

MOONCOR

Oil & Gas

Annual & Special Meeting of Shareholders
to be held on

October 26, 2012

NOTICE OF MEETING AND INFORMATION CIRCULAR

MOONCOR OIL & GAS CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “**Meeting**”) of Shareholders of Mooncor Oil & Gas Corp. (the “**Corporation**”) will be held at the offices of its counsel, Garfinkle Biderman LLP, Dundee Place, 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, on Friday, the 26th day of October, 2012, at the hour of 11:30 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2011, together with the report of the auditors thereon, and the unaudited financial statements of the Corporation for the six months ended June 30, 2012;
2. to elect four (4) directors for the ensuing year;
3. to appoint auditors of the Corporation for the ensuing year and authorize the directors to fix their remuneration;
4. to consider, and if thought appropriate, to pass, with or without variation, an ordinary resolution (the text of which is disclosed in Section 8(iv) of the Circular) approving the Option Plan (as such term is defined in the Circular), as more particularly described in the Circular; and
5. to transact such further or other business as may properly come before the said meeting or any adjournment or adjournments thereof.

A copy of the Circular, a form of proxy, financial statement request form and a return envelope accompany this Notice of Meeting. A copy of the audited financial statements of the Corporation for the year ended December 31, 2011, together with the report of the auditors thereon, and the unaudited financial statements of the Corporation for the six months ended June 30, 2012, and accompanying management discussion and analysis, will be available for review at the Meeting and are available to the public on the SEDAR website at www.sedar.com.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is September 21, 2012 (the “**Record Date**”). Shareholders of the Corporation whose names have been entered on the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1, facsimile: (416) 263-9524, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof.

The instrument appointing a proxy must be in writing and must be executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

The individuals named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than such individuals, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder’s appointee should be legibly printed in the blank space provided.

DATED this 24th day of September, 2012.

BY ORDER OF THE BOARD

(signed) “Nick Tsimidis”
Chief Executive Officer

INFORMATION CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF
MOONCOR OIL & GAS CORP.

(this information is given as of September 24, 2012)

1. SOLICITATION OF PROXIES

This Information Circular is provided in connection with the solicitation of proxies by the management of Mooncor Oil & Gas Corp. (the "Corporation") for use at the Annual and Special Meeting of the Shareholders of the Corporation (the "Meeting"), to be held on October 26, 2012, at the place and time and for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders (the "Notice of Meeting") and at any adjournment thereof. This solicitation is being made primarily by mail, but proxies may also be solicited by directors, officers or employees of the Corporation. The cost of the solicitation of proxies will be borne by the Corporation.

2. APPOINTMENT OF PROXYHOLDERS

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A shareholder has the right to appoint a person other than the persons named in the enclosed forms of proxy to attend and vote for him or her at the Meeting.** In order to do so, the shareholder may cross out the names printed in these forms of proxy and insert such person's name in the blank space provided thereon or complete another form of proxy. In either case, the duly completed forms of proxy must be delivered to the Corporation, c/o Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1, facsimile: (416) 263-9524, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof or the Secretary of the Meeting, on the day of the Meeting or any adjournment thereof. It is not necessary to be a shareholder in order to act as a proxy.

3. REVOCATION OF PROXIES

A shareholder may revoke his proxy at any time, relating to any question for which the voting right granted by the proxy has not yet been exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized. Such revocation must be deposited with the Corporation, c/o Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1, facsimile: (416) 263-9524, at any time up to an including the day preceding the day of the Meeting, or with the Chairman or Secretary of the Meeting on the day of the Meeting, or in any other manner permitted by law.

4. EXERCISE OF PROXY

The voting rights attached to the common shares in the capital of the Corporation (the "Common Shares") represented by proxies will be voted or withheld from voting in accordance with the instructions indicated therein. **If no instructions are given, the voting rights attached to said Common Shares will be exercised by those persons designated in the form of proxy and will be voted IN FAVOUR of all the matters described therein.**

The enclosed form of proxy confers discretionary voting authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, and with respect to such matters as may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments or other matters to come before the Meeting.

5. NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their Common Shares in their own name (the "Beneficial Shareholders") are advised that only proxies from shareholders of record can be recognized and voted at the Meeting. Beneficial Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their Common Shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

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 such shareholder's name on the record of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of

such Common Shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, brokers and other intermediaries are required to request voting instructions from Beneficial Shareholders prior to shareholder meetings. Brokers and other intermediaries have their own 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. In Canada, most brokers now delegate the responsibility of obtaining their clients’ instructions to Broadridge Investor Communications Inc. (“BIC”). Beneficial Shareholders who receive a voting instruction form from BIC may not use the said form to vote directly at the Meeting. If you have questions on how to exercise voting rights attached to shares held through a broker or other intermediary, please contact the broker or intermediary directly.

Although a Beneficial Shareholder will not be recognized at the Meeting for the purposes of directly exercising voting rights attached to shares registered in the name of his broker (or a representative thereof), he may attend the Meeting as proxy of the registered shareholder and, as such, exercise the voting rights attached to such shares.

Unless otherwise indicated in this Information Circular and in the form of proxy and Notice of Meeting attached hereto, shareholders shall mean registered shareholders.

6. INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as described elsewhere in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (a) any director or executive officer of the Corporation, (b) any proposed nominee for election as a director of the Corporation, and (c) any associates or affiliates of any of the persons or companies listed in (a) and (b), in any matter to be acted on at the Meeting.

7. VOTING SECURITIES AND PRINCIPAL HOLDERS

As at the date hereof, the Corporation had 121,953,956 Common Shares outstanding, representing the Corporation’s only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share carries the right to one vote at the Meeting. A quorum for the transaction of business at the Meeting is two shareholders, or one or more proxyholders representing two shareholders, or one shareholder and a proxyholder representing another shareholder, holding or representing not less than five percent (5%) of the issued and outstanding Common Shares enjoying voting rights at the Meeting.

The record date to determine shareholders’ eligibility to receive the Notice of Meeting and vote at the Meeting was fixed at September 21, 2012 (the “**Record Date**”).

To the knowledge of the directors and senior officers of the Corporation as at the date hereof, based on information provided on the System for Disclosure by Insiders (SEDI) and on information filed by third parties on the System for Electronic Document Analysis and Retrieval (SEDAR), no person or corporation beneficially owned, directly or indirectly, or exercised control or discretion over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, other than the following:

Name	Number of Common Shares	Percentage of Common Shares
Sheldon Inwentash	20,113,500 ⁽¹⁾	16.49%

Notes:

(1) Held by Mr. Inwentash, except for 8,500,000 held by Brownstone Ventures Inc., 4,240,500 held by Pinetree Capital Ltd., 670,500 held by an RRSP of Mr. Inwentash and 187,500 held by 1359489 Ontario Ltd.

8. BUSINESS OF THE MEETING

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

(i) Financial Statements

Pursuant to the *Business Corporations Act* (Ontario) (the “**OBCA**”), the directors of the Corporation will place before the shareholders at the Meeting the audited financial statements of the Corporation for the year ended December 31, 2011 and the

auditors' report thereon and the unaudited financial statements of the Corporation for the six months ended June 30, 2012. Shareholder approval is not required in relation to the financial statements.

(ii) Election of Directors

The board of directors of the Corporation presently consists of four directors. The Corporation is required to have a minimum of three and a maximum of fifteen directors. The board of directors recommends that shareholders vote **FOR** the election of the four nominees of management listed in the following table. All of the current directors have been directors since the dates indicated below and all will be standing for re-election.

Each director will hold office until his reelection or replacement at the next annual meeting of the shareholders unless he resigns his duties or his office becomes vacant following his death, dismissal or any other cause prior to such meeting.

Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of the Corporation will be voted for the election of the proposed nominees. If any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.

Nominees to the Board of Directors

Name and Residence	Position and Office	Principal Occupation	Served as Director Since	Number of Common Shares over which Control or Direction is Exercised ⁽¹⁾
Nick Tsimidis ⁽²⁾⁽³⁾ Ontario, Canada	Chief Executive Officer and Director ⁽⁴⁾	Director, Chief Financial Officer, Chief Compliance Officer and Ultimate Designated Person of First Canadian Capital Markets Ltd., and President of NST Professional Corporation	Nov 3, 2004	1,413,734 ⁽⁵⁾
Mario DiGenova ⁽²⁾⁽³⁾ Ontario, Canada	Director	Partner of Brentview Construction Limited	Nov 16, 2007	312,400
Alan Myers ⁽³⁾ Ontario, Canada	Chief Financial Officer and Director	President of Mancunian Computer Accounting Inc.	Jun 10, 2010	408,000 ⁽⁶⁾
Gerry Feldman ⁽²⁾ Ontario, Canada	Director	Vice-President (Corporate Development) and Chief Financial Officer of Pinetree Capital Ltd. Chief Financial Officer of Mega Uranium Ltd. and Brownstone Energy Inc. Partner of DNTW Chartered Accountants, LLP.	Nov 29, 2011	Nil

Notes:

- (1) The information as to securities over which control or direction is exercised, not being within the knowledge of the Corporation, was provided by the respective candidates.
- (2) Member of the audit committee of the Corporation.
- (3) Member of the compensation committee of the Corporation.
- (4) Mr. Tsimidis was Chief Financial Officer of the Corporation until July 11, 2012.
- (5) Mr. Tsimidis owns 999,414 Common Shares directly, First Canadian Capital Markets Ltd., of which Mr. Tsimidis is a director and the Chief Financial Officer, Chief Compliance Officer, Ultimate Designated Person and holder of a third of its outstanding common shares, owns 191,820 Common Shares, FC Financial Private Wealth Group Inc., of which Mr. Tsimidis is the Chief Financial Officer, a director and owns a third of its shares, owns 82,500 Common Shares, and he controls 140,000 Common Shares held directly by a spousal RRSP.
- (6) Mr. Myers owns 300,000 Common Shares directly, jointly with his spouse he owns 20,000 Common Shares directly, and he controls 20,000 Common Shares held directly by his spouse, 18,000 Common Shares held by a Registered Education Savings Plan and 50,000 Common Shares held directly by his children.

During the past five (5) years, Gerry Feldman, a current and prospective member of the board of directors of the Corporation, who has not previously been elected by a vote of shareholders, carried on the principal occupations noted above, in addition to being a Partner at (i) Feldman & Associates LLP, Chartered Accountants, from 1994 to December 2007 and December 2009 to February 2011, and (ii) Schwartz Levitsky Feldman LLP, Chartered Accountants, from December 2007 to December 2009.

Corporate Cease Trade Orders or Bankruptcies

Other than the following, none of the proposed directors of the Corporation is, as at the date hereof, or has been, within the previous 10 years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Tsimidis has been a director of Metals Creek Resources Corp. (formerly Endurance Fund Corporation) (“**Metals Creek**”), which was previously organized as a Capital Pool Company, since its inception. In 2007 when the TSX Venture Exchange (the “**Exchange**”) suspended the trading of common shares of Metals Creek as the issuer failed to complete a Qualifying Transaction within the prescribed time period. Metals Creek completed its Qualifying Transaction in December 2007 and the shares of Metals Creek commenced trading in March 2008.

Other than the following, none of the proposed directors of the Corporation is, as at the date hereof, or has been, within the previous 10 years, a director or executive officer of any company (including the Corporation) 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.

In February 2006 Mr. Tsimidis resigned as the Chief Financial Officer and a director of NSP Pharma Corp. and in August 2006 NSP Pharma Corp. appointed a receiver and manager of its wholly-owned subsidiary, Naturale Sciences Parma Inc. pursuant to a General Security Agreement between of NSP Pharma Corp. and its subsidiary. The common shares of NSP Pharma Corp. were halted by the Exchange in September 2006 as the issuer failed to meet its continuous disclosure obligations.

Penalties or Sanctions

None of the proposed directors of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Personal Bankruptcies

None of the proposed directors of the Corporation has, within the 10 years before 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 the proposed director.

(iii) Appointment of Auditor

Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the re-appointment of Harris & Partners, LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors of the Corporation to fix their remuneration.

The directors of the Corporation recommend that shareholders vote in favour of the appointment of Harris & Partners, LLP, Chartered Accountants, and the authorization of the directors of the Corporation to fix their remuneration. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

(iv) Stock Option Plan

Under section 2.9(b) of Policy 4.4 – *Incentive Stock Options* (“**Policy 4.4**”) of the Exchange all rolling stock option plans, such as the Corporation's stock option plan, must receive shareholder approval yearly, at the Corporation's annual shareholders meeting.

At the Meeting, shareholders will be asked to pass a resolution approving the stock option plan, the text of which is attached hereto as Schedule "A" (the "**Option Plan**"). Accordingly, at the Meeting, shareholders are being asked to consider and, if thought advisable, approve an ordinary resolution in the following form:

"BE IT RESOLVED THAT:

- (1) the stock option plan, substantially in the form attached as Schedule "A" to the Information Circular of the Corporation dated September 24, 2012, be and the same is hereby ratified, confirmed and approved as the stock option plan of the Corporation;
- (2) any director or officer be and is hereby authorized to amend the stock option plan of the Corporation should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX Venture Exchange; and
- (2) any one director or officer of the Corporation be and is hereby authorized and directed to do all such things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the approval of the Option Plan. The directors of the Corporation recommend that shareholders vote in favour of the approval of the Option Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

9. CORPORATE GOVERNANCE DISCLOSURE

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"):

Board of Directors

The directors have determined that Mario DiGenova and Gerry Feldman, current and prospective members of the board of directors of the Corporation, are independent as such term is defined in NI 58-101, and that Nick Tsimidis and Alan Myers, current and prospective members of the board of directors of the Corporation, are not independent as such term is defined in NI 58-101, as they are "executive officers" of the Corporation as such term is defined in NI 58-101.

Directorships

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Names of Other Issuers
Nick Tsimidis	Metals Creek Resources Corp.
	Parkside Resources Corporation
	Bold Stroke Ventures Inc.
Alan Myers	Solid Gold Resources Corp.
Gerry Feldman	POCML 1 Inc.
	Cream Minerals Ltd.
	X-Terra Resources Corporation
	Augusta Industries Inc.
	Santa Maria Petroleum Inc.
	Latin American Minerals Inc.

Orientation and Continuing Education

The Corporation does not currently have any formal orientation and education programs for new directors of the Corporation. Each director has the responsibility to ensure that he maintains the skill and knowledge to meet his obligations as a director. Directors are encouraged to communicate with management of the Corporation, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, to attend related industry seminars and conventions and to visit the Corporation's operations. Directors have full access to the Corporation's records. As an ongoing process, the directors intend to consider management development which includes training and monitoring management performance.

Ethical Business Conduct

The directors' maintain that the Corporation must conduct and be seen to conduct its business dealings in accordance with all applicable laws and the highest ethical standards. The Corporation's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Corporation must abstain from discussion and voting by the board of directors or any committee of the board of directors on any motion to recommend or approve the relevant agreement or transaction. The board of directors must comply with conflict of interest provisions of the ABCA.

Nomination of Directors

Both the directors and management are responsible for selecting nominees for election to the board of directors. At present, there is no formal process established to identify new candidates for nomination. The board of directors and management determine the requirements for skills and experience needed on the board of directors from time to time. The present board of directors and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

Compensation

The directors carry out the evaluation of the Chief Executive Officer and develop the appropriate compensation policies for both the employees of the Corporation and the directors of the Corporation.

On April 14, 2009, the directors established a compensation committee which currently consists of Messers. Tsimidis, DiGenova and Myers. The committee determines the compensation to be provided to the executive officers of the Corporation and, in doing so, receives input from the President and Chief Executive Officer in respect of all executive officers, other than the President and Chief Executive Officer, and from independent directors. Executive compensation, including salaries, bonuses and option grants is reviewed and recommended by the compensation committee on the recommendation of the President and Chief Executive Officer.

To determine appropriate compensation levels, the compensation committee reviews compensation paid for directors and Chief Executive Officer's of companies of similar size and stage of development in the oil and gas industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting compensation levels, the compensation committee annually reviews the performance of the Chief Executive Officer in light of the Corporation's objectives and considers other factors that may have impacted the success of the Corporation in achieving its objectives. The compensation committee and the directors may engage independent compensation advice in order to fulfill its mandate.

Assessments

The directors' believe that nomination to the Corporation's board of directors is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Corporation. To this extent, the directors constantly review (i) individual director performance and the performance of the board of directors as a whole, including processes and effectiveness; and (ii) the performance of the Chairman, if any, of the board of directors.

10. AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires the Corporation, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

Audit Committee Charter

The Corporation's audit committee is governed by an audit committee charter that was established by the directors of the Corporation on March 6, 2008, a copy of which is attached hereto as Schedule “B”.

Composition of Audit Committee

The Corporation's audit committee is comprised of three (3) directors, Nick Tsimidis (Chairman), Mario DiGenova and Gerry Feldman. Each member of the audit committee is financially literate, as such term is defined in NI 52-110, and two of the

members, Messers. DiGenova and Feldman, are independent, as such term is defined in NI 52-110 and in the *Business Corporations Act* (Ontario).

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each audit committee member relevant to the performance of his responsibilities as an audit committee member is as follows:

Nick Tsimidis is a chartered accountant, and the President of NST Professional Corporation, a firm licensed to practice public accounting in the Province of Ontario, and the Chief Financial Officer, Chief Compliance Officer, Ultimate Designated Person, a director and shareholder of First Canadian Capital Markets Ltd. ("FCCM"). Mr. Tsimidis has experience in acquisitions and capital projects domestically and internationally in deal structuring, corporate governance and due diligence methodologies. Mr. Tsimidis provides strategic corporate finance advisory services and has administered transactions involving private placements and initial public offerings. Nick Tsimidis started his career having spent six years with KPMG providing auditing and assurance services to a wide variety of private and public companies. Since 1993, Mr. Tsimidis has served as a director, officer and consultant to numerous public companies. His educational background includes graduation with a B.Comm. from the Faculty of Arts and Science at the University of Toronto. Mr. Tsimidis is the broker of record and President of Mortgage Cents Inc., a mortgage broker operating in Ontario.

Mr. DiGenova attended the University of Toronto and has extensive experience in construction projects, developments and in venture capital. He currently serves on the Board of Directors of Local 183, Training and Management Representative, one of the largest labour unions in North America and is the Vice President of the Ontario Concrete and Drain Construction Association. In addition, he has served as an advisor for various Ontario Ministry of University and College Initiatives. Mr. DiGenova is a volunteer on many industry and non-profit boards and associations in the Greater Toronto Area.

Gerry Feldman is a Chartered Accountant and currently Vice President (Corporate Development) and Chief Financial Officer of Pinetree Capital Ltd. (TSX:PNP). He has 28 years of merger and acquisition activities, corporate finance and financial experience. Prior to joining Pinetree, Mr. Feldman was a senior Partner in a number of accounting firms where he provided services to clients, specializing in audits and corporate finance activities for public companies, and brokerage and mutual fund dealers. In addition to his accounting and finance experience, he holds senior officer and director positions in several mining companies that are listed on both the Toronto Stock Exchange and the Exchange.

External Auditor Matters

Since the commencement of the Corporation's most recently completed financial year, the Corporation's directors have not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor and the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's directors and, where applicable, the audit committee, on a case-by-case basis.

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

The fees billed to the Corporation by its auditor during the previous two financial year-ends, by category, are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2011	\$56,200	\$Nil	\$Nil	\$Nil
December 31, 2010	\$43,200	\$Nil	\$Nil	\$Nil

Exemptions:

The Corporation is a “venture issuer” as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

11. EXECUTIVE COMPENSATION

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

Compensation Discussion and Analysis

During the financial year ended December 31, 2011, the Corporation’s executive compensation program was administered by the board of directors of the Corporation with the assistance of the compensation committee of the board of directors. The Corporation’s executive compensation program has the objective of attracting and retaining a qualified and cohesive group of executives, motivating team performance and the aligning of the interests of executives with the interests of the Corporation’s shareholders through a package of compensation that is simple and easy to understand and implement. Compensation under the program was designed to achieve both current and longer term goals of the Corporation and to optimize returns to shareholders. In addition, in order to further align the interests of executives with the interests of the Corporation’s shareholders, the Corporation has implemented share ownership incentives through incentive stock options. The Corporation’s overall compensation objectives are in line with its peer group of junior oil and gas companies with opportunities to participate in equity.

In determining the total compensation of any member of senior management, the directors of the Corporation consider all elements of compensation in total rather than one element in isolation. The directors of the Corporation also examine the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

The compensation committee of the board of directors determines the compensation to be provided to the executive officers of the Corporation and, in doing so, receives input from the President and Chief Executive Officer in respect of all executive officers, other than the President and Chief Executive Officer, and from independent directors. Executive compensation, including salaries, bonuses and option grants is reviewed and recommended by the compensation committee on the recommendation of the President and Chief Executive Officer.

Base Salary

While there is no official set of benchmarks that the Corporation relies on and there is not a defined list of issuers that the Corporation uses as a benchmark, the Corporation makes itself aware of, and is cognizant of, how comparable issuers in its business compensate their executives. The Corporation’s peer group in connection with salary compensation consists of a sampling of other junior oil and gas companies that are reporting issuers in one or more Provinces of Canada. The compensation committee reviews the peer group and other informal channels and compares the salaries offered by the Corporation against those of the peer group generally to ensure the Corporation’s salary compensation is within the range of expected annual base salary for the group.

Bonus Framework

The directors of the Corporation believe that a well balanced executive compensation program must simultaneously motivate and reward participants to deliver financial results while maintaining focus on long-term goals that track financial progress and value creation. Accordingly, on April 28, 2009, the directors of the Corporation established a transaction bonus plan (the “**Transaction Bonus Plan**”) which rewards certain individuals with cash bonuses as follows:

- (a) In the event of a “change of control” of the Corporation the bonus pool to be shared by plan participants is based on 10% of an acquisition or take-over price that is in excess of \$50,000,000 or \$0.50 per share (whichever is the greater hurdle). A “change of control” is defined below under the heading “Termination and Change of Control Benefits”.
- (b) In the event the Corporation sells an asset or group of assets (in one or more transactions completed within a fiscal year end period), other than the sale, lease or transfer of all or substantially all of the Corporation’s assets to any other person or persons, the bonus pool to be shared by plan participants would be based on (i) 5% of the divestiture price in the event the

asset(s) are sold for less than \$50,000,000, and (ii) 10% of the divestiture price in the event the asset(s) are sold for \$50,000,000 or more.

The compensation committee of the board of directors makes recommendations from time to time to the board of directors of the Corporation of Transaction Bonus Plan participants.

During the financial year ended December 31, 2011, the Corporation did not pay any bonuses pursuant to the Transaction Bonus Plan. Subsequent to the financial year ended December 31, 2011, the board of directors of the Corporation terminated the Transaction Bonus Plan.

In addition to the foregoing, the Corporation had a commitment to compensate its former Chief Executive Officer, Darrell Brown, \$15,000 for each private placement financing completed by the Corporation.

Group Benefits

The Corporation does not offer any group benefit plans, including medical, dental, life, accidental death and dismemberment and long term disability coverage. The Corporation does not provide any retirement or pension arrangements to its management or staff.

Perquisites and Personal Benefits

While the Corporation reimburses its Named Executive Officer's for expenses incurred in the course of performing their duties as executive officers of the Corporation, the Corporation did not provide any compensation that would be considered a perquisite or personal benefit to its Named Executive Officer's.

Independent Director Compensation

While independent directors of the Corporation have been compensated in previous years, during the financial year ended December 31, 2011 the independent directors of the Corporation were not compensated.

Option-Based Awards

An important part of the Corporation's compensation program is to offer the opportunity and incentive for executives and staff to own shares of the Corporation. The directors of the Corporation believe that ownership of the Corporation's shares will align the interests of executives and future staff with the interests of the Corporation's shareholders.

Incentive stock options are not granted on a regular schedule but rather as the compensation is reviewed by the directors of the Corporation from time to time with input from the Chief Executive Officer and the compensation committee. When reviewing incentive stock option grants, consideration is given to the total compensation package of the executives and staff and a weighting of appropriate incentives groupings at the senior, mid and junior levels of the staff including past grants. At the time of any incentive stock option grant, consideration is also given to the available incentive stock option pool remaining for new positions being contemplated by the Corporation.

Incentive stock options are granted under the Option Plan of the Corporation most recently approved by the shareholders of the Corporation on June 10, 2010. Pursuant to the Option Plan the board of directors of the Corporation may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers and employees of the Corporation as well as Management Company Employees and Consultants (as such terms are defined in Exchange Policy 4.4 as amended from time to time), non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the total issued and outstanding Common Shares of the Corporation, exercisable for a period of up to ten (10) years from the date of the grant. The number of Common Shares reserved for issuance to any individual director or officer of the Corporation will not exceed 5% of the issued and outstanding Common Shares (2% in the case of optionees providing investor relations services to the Corporation) unless disinterested shareholder approval is obtained. The exercise price of any option granted pursuant to the Option Plan shall be determined by the board of directors when granted, but shall not be less than the Discounted Market Price (as such terms are defined in Exchange Policy 4.4 as amended from time to time). Notwithstanding the foregoing, since the Corporation completed a take-over with Mooncor Energy Inc. on September 19, 2007, the Corporation has never granted options at less than the closing price of the Common Shares on the Exchange on the last business day prior to the day on which an option is granted. The options granted pursuant to the Option Plan are non-assignable, except by means of a will or pursuant to the laws of descent and distribution.

At the Meeting, shareholders are being asked to approve the Option Plan. See "Item 8 – Business of the Meeting – Stock Option Plan".

Summary Compensation Table for Named Executive Officers

The following table sets forth information concerning the total compensation paid to the Named Executive Officers of the Corporation during the financial years ended December 31, 2009, 2010 and 2011:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Darrell Brown, CEO ⁽¹⁾	2009	\$150,000 ⁽⁶⁾	Nil	\$60,356 ⁽³⁾	Nil	Nil	Nil	\$50,000 ⁽⁷⁾⁽⁸⁾	\$260,356
	2010	\$150,000 ⁽⁶⁾	Nil	\$26,643 ⁽⁴⁾	Nil	Nil	Nil	\$15,000 ⁽⁷⁾	\$191,643
	2011	\$150,000 ⁽⁶⁾	Nil	\$92,437 ⁽⁵⁾	Nil	Nil	Nil	\$85,000 ⁽⁷⁾	\$327,437
Nick Tsimidis, CFO ⁽²⁾	2009	\$90,000 ⁽⁹⁾	Nil	\$20,119 ⁽³⁾	Nil	Nil	Nil	\$32,722 ⁽¹⁰⁾	\$142,841
	2010	\$90,000 ⁽¹¹⁾	Nil	\$11,142 ⁽⁴⁾	Nil	Nil	Nil	\$3,381 ⁽¹²⁾	\$104,523
	2011	\$90,000 ⁽¹³⁾	Nil	60,868 ⁽⁵⁾	Nil	Nil	Nil	\$117,323 ⁽¹⁴⁾	\$268,191

Notes:

- (1) Resigned as Chief Executive Officer and a director of the Corporation on April 2, 2012.
- (2) Resigned as Chief Financial Officer of the Corporation on July 11, 2012. Appointed Chief Executive Officer of the Corporation on April 3, 2012.
- (3) Calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: Risk free rates of 2.17% to 2.43%; Dividend yield of NIL; Expected stock price volatility of 100%; Option life of five years. The amount is the same as that calculated in accordance with Section 3870 of the Handbook.
- (4) Calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: Risk free rates of 1.7%; Dividend yield of NIL; Expected stock price volatility of 122%; Option life of ten years. The amount is the same as that calculated in accordance with Section 3870 of the Handbook.
- (5) Calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: Risk free rates of 1.7%; Dividend yield of NIL; Expected stock price volatility of 129%; Option life of ten years. The amount is the same as that calculated in accordance with Section 3870 of the Handbook.
- (6) Paid directly to 682550 Alberta Ltd. ("682550"), a private company which is wholly-owned by Mr. Brown and his spouse. 682550 paid Mr. Brown \$66,500 during the financial year ended December 31, 2009, \$85,000 during the financial year ended December 31, 2010 and \$150,000 during the financial year ended December 31, 2011, attributable to the services 682550 provided to the Corporation for such periods. 682550 does not provide executive management services to any other companies other than to the Corporation.
- (7) Pursuant to a commitment to compensate Mr. Brown \$15,000 for each private placement financing completed by the Corporation, \$30,000 was paid directly to 682550 in the financial year ended December 31, 2009, \$15,000 was paid directly to Mr. Brown in the financial year ended December 31, 2010, and \$15,000 was paid directly to Mr. Brown in the financial year ended December 31, 2011.
- (8) \$20,000 was paid directly to Mr. Brown as a bonus for unanticipated additional services he provided to the Corporation in the financial year ended December 31, 2009, and \$70,000 was paid directly to Mr. Brown as a bonus for unanticipated additional services he provided to the Corporation in the financial year ended December 31, 2011.
- (9) \$30,000 was paid directly to Nick S. Tsimidis, Chartered Accountant, a sole proprietorship, and \$60,000 was paid directly to Net Worth Capital Corporation Ltd. ("Net Worth"), a private company which is wholly-owned by Mr. Tsimidis. Net Worth paid Mr. Tsimidis \$60,247 during the financial year ended December 31, 2009 attributable to the services (excluding the services in Note 10) Net Worth provided to the Corporation for the same period. Net Worth provides similar services to companies other than the Corporation.
- (10) \$15,000 was paid directly to Mr. Tsimidis as a bonus for unanticipated additional services he provided to the Corporation, \$8,947 was paid directly to Net Worth, for accounting services provided to the Corporation, and \$8,775 was paid directly to Nick S. Tsimidis, Chartered Accountant, a sole proprietorship, for tax reporting services provided to the Corporation.
- (11) \$60,000 was paid directly to Nick S. Tsimidis, Chartered Accountant, a sole proprietorship and \$30,000 was paid directly to Net Worth. Net Worth paid Mr. Tsimidis \$10,000 during the financial year ended December 31, 2010 attributable to the services (excluding the services in Note 10) Net Worth provided to the Corporation for the same period. Net Worth provides similar services to companies other than the Corporation.
- (12) \$3,381 was paid directly to Nick S. Tsimidis, Chartered Accountant, a sole proprietorship, for tax reporting services provided to the Corporation.
- (13) Paid directly to Nick S. Tsimidis, Chartered Accountant, a sole proprietorship.
- (14) \$49,000 was paid directly to Nick S. Tsimidis, Chartered Accountant, a sole proprietorship, for unanticipated additional services he provided to the Corporation, and \$68,323 was paid directly to NST Professional Corporation ("NST"), a private company which is

wholly-owned by Mr. Tsimidis, \$43,470 for costs incurred by NST for contracting out IFRS conversion related services and \$24,853 as a reimbursement for expenses incurred by NST on behalf of the Corporation.

Messrs. Brown and Tsimidis did not receive compensation for services as a director of the Corporation during the financial year ended December 31, 2011.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for the Named Executive Officers as of December 31, 2011:

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)
Darrell Brown ⁽²⁾	250,000	\$0.50	Sep 28, 2012	Nil	N/A	N/A
	150,000	\$0.23	Oct 29, 2012			
	500,000	\$0.15	Apr 2, 2013 ⁽⁴⁾			
	375,000	\$0.315	Apr 2, 2013 ⁽⁵⁾			
	233,750	\$0.25	Apr 2, 2013 ⁽⁶⁾			
	200,000	\$0.195	Apr 2, 2013 ⁽⁷⁾			
Nick S. Tsimidis ⁽³⁾	314,000	\$0.23	May 2, 2013	Nil	N/A	N/A
	450,000	\$0.15	Dec 24, 2013			
	125,000	\$0.315	May 14, 2014			
	97,750	\$0.25	Nov 19, 2020			
	150,000	\$0.195	Apr 8, 2021			
	186,000	\$0.23	May 11, 2021			

Notes:

- (1) Aggregate value is calculated based on the difference between the exercise price of the options and the last closing price of the Common Shares on the Exchange during the financial year ended December 31, 2011 (\$0.085 on December 30, 2011).
- (2) Resigned as Chief Executive Officer and a director of the Corporation on April 2, 2012.
- (3) Resigned as Chief Financial Officer of the Corporation on July 11, 2012. Appointed Chief Executive Officer of the Corporation on April 3, 2012.
- (4) Original expiry date (December 24, 2013) was accelerated upon Mr. Brown's resignation on April 2, 2012.
- (5) Original expiry date (May 14, 2014) was accelerated upon Mr. Brown's resignation on April 2, 2012.
- (6) Original expiry date (November 19, 2020) was accelerated upon Mr. Brown's resignation on April 2, 2012.
- (7) Original expiry date (April 8, 2021) was accelerated upon Mr. Brown's resignation on April 2, 2012.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for the Named Executive Officers during the year ended December 31, 2011:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Darrell Brown	Nil	N/A	N/A
Nick S. Tsimidis	Nil	N/A	N/A

Notes:

- (1) Aggregate value is calculated based on the difference between the exercise price of the options on the date they vest and the closing price of the Common Shares on the Exchange on such date, or in the event such date is not a trading date, the closing price on the next trading date.

Pension Plan Benefits

The Corporation has not implemented a pension plan.

Termination and Change of Control Benefits

During the financial year ended December 31, 2009 the Corporation entered into executive employment agreements (collectively, the “**Executive Employment Agreements**”) with the two Named Executive Officers that provide for payments to Messrs. Brown and Tsimidis at, following or in connection with a termination, resignation, and a change in control of the Corporation.

The terms of the Executive Employment Agreements include the following:

The Corporation may terminate a Named Executive Officer with cause at any time, with 30 days written notice, with no compensation payable by the Corporation, other than compensation earned and owed to the Named Executive Officer up to the date of termination, and may terminate a Named Executive Officer without cause at any time, with 30 days written notice, by paying the Named Executive Officer compensation equivalent to 24 months fees, and unvested incentive stock options shall immediately vest and become exercisable by the Named Executive Officer for 90 days from the date of termination without cause.

The Named Executive Officer may terminate an Executive Employment Agreement for any reason at any time, with 30 days written notice, in which case the Corporation shall be required to pay the Named Executive Officer his monthly fee up to the date of termination, and unvested incentive stock options shall immediately vest and become exercisable by the Named Executive Officer for 90 days from the date of termination without cause.

Within three months of a “change of control” of the Corporation the Named Executive Officers shall be entitled to terminate the Executive Employment Agreement with seven days written notice, and the Corporation shall be required to pay the Named Executive Officer compensation equivalent to 24 months fee, and unvested incentive stock options shall immediately vest and become exercisable by the Named Executive Officer for 90 days from the date of termination.

Pursuant to the Executive Employment Agreements and the Transaction Bonus Plan a “change of control” is deemed to occur on:

- (a) any change in the registered holdings and/or beneficial ownership of the Common Shares which results in: (i) a person or group of persons (“**Persons**”) “acting jointly or in concert” (as defined in the *Securities Act* (Alberta), as amended from time to time), or (ii) an “affiliate” or “associate” (as defined in the *Business Corporations Act* (Alberta), as amended from time to time (the “**ABCA**”)) of such person or group of Persons, holding, owning or controlling, directly or indirectly, 50% of the outstanding Common Shares; or
- (b) the sale, lease or transfer of all or substantially all of the Corporation’s assets to any other person or entity that is not an “affiliate” or “associate” (as defined in the ABCA) of the Corporation; or
- (c) the completion of a merger, amalgamation, arrangement, creation of a royalty trust, business combination or similar transaction with any person or entity that is not an “affiliate” or “associate” (as defined in the ABCA) of the Corporation or pursuant to which the shareholders of the Corporation immediately prior thereto do not immediately thereafter own shares (or substantially equivalent securities) of the successor continuing corporation or entity which entitle them to cast more than fifty (50%) percent of the votes attaching to all shared (or substantially equivalent securities) in the capital of the successor or continuing corporation or entity which may be cast to elect directors (or equivalent) of that corporation or entity.

Director Compensation

Director Compensation Table (for Directors other than the Named Executive Officers)

The following table sets forth all compensation provided to each of the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to compensation is set out above) during the year ended December 31, 2011:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Richard Cohen ⁽²⁾	Nil	Nil	\$65,223	Nil	Nil	\$315,266 ⁽⁶⁾	\$380,489
John Loh ⁽³⁾	Nil	Nil	\$28,818	Nil	Nil	Nil	\$28,818
Mario DiGenova	Nil	Nil	\$28,818	Nil	Nil	Nil	\$28,818
Alan Myers	Nil	Nil	\$11,504	Nil	Nil	Nil	\$11,504
Gerry Feldman ⁽⁴⁾	Nil	Nil	\$6,952	Nil	Nil	Nil	\$6,952

Richard Patricio ⁽⁵⁾	Nil	Nil	\$6,952	Nil	Nil	Nil	\$6,952
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Notes:

- (1) Calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: Risk free rates of 1.7%; Dividend yield of NIL; Expected stock price volatility of 122%; Option life of ten years. The amount is the same as that calculated in accordance with Section 3870 of the Handbook.
- (2) Mr. Cohen was an officer and director of the Corporation until his passing on June 6, 2011.
- (3) Resigned as a director of the Corporation on November 29, 2011.
- (4) Appointed a director of the Corporation on November 29, 2011.
- (5) Appointed a director of the Corporation on July 26, 2011. Resigned as a director of the Corporation on September 21, 2012.
- (6) \$97,800 was paid directly to Clark Avenue Company Inc. ("CAC"), a private company which was wholly-owned by the late Mr. Cohen and his spouse, in connection with the services Mr. Cohen provided to the Corporation as Vice-President (Corporate Communications), \$22,466 was paid to CAC for reimbursement of office expenses of CAC, and \$195,000 payable to CAC was accrued upon Mr. Cohen's death pursuant to the terms of his consulting agreement.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for each of the directors of the Corporation (other than the Named Executive Officers, whose disclosure with respect to incentive plan awards is set out above) as of December 31, 2011:

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)
Richard Cohen ⁽²⁾	125,000	\$0.23	Jun 6, 2012 ⁽⁶⁾	Nil	N/A	N/A
	500,000	\$0.15	Jun 6, 2012 ⁽⁷⁾			
	125,000	\$0.315	Jun 6, 2012 ⁽⁸⁾			
	142,375	\$0.25	Jun 6, 2012 ⁽⁹⁾			
	375,000	\$0.23	Jun 6, 2012 ⁽¹⁰⁾			
John Loh ⁽³⁾	200,000	\$0.23	Oct 29, 2012	Nil	N/A	N/A
	162,500	\$0.23	Nov 29, 2012 ⁽¹¹⁾			
	100,000	\$0.15	Nov 29, 2012 ⁽¹²⁾			
	75,000	\$0.315	Nov 29, 2012 ⁽¹³⁾			
	63,750	\$0.25	Nov 29, 2012 ⁽¹⁴⁾			
	25,000	\$0.195	Nov 29, 2012 ⁽¹⁵⁾			
Mario DiGenova	200,000	\$0.14	Jan 30, 2013	Nil	N/A	N/A
	162,500	\$0.23	May 2, 2013			
	100,000	\$0.15	Dec 24, 2013			
	75,000	\$0.315	May 14, 2014			
	63,750	\$0.25	Nov 19, 2020			
	25,000	\$0.195	Apr 8, 2021			
Alan Myers	163,750	\$0.25	Nov 19, 2020	Nil	N/A	N/A
	25,000	\$0.195	Apr 8, 2021			
	61,250	\$0.14	Nov 29, 2021			
Gerry Feldman ⁽⁴⁾	150,000	\$0.14	Nov 29, 2021	Nil	N/A	N/A
Richard Patricio ⁽⁵⁾	150,000	\$0.14	Nov 29, 2021	Nil	N/A	N/A

Notes:

- (1) Aggregate value is calculated based on the difference between the exercise price of the options and the closing price of the Common Shares on the Exchange on December 31, 2010 of \$0.22.
- (2) Mr. Cohen was an officer and director of the Corporation until his passing on June 6, 2011.
- (3) Resigned as a director of the Corporation on November 29, 2011.
- (4) Appointed a director of the Corporation on November 29, 2011.
- (5) Appointed a director of the Corporation on July 26, 2011. Resigned as a director of the Corporation on September 21, 2012.
- (6) Original expiry date (May 2, 2013) was accelerated upon Mr. Cohen's passing on June 6, 2011.
- (7) Original expiry date (December 24, 2013) was accelerated upon Mr. Cohen's passing on June 6, 2011.
- (8) Original expiry date (May 14, 2014) was accelerated upon Mr. Cohen's passing on June 6, 2011.
- (9) Original expiry date (November 19, 2020) was accelerated upon Mr. Cohen's passing on June 6, 2011.
- (10) Original expiry date (May 2, 2013) was accelerated upon Mr. Loh's resignation on November 29, 2011.
- (11) Original expiry date (December 24, 2013) was accelerated upon Mr. Loh's resignation on November 29, 2011.
- (12) Original expiry date (May 14, 2014) was accelerated upon Mr. Loh's resignation on November 29, 2011.
- (13) Original expiry date (November 19, 2020) was accelerated upon Mr. Loh's resignation on November 29, 2011.

(14) Original expiry date (April 8, 2021) was accelerated upon Mr. Loh's resignation on November 29, 2011.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each director of the Corporation (other than the Named Executive Officers, whose disclosure with respect to incentive plan awards is set out above) during the year ended December 31, 2010:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Richard Cohen ⁽²⁾	Nil	N/A	N/A
John Loh ⁽³⁾	Nil	N/A	N/A
Mario DiGenova	Nil	N/A	N/A
Alan Myers	Nil	N/A	N/A
Gerry Feldman ⁽⁴⁾	Nil	N/A	N/A
Richard Patricio ⁽⁵⁾	Nil	N/A	N/A

Notes:

- (1) Aggregate value is calculated based on the difference between the exercise price of the options on the date they vest and the closing price of the Common Shares on the Exchange on such date, or in the event such date is not a trading date, the closing price on the next trading date.
- (2) Mr. Cohen was an officer and director of the Corporation until his passing on June 6, 2011.
- (3) Resigned as a director of the Corporation on November 29, 2011.
- (4) Appointed a director of the Corporation on November 29, 2011.
- (5) Appointed a director of the Corporation on July 26, 2011. Resigned as a director of the Corporation on September 21, 2012.

12. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of the date hereof regarding the number of Common Shares which may be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Option Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	8,529,749	\$0.21	3,665,647
Equity compensation plans not approved by securityholders	-	-	-
Total	8,529,749	\$0.21	3,665,647

The securities referred to in the table above were granted under the Option Plan or its predecessors plans.

13. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, the proposed nominees for election as director, the executive officers of the Corporation, or any of their respective associates or affiliates is or has been indebted to the Corporation or any of its subsidiaries in respect of loans, advances or guarantees of indebtedness.

14. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the informed persons (as such term is defined in NI 51-102) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction of the Corporation since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

15. MANAGEMENT CONTRACTS

There are no management functions of the Corporation which are to any substantial degree performed by a person or a company other than the directors or executive officers of the Corporation.

16. PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Other than the foregoing, management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

17. ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com and is provided in the Corporation's financial statements and Management's Discussion and Analysis all as filed on SEDAR (www.sedar.com), copies of which may be obtained from the Corporation upon request. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

DATED at Toronto, Ontario, this 24th day of September, 2012.

BY ORDER OF THE BOARD

(signed) "Nick Tsimidis"
Chief Executive Officer

SCHEDULE "A"

(see attached)

**STOCK OPTION PLAN OF
MOONCOR OIL & GAS CORP.**
(amended July 26, 2011)

PART 1 - INTRODUCTION

1.01 Purpose

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the directors, officers, key employees and, subject to the terms and conditions herein, consultants of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

1.02 Definitions

- (a) "Affiliate" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario) as amended from time to time.
- (b) "Board" means the board of directors of the Corporation.
- (c) "Consultant" has the meaning ascribed to such term in Exchange Policy 4.4 as amended from time to time.
- (d) "Corporation" means Mooncor Oil & Gas Corp., a corporation duly continued under the laws of the Province of Ontario, and its Affiliates, if any.
- (e) "Discounted Market Price" has the meaning ascribed to such term in Exchange Policy 1.1 as amended from time to time.
- (f) "Eligible Person" shall mean an officer or director of the Corporation ("Executive") or an employee of the Corporation ("Employee") or a Management Company Employee or a Consultant.
- (g) "Exchange" means the TSX Venture Exchange.
- (h) "Insider" means;
 - (i) an insider as defined in the *Securities Act* (Ontario), other than a person who falls within the definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation; and
 - (ii) an associate of any person who is an insider by virtue of the preceding sub-clause (i).
- (i) "Investor Relations Activities" has the meaning ascribed to such term in Exchange Policy 1.1 as amended from time to time.
- (j) "Management Company Employee" has the meaning ascribed to such term in Exchange

Policy 4.4 as amended from time to time.

- (k) "Option" shall mean an option granted under the terms of the Plan.
- (l) "Option Period" shall mean the period during which an option may be exercised.
- (m) "Optionee" shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.
- (n) "Outstanding Issue" means the number of Shares outstanding on a non-diluted basis.
- (o) "Plan" means the stock option plan established and operated pursuant to Part 2 hereof.
- (p) "Shares" shall mean the common shares of the Corporation.

PART 2 - SHARE OPTION PLAN

2.01 Participation

Options shall be granted only to Eligible Persons.

2.02 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

2.03 Price

The exercise price per Share when Options are granted shall be determined from time to time by the Board but, in any event, shall not be less than the Discounted Market Price.

2.04 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The date of each grant of Options shall be determined by the Board when the grant is authorized.

Each Option granted to an Eligible Person shall be evidenced by a stock option agreement with terms and conditions consistent with the Plan and as approved by the Board (which terms and conditions need not be the same in each case and may be changed from time to time).

In the event that Options are granted to Employees, Management Company Employees or Consultants, the Corporation represents that such Optionees shall be bona fide Employees, Management Company Employees or Consultants, as the case may be.

The Corporation may at the time of granting options hereunder provide for additional terms and conditions which are not inconsistent with Part 2 hereof including, without limitation, terms and

conditions deferring or delaying the date at which an Option may be exercised in whole or in part.

2.05 Term of Options

Unless otherwise expired pursuant to the terms of the Plan, all Options granted to an Optionee pursuant to this Plan shall expire at the close of business ten (10) years from the date of grant, or in the case of a Consultant or Employee, such earlier date as the Board shall decide when the Option is granted.

Upon the expiration of the Option Period the Options granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Shares in respect of which the Option hereby granted has not then been exercised.

2.06 Exercise of Options

Except as set forth in section 2.10, no Option may be exercised unless the Optionee is at the time of such exercise;

- (a) in the case of an Employee, in the employ of the Corporation or any Affiliate and shall have been continuously so employed since the grant of his or her Option, or have been a Consultant of the Corporation during such time thereafter, but absence on leave, having the approval of the Corporation or such Affiliate, shall not be considered an interruption of employment for any purpose of the Plan;
- (b) in the case of a Consultant, under contract with the Corporation or any Affiliate and shall have been continuously so contracted since the grant of the Option; or
- (c) in the case of an Executive, a director or officer of the Corporation or any Affiliate and shall have been such a director or officer continuously since the grant of his or her Option.

No Option may be exercised by an Optionee until the Plan has been approved by the shareholders of the Corporation.

The exercise of any Option will be contingent upon receipt by the Corporation of cash payment of the full purchase price of the Shares being purchased. No Optionee or his or her legal representative, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him, her or them or a securities intermediary with whom the Optionee (or his or her legal representative, legatees or distributees) has an account, is recorded as the owner of such Shares in a book-entry system under the terms of the Plan.

2.07 Vesting of Options

Executives, Employees and Management Company Employees

All Options granted to an Executive, Employee or Management Company Employee pursuant to this Plan shall vest and become fully exercisable as follows or as determined by the Board when the Option is granted:

- (a) one half (1/2) of the Options on the date of grant; and

- (b) the final one half (1/2) of the Options on the date which is one (1) year from the date said Options are granted.

Consultants

All Options granted to Consultants pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted:

- (a) one third (1/3) of the Options on the date of grant;
- (b) one third (1/3) of the of the Options on the date which is one (1) year from the date said Options are granted; and
- (c) the final one third (1/3) of the Options on the date which is two (2) years from the date said Options are granted.

Optionees performing Investor Relations Activities

All Options granted to Optionees performing Investor Relations Activities, pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted, but in any event such Options shall not vest any sooner:

- (a) one quarter (1/4) of the Options on the date which is three (3) months from the date said Options are granted;
- (b) one quarter (1/4) of the Options on the date which is six (6) months from the date said Options are granted;
- (c) one quarter (1/4) of the Options on the date which is nine (9) months from the date said Options are granted; and
- (d) the final one quarter (1/4) of the Options on the date which is twelve (12) months from the date said Options are granted.

2.08 Restrictions on Grant of Options

The granting of Options shall be subject to the following conditions:

- (a) not more than two (2%) percent of the Outstanding Issue may be granted to any one Consultant in any 12 month period;
- (b) not more than an aggregate of two (2%) percent of the Outstanding Issue may be granted in aggregate to Eligible Persons conducting Investor Relations Activities in any 12 month period;
- (c) unless the Corporation has obtained disinterested shareholder approval, not more than five (5%) percent of the Outstanding Issue may be issued to any one individual in any 12 month period;

- (d) unless the Corporation has obtained disinterested shareholder approval, not more than an aggregate of ten (10%) percent of the Outstanding Issue may be issued to Insiders in any 12 month period; and
- (e) unless the Corporation has obtained disinterested shareholder approval, the Corporation shall not decrease the exercise price of Options previously granted to Insiders.

If disinterested shareholder approval is required, the proposed grant(s) or plan must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting excluding votes attaching to shares beneficially owned by (i) Insiders to whom options may be granted under the stock option plan; and (ii) Associates of such Insiders. Holders of non-voting and subordinate voting shares must be given full voting rights on a resolution that requires disinterested shareholder approval.

2.09 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

2.10 Effect of Termination of Employment, Death or Disability

- (a) If an Optionee shall die while employed by the Corporation or its Affiliate, or while an Executive, any Options held by the Optionee at the date of death, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part, but only by the persons or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution (the "Successor Optionee"). Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee at the date of death which have not yet vested shall vest immediately upon death. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, except that in the event the expiration of the Option Period is earlier than one (1) year after the date of death, with the consent of the Exchange, the Options shall be exercisable for one (1) year after the date of death of the Optionee.
- (b) If the employment of an Optionee shall terminate due to disability while the Optionee is employed by the Corporation or its Affiliate, any Option held by the Optionee on the date the employment of the Optionee is terminated due to disability, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part. Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee on the date the employment of the Optionee is terminated due to disability which have not yet vested shall vest immediately upon such date. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her termination due to disability and only for one (1) year after the date of termination or prior to the expiration of the Option Period in respect thereof, whichever is sooner, provided that Options that become exercisable due to disability shall only be exercisable by the person or persons who have the legal authority to act on behalf of the Optionee in connection with the rights of the Optionee to the Option.

- (c) Subject to section 2.10(d), Options granted to any Optionee must expire not later than one year following the date the Optionee ceases to be an Executive, Employee, Consultant or Management Company Employee, which shall be determined by the Board at time of each grant. Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee on the date the Optionee ceases to be an Executive, Employee, Consultant or Management Company Employee which have not yet vested shall vest immediately upon such date.
- (d) If the employment of an Employee or Consultant is terminated for cause no Option held by such Optionee may be exercised following the date upon which Termination occurred.

2.11 Effect of Amalgamation, Consolidation or Merger

If the Corporation amalgamates, consolidates with our merges with or into another corporation any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his or her option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the option price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

2.12 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the purchase price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.

2.13 Hold Period and Resale Restrictions

All Options and any Shares issued on the exercise of Options may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. Any Shares issued on the exercise of Options may be subject resale restrictions contained in National Instrument 45-102 – *Resale of Securities* which would apply to the first trade of the Shares.

PART 3 - GENERAL

3.01 Number of Shares

The aggregate number of Shares that may be reserved for issuance, from time to time, under the Plan shall not exceed ten (10%) percent of the total Outstanding Issue.

3.02 Transferability

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of an Optionee, all benefits, rights and options may only be exercised by the Optionee.

3.03 Employment

Nothing contained in any Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Optionee's employment at any time. Participation in any Plan by an Optionee is voluntary.

3.04 Approval of Plan

The Plan shall only become effective after it has been approved by the shareholders of the Corporation; provided, however:

- (a) Unless consistent with the terms contained herein and approved by the board, nothing contained herein shall in any way affect Options previously granted by the Corporation and currently outstanding;
- (b) the Plan must receive shareholder approval yearly, at the Corporation's annual general meeting.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Optionee's option price paid to the Corporation shall be returned to the Optionee.

3.05 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

3.06 Income Taxes

As a condition of and prior to participation in the Plan, if requested by the Board, a Optionee shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Optionee any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

In addition, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits to the Optionee and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Shares on exercise of Options, then the Optionee shall (i) pay to the Corporation, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance, (ii) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion

of the Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance, or (iii) make other arrangements acceptable to the Corporation to fund the required tax remittance.

3.07 Amendments to the Plan

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. However, any amendments of the Plan which could result, at any time, in:

- (a) materially increase the benefits under the Plan; or
- (b) an increase in the number of Shares which would be issued under the Plan (except any increase resulting automatically from an increase in the total Outstanding Issue); or
- (c) materially modify the requirement as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Corporation. Any amendment to any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction over the securities of the Corporation.

3.08 No Representation or Warranty

The Corporation makes no representation or warranty as the future market value of any Shares issued in accordance with the provisions of the Plan.

3.09 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

3.10 Compliance with Applicable Law, etc.

If any provision of the Plan or of any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

SCHEDULE "B"

(see attached)

MOONCOR OIL & GAS CORP.
(the “Company”)

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

I. PURPOSE

The Audit Committee is a committee of the Board of Directors of the Company. The function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis (“MD&A”) and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board of Directors;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company’s external auditor;
- (c) recommending the appointment and compensation of the Company’s external auditor, overseeing the external auditor’s qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board of Directors;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Company’s financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles (“GAAP”), to conduct investigations, or to assure compliance with laws and regulations or the Company’s internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

II. COMPOSITION

1. The Audit Committee shall have a minimum of three members.
2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board of Directors, each of whom shall be independent within the meaning of MI 52-110 of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the *Business Corporations Act* (Ontario) the majority of the Audit Committee members must not be officers, nor employees of the Company.
3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of applicable securities laws. Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board of Directors on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.
5. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.
6. The Secretary of the Audit Committee will be appointed by the Chair.
7. Any member of the Audit Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board of Directors may fill vacancies on the Audit Committee by election from among the directors on the Board of Directors. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee shall review and recommend to the Board of Directors for approval:
 - (a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;
 - (b) press releases of the Company that contain financial information;
 - (c) other financial information provided to any governmental body, stock exchange or the public as they see fit; and
 - (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release.
2. The Audit Committee, in fulfilling its mandate, will:
 - (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
 - (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);
 - (c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
 - (d) recommend to the Board of Directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;
 - (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;
 - (f) review the annual audit plans of the internal and external auditors of the Company;
 - (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

- (h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;
 - (i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
 - (j) arrange for the external auditor to be available to the Audit Committee and the full Board of Directors as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board of Directors and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
 - (k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;
 - (l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;
 - (m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;
 - (n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
 - (o) review the expenses of the Chairman and President of the Company annually;
 - (p) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies; and
 - (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.
3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

IV. MEETING PROCEDURES

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within one hundred and twenty (120) days following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board of Directors, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.
3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.
4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.
5. Meetings may be conducted with members in attendance in person, by telephone or by video conference facilities.
6. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
7. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
8. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
9. Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs.

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