full</b>	<b>Address(es)</b>	<b>SIN Number (if applicable)</b>	<b>Number(s) of Common Shares</b>	<b>Taxpayer Identification Number (if applicable)</b>
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\_\_\_\_\_

(Please print full name in which Share certificates are to be issued. If any Shares are to be issued to a person or persons other than the holder, the holder must pay to the Corporation all exigible transfer taxes or other government charges.)

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
Signature Guaranteed  
Signature of Subscriber  
\_\_\_\_\_  
Name of Subscriber  
\_\_\_\_\_  
Address of Subscriber  
\_\_\_\_\_

- Please check if the Share certificates are to be delivered at the office where this Exercise Notice is surrendered, failing which the certificates will be mailed.**
- Certificates will be delivered or mailed only after the transfer books of the Corporation have been opened for five (5) business days after the due surrender of the Exercise Notice as aforesaid.**