



**BIG SKY PETROLEUM CORPORATION**

**Annual General and Special Meeting  
to be held on May 30, 2013**

**Notice of Annual General and Special Meeting**

**and**

**Information Circular**

# **BIG SKY PETROLEUM CORPORATION**

**410 – 325 Howe Street  
Vancouver, B.C. V6C 1Z7  
Telephone (604) 687-3520 – Fax (604) 688-3392**

## **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE** is hereby given that an annual general and special meeting of the shareholders of Big Sky Petroleum Corporation (the “Company”) will be held at 410 – 325 Howe Street, Vancouver, British Columbia, on Thursday, May 30, 2013 at 2:00 pm, local time, (the “Meeting”) for the following purposes:

1. to receive the financial statements for the year ended December 31, 2012, together with the auditor’s report thereon, and related management discussion and analysis;
2. to fix the number of directors at six;
3. to elect directors of the Company for the ensuing year;
4. to appoint Smythe Ratcliffe, Chartered Accountants, as auditor of the Company for the ensuing year;
5. to approve the continuation of the Company’s share option plan;
6. to consider, and if thought advisable, to approve an ordinary resolution authorizing an alteration of the Company’s Articles to include advance notice provisions; and
7. to transact such other business as may properly be put before the Meeting.

An Information Circular accompanies this Notice. The Information Circular contains details of matters to be considered at the Meeting.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy, and deliver it by fax, by hand or by mail in accordance with the instructions set out in the form of proxy and in the Information Circular.**

**Unregistered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form and in the Information Circular to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered shareholder.**

**DATED** at Vancouver, British Columbia, the 18<sup>th</sup> day of April, 2013.

**ON BEHALF OF THE BOARD**

*“Milton Cox”*

**Milton Cox  
Chief Executive Officer**

# **BIG SKY PETROLEUM CORPORATION**

**410 – 325 Howe Street  
Vancouver B.C. V6C 1Z7  
Telephone (604) 687-3520 – Fax (604) 688-3392**

## **INFORMATION CIRCULAR**

*(as at April 18, 2013 except as otherwise indicated)*

This information circular (the “Circular”) is provided in connection with the solicitation of proxies by the management of Big Sky Petroleum Corporation (the “Company”). The form of proxy which accompanies this Circular (the “Proxy”) is for use at the annual general and special meeting of the shareholders of the Company to be held on Thursday, May 30, 2013 (the “Meeting”), at the time and place set out in the accompanying notice of meeting (the “Notice of Meeting”).

In this Circular, “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

### **APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the accompanying form of proxy (the “Proxy”) are directors and/or officers of the Company. **A shareholder entitled to vote at the Meeting has the right to appoint a person or a company other than either of the persons designated in the Proxy, who need not be a shareholder, to serve as their representative at the Meeting (“Proxyholder”). A shareholder may do so by striking out the printed name and inserting the desired person's name in the blank space provided.** The completed Proxy should be delivered to CIBC Mellon Trust Company by fax 1-416-368-2502 or 1-866-781-3111 or by mail or delivered to Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 by 2:00 pm (Pacific Time) on Tuesday, May 28, 2013 (or 48 hours prior to any adjournment of the Meeting, excluding Saturdays, Sundays and holidays, at which the Proxy is to be used).

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a Proxy may revoke it by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting in person, or any adjournment of the Meeting, and registering with the scrutineer as a shareholder present at the Meeting.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **Provisions Relating to Voting of Proxies**

**The Common Shares represented by proxy in the enclosed form of Proxy will be voted or withheld from voting by the designated Proxyholder in accordance with the direction of the registered shareholder appointing such Proxyholder. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the Proxyholder the discretion to vote as such person sees fit on any ballot that may be called for, any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.**

### **Beneficial Shareholders**

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of intermediaries. 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 Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners ("OBOs") object to their name being made known to the issuers of securities which they own; and Non-Objecting Beneficial Owners ("NOBOs") who do not object to the issuers of the securities they own knowing who they are.

The Company is taking advantage of the provisions of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") that permit the Company to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a proxy from CIBC Mellon Trust Company ("CIBC"). The proxy is to be completed and returned to CIBC. CIBC will tabulate the results of the proxies received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the proxies it receives.

These securityholder materials are being sent to both registered and non-registered (beneficial) owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of securities,

were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting. The proxy form supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in Canada and in the United States. Broadridge mails a voting instruction form ("VIF") in lieu of the proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), who is different from any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative, which may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

#### **Notice to Shareholders in the United States**

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) (the "Act"), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

#### **Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2012, together with the auditor's report on those statements (the "Financial Statements"), will be presented to the shareholders at the Meeting.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out herein.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The board of directors (the “Board”) of the Company has fixed April 17, 2012 as the record date (the “Record Date”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Common Shares of the Company are listed for trading on the TSX Venture Exchange (the “TSXV”). The Company is authorized to issue an unlimited number of Common Shares without par value of which 60,676,665 Common Shares are issued and outstanding as at the date hereof. An aggregate of 16,659,400 of these Common Shares are held in escrow. All Common Shares in the capital of the Company carry the right to one vote.

To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common of the Company as at the Record Date are:

<b>Shareholder Name</b>	<b>Number of Common Shares Held<sup>(1)</sup></b>	<b>Percentage of Issued Common Shares</b>
Sam Nastat	6,988,000 <sup>(2)</sup>	11.5%

Notes:

- (1) The above information was supplied to the Company by the shareholders and from the insider reports available at [www.sedi.ca](http://www.sedi.ca).
- (2) These shares are indirectly held by Mr. Nastat, President of the Company through LSN Asset Management LLC, a company controlled by him.

## **ELECTION OF DIRECTORS**

The number of directors is currently set at five. The board of directors (the “Board”) proposes that the number of directors be increased to six. Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be determined at six.

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until the director’s office is earlier vacated in accordance with the provisions of the BCA, or until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected. Management does not contemplate that any of the nominees will be unable to serve as a director.

The following disclosure sets out the names of management’s nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date. For information relating to the directors’ principal occupation, business or employment, please see below “*Occupation, Business or Employment of Director Nominees*”.

<b>Name of Nominee; Current Position with the Company and Province or State and Country of Residence</b>	<b>Period as a Director of the Company</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>
Milton Cox <sup>(4)</sup> Chief Executive Officer and Director Mississippi, Canada	Since November 30, 2011	3,600,000
Mark T. Brown <sup>(2) (5)</sup> Chief Financial Officer, Secretary and Director British Columbia, Canada	Since May 14, 2008	1,574,838
Desmond M. Balakrishnan <sup>(2) (3) (6)</sup> Director British Columbia, Canada	Since November 30, 2011	30,000
George Robinson <sup>(2) (3) (7)</sup> Director Michigan, USA	Since November 30, 2011	2,700,000
Dr. T. Arden McCracken, PhD <sup>(9)</sup> Director Texas, USA	Since November 29, 2012	Nil
Sam Nastat President and Director Nominee Ontario, Canada	Nominee	6,988,000 <sup>(8)</sup>

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five (5) years.
- (2) Member of Audit Committee.
- (3) Member of Compensation Committee
- (4) Mr. Cox owns these Common Shares indirectly through a company controlled by him, CAI Holdings LLC. He holds options to purchase 200,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on December 1, 2016.
- (5) Mr. Brown holds 967,667 of these Common Shares in Pacific Opportunity Capital Ltd. and 320,000 of these Common Shares in Spartacus Management Inc., both private companies controlled by Mr. Brown. He holds options to purchase 43,333 Common Shares at an exercise price of \$0.30 per Common Share expiring on May 21, 2013 and options to purchase

300,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on December 1, 2016. Mr. Brown also holds an aggregate of 569,171 warrants to purchase Common Shares at an exercise price of \$0.80 per Common Share until September 30, 2013 in the Company, 443,000 of which are held indirectly through Pacific Opportunity Capital Ltd.

- (6) Mr. Balakrishnan holds options to purchase 100,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on December 1, 2016 and 10,000 warrants to purchase Common Shares at an exercise price of \$0.80 per Common Share until September 30, 2013 in the Company.
- (7) Mr. Robinson holds options to purchase 100,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on December 1, 2016.
- (8) Mr. Nastat holds these Common Shares through a company controlled by him, LSN Asset Management LLC. He holds options to purchase 200,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on December 1, 2016. Mr. Nastat holds over 10% of the Common Shares in the capital of the Company.
- (9) Dr. McCracken holds options to purchase 20,000 Common Shares at an exercise price of \$0.35 per Common Share expiring on December 1, 2016 and options to purchase 80,000 Common Shares at an exercise price of \$0.12 expiring on November 29, 2017.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

### **Occupation, Business or Employment of Director Nominees**

#### ***Milton Cox – Chief Executive Officer and Director***

Mr. Cox has been Chief Executive Officer of the Company since November 30, 2011. He has 25 years of executive experience in resource investment management. He has been President of CodeAmerica Investments LLC since 1982. He holds an M.B.A. in finance from the University of Mississippi, a BSC Petroleum Geology Certificate from the University of Tulsa and is a member of the American Society of Mechanical Engineers.

#### ***Mark T. Brown – Chief Financial Officer, Corporate Secretary and Director***

Mr. Brown was the President and Chief Executive Officer of the Company from May 14, 2008 until November 30, 2011. He has been Chief Financial Officer and Corporate Secretary of the Company since November 30, 2011. He is also the President of Pacific Opportunity Capital Ltd., a private company which provides financial solutions, equity and management services to small and medium size entrepreneurial enterprises.

Mr. Brown received a Bachelor of Commerce Degree from the University of British Columbia in 1990 and is a member of the Institute of Chartered Accountants of British Columbia. Mr. Brown is the founder of Rare Element Resources Ltd. listed on the Toronto Stock Exchange and the NYSE AMEX. Between 1990 and 1994, Mr. Brown worked with PricewaterhouseCoopers. He is currently a director and/or officer of various other public companies including Galileo Petroleum Ltd.



***Sam Nastat – President and Director Nominee***

Mr. Nastat has been involved in the natural resource capital markets for over 20 years. His professional experience includes oil and gas exploration and production as well as mineral exploration and development. Mr. Nastat has 14 years of oil field project development experience with CodeAmerica Investments LLC.

***Desmond M. Balakrishnan – Director***

Mr. Balakrishnan is a lawyer and has practiced law as a partner at a national law firm since February 2002. He received his Law degree from the University of Alberta in April 1997 and was called to the British Columbia Bar in May 1998. Mr. Balakrishnan acts as a director and officer of a number of public companies including Aroway Energy Inc., Great Canadian Gaming Corporation and Electric Metals Inc.

***George Robinson – Director***

Mr. Robinson has been a managing partner in Robinson Oil and Gas LLC with principal offices in Billings Montana since 1999. Robinson Oil & Gas is an exploration and development and operating company with primary focus in the Williston Basin and Sweet Grass Arch in north central Montana. Prior to founding Robinson Oil & Gas, Mr. Robinson had over 20 years of executive management experience with Major independent oil companies, Hunt Energy Corporation, Dart Oil & Gas Corporation, and Dominion Exploration Company.

***Dr. T. Arden McCracken, PhD – Director Nominee***

Dr. McCracken has an extensive 40-year career in reservoir and production engineering and engineering management. Has served as Chief Reservoir Engineer Worldwide for BP Exploration Company where he managed over 360 engineers and maintained oversight of a \$55 million annual budget. Chief Engineer Worldwide for Pennzoil Exploration and Production Company where he had complete technical review and approval of all projects worldwide. Senior Engineering Advisor for all International projects for PennzEnergy and Devon. Dr. McCracken has worked essentially all productive basins in the U.S. and Canada and most sectors of the North Sea, Middle East, North Africa and South America. He was one of the reservoir simulation developers and analyst on some of the early Bakken wells in the Williston Basin.

A shareholder can vote for all of these directors, vote or some of them and withhold for others, or withhold for all of them. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company.**

**Bankruptcies, Orders and Management Cease Trade Orders**

Desmond M. Balakrishnan was a director of Probe Resources Ltd. (“Probe”) from November, 2007 until March, 2011. A management cease trade order was issued against the directors, officers and insiders of Probe by the British Columbia Securities Commission on January 3, 2008 for failure to timely file continuous disclosure materials as required pursuant to applicable securities laws. The management cease trade order remained in effect until February 29, 2008 by the British Columbia Securities Commission.

Mr. Balakrishnan has been a director of Copacabana Capital Limited (“Copacabana”) since June, 2005. A cease trade order was issued against Copacabana by the British Columbia Securities Commission on May 9, 2006 for failure to timely file continuous disclosure materials as required pursuant to applicable securities laws. In addition, a cease trade order was issued against Copacabana by the Alberta Securities Commission on September 13, 2006. These cease trade orders remain in effect as of the date hereof.

On July 21, 2011 the trading in the Common Shares of the Company was halted on the TSXV at the request of the Company. On December 2, 2011, trading in the Common Shares of the Company resumed on the TSXV.

Within the last 10 years before the date of this Circular no other proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Circular is prepared) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has 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;
- (d) subject to 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
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **APPOINTMENT OF AUDITOR**

The management of the Company intends to nominate Smythe Ratcliffe, Chartered Accountants, for appointment as auditor of the Company. Forms of proxy given pursuant to the solicitation by the management of the Company will, on any poll, be voted as directed and, if there is no direction, for the appointment of Smythe Ratcliffe, Chartered Accountants, as auditor of the Company to hold office until the close of the next annual general meeting of the Company, at a remuneration to be fixed by the directors. Smythe Ratcliffe, Chartered Accountants, was first appointed as auditor of the Company on August 19, 2008.

#### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 - *Audit Committees* ("NI 52-110") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's board of directors, reasonably interfere with the exercise of the member's independent judgment.

#### **Audit Committee Charter**

The text of the audit committee's charter is attached as Schedule "A" to the information circular for the annual meeting held on June 8, 2011 and filed on [www.sedar.com](http://www.sedar.com) on May 13, 2011.

### **Composition of Audit Committee and Independence**

The Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. The Company's current audit committee consists of Mark T. Brown, Desmond M. Balakrishnan and George Robinson. Mr. Brown is Chairman of the audit committee.

In the view of management of the Company, Desmond M. Balakrishnan and George Robinson are considered to be independent as determined in accordance with NI 52-110. Mark T. Brown is not considered to be independent as that term is defined, as he is the CFO of the Company.

### **Relevant Education and Experience**

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

All of the members of the Company’s audit committee are financially literate as that term is defined. See heading “*Occupation, Business or Employment of Director Nominees*” for relevant education and experience of members of the audit committee.

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, the audit committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the board of directors of the Company.

### **Reliance on Certain Exemptions**

The Company’s auditor, Smythe Ratcliffe, Chartered Accountants, has not provided any material non-audit services.

### **Pre-Approval Policies and Procedures**

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees**

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Smythe Ratcliffe, Chartered Accountants to the Company to ensure auditor independence. The following table sets forth the fees paid by the Company to Smythe Ratcliffe, Chartered Accountants, for audit and non-audit services rendered in the last two fiscal years:

<b>Nature of Services</b>	<b>Fees paid to Auditor in year ended December 31, 2012</b>	<b>Fees paid to Auditor in year ended December 31, 2011</b>
Audit Fees <sup>(1)</sup> .....	\$25,000	\$25,000
Audit-Related Fees <sup>(2)</sup> .....	N/A	N/A
Tax Fees <sup>(3)</sup> .....	N/A	N/A
All Other Fees <sup>(4)</sup> .....	N/A	12,200
<b>Total</b> .....	<b><u>\$25,000</u></b>	<b><u>\$37,200</u></b>

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transaction, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

### **Exemption**

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2012. This exemption exempts a "venture issuer" from the requirement to have 100% of the members of its audit committee independent, as would otherwise be required by NI 52-110.

## **CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### **Board of Directors**

Management is nominating six individuals to the Company's Board. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management by holding regular meetings at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary. The independent members of the Board are Desmond M. Balakrishnan, George Robinson and Arden McCracken. The non-independent directors are Milton Cox, CEO, and Mark T. Brown, CFO. A majority of the Board is independent.

## Directorships

The directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>	<b>Exchange Listed</b>
Mark T. Brown	Almaden Minerals Ltd.	TSE
	Animas Resources Ltd.	TSXV
	Avrupa Minerals Ltd.	TSXV
	Estrella Gold Corp.	TSXV
	Galileo Petroleum Ltd.	TSXV
	Sutter Gold Mining Inc.	TSXV
	Strategem Capital Corporation	TSXV
Desmond M. Balakrishnan	Aroway Energy Inc.	TSXV
	Copacabana Capital Limited	TSXV
	Petro Basin Energy Corp.	NEX
	Red Rock Capital Corp.	TSXV
	Shelby Ventures Inc.	NEX

## Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

## Ethical Business Conduct

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

## Nomination of Directors

The Board as a whole is responsible for recruiting and nominating new members to the Board of Directors and planning for the succession of directors.

## **Compensation**

The Company does not pay any compensation to its directors other than the issuance of stock options. Please see “*Securities Authorized under Equity Compensation Plans*” for further information on the Company’s Share Option Plan.

The Company has a compensation committee. The compensation committee determines compensation for executive officers.

## **Other Board Committees**

The Board has no committees other than the audit committee and compensation committee.

## **Assessments**

The Board monitors, but does not formally assess, the performance of individual Board members.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officers**

Named Executive Officer (“NEO”) means: (a) each Chief Executive Officer (“CEO”), (b) each Chief Financial Officer (“CFO”), (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity for the Company or a subsidiary of the Company, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor any of the subsidiaries of the Company, nor acting in a similar capacity, at the end of that financial year.

The NEOs of the Company for the purposes of the following disclosure are Milton Cox, CEO, and Sam Nastat, President.

### **Compensation Discussion and Analysis**

The Company does not pay any compensation to its directors other than the issuance of stock options. Compensation paid to the Company’s CEO and President is determined by the compensation committee and then recommended to the Board and the Board approves such compensation, including the issuance of stock options. Other than the consulting agreements with its CEO and President and the stock options granted, the Company does not presently have other compensation arrangements for its NEOs. Please see “*Securities Authorized under Equity Compensation Plans*” for further information on the Company’s Share Option Plan.

The NEOs and directors are not allowed to hedge risk of the Company’s securities.

In addition to the audit committee, the Company has appointed a compensation committee. The members of the compensation committee are Desmond M. Balakrishnan and George Robinson. Messrs. Balakrishnan and Robinson are the two independent members of the Board.

The primary goal of the Company’s executive compensation process is to attract and retain the key executives necessary for the Company’s long term success, to encourage executives to further the

development of the Company and its operations, and to motivate qualified and experienced executives. The key elements of executive compensation awarded by the Company are base salary and incentive stock options. The compensation committee and the Board are of the view that the two elements should be considered together when determining executive compensation.

Salaries for NEOs are determined by evaluating the time, effort and responsibilities of an NEO, with a view to the competitive marketplace. The compensation committee seeks to set base salary at a level competitive enough to represent a fair compensation in the marketplace while ensuring such compensation reflects the development stage of the Company. For all employees, including NEOs, salary adjustments are considered by the compensation committee annually but any adjustments to base salary are not guaranteed and any adjustment includes consideration for individual performance and market conditions.

As the Company grows, and its operations and management structure became more complex, the Board expects it will constitute other formal standing committees, such as a Corporate Governance Committee and a Nominating Committee, and will ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

### Philosophy and Objectives

The Company is a small, junior oil and gas company. The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (1) attracting and retaining qualified executives;
- (2) motivating the short and long-term performance of these executives; and
- (3) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan. Recommendations for senior management compensation are presented by the compensation committee to the Board for review.

### Base Salary

In the view of the compensation committee and the Board, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

### Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the CEO and the compensation committee. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

### Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board based on recommendations put forward by the CEO and the compensation committee. Due to the Company's limited financial resources, the Company emphasises the provisions of option grants to maintain executive motivation.

### **Actions, Decisions and Policies made after December 31, 2012**

On April 2, 2013, the Company entered into an investor relations agreement (the "Services Agreement") with Skyblue Relations ("Skyblue"). The term of the Services Agreement was for an initial three month term, effective March 15, 2013, with provision for extension for a one year period. The Company may terminate the Services Agreement at any time after June 15, 2013 by providing one months' written notice. The Services Agreement provides that the Company will pay Skyblue a monthly fee of \$5,000 (plus applicable taxes), and will grant 150,000 incentive stock options to purchase 150,000 Common Shares at an exercise price of \$0.25 per share. The options will vest in quarterly increments, and will be exercisable until the earlier of one year from the date of grant and 90 days following termination of the Services Agreement.

### **Option-Based Awards**

The Company has a share option plan in place. Stock option grants are made on the basis of the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

The recipients of incentive stock options and the terms of the stock options granted are determined from time to time by the Board. The exercise price of the stock options granted is generally determined by the market price at the time of grant.

## **SUMMARY COMPENSATION TABLE**

### **Summary Compensation Table**

A summary of compensation paid to NEOs of the Company during the Company's three most recently completed financial years ended December 31, 2010, 2011 and 2012 is set out below in US Dollars:



Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
<b>Milton Cox</b> <sup>(2)</sup> CEO and Director	2012	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2011	40,000	Nil	51,213	Nil	Nil	Nil	Nil	91,213
<b>Sam Nastat</b> <sup>(3)</sup> President	2012	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2011	40,000	Nil	51,213	Nil	Nil	Nil	Nil	91,213
<b>Mark T. Brown</b> <sup>(4)</sup> CFO, Corporate Secretary, Director, former President and former CEO	2012	Nil	Nil	Nil	Nil	Nil	Nil	131,329	131,329
	2011	Nil	Nil	76,819	Nil	Nil	Nil	18,839	95,658
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) These options were granted on December 1, 2011 at an exercise price of Cdn\$0.35 expiring on December 1, 2016. The fair value of option-based awards which are vested during 2012 is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's Common Shares and expected life of the options.
- (2) Mr. Cox was appointed CEO on November 30, 2011.
- (3) Mr. Nastat was appointed President on November 30, 2011.
- (4) Mr. Brown resigned as President and CEO and at such time was appointed as Corporate Secretary and CFO on November 30, 2011.

## Narrative Discussion

The Company entered into an agreement with Pacific Opportunity Capital Ltd. ("POC"), a company controlled by Mark T. Brown, to pay POC a monthly amount of \$10,000 starting December 1, 2011 for accounting, management services and rent for the Company, including Mr. Brown acting as the CFO. The Company is also required to reimburse POC for out-of-pocket expenses. See "*Interest of Informed Persons in Material Transactions*" below.

The Company entered into consulting agreements with its Milton Cox (CEO) and Sam Nastat (President) to pay each of them US\$10,000 per month starting December 1, 2011. During financial year ended December 31, 2012, the Company paid US\$120,000 to each of Mr. Cox and Mr. Nastat, respectively.

## INCENTIVE PLAN AWARDS

### Outstanding Share-Based Awards and Option-Based Awards

No share-based awards were granted to the NEOs of the Company for the fiscal year ended December 31, 2012. The following table sets forth the outstanding option-based awards held by the NEOs at the end of the most recently completed financial year, in US Dollars:

Name	Option-based Awards			
	Number of securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date (M/D/Y)	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Milton Cox	200,000	\$0.34 (Cdn\$0.35)	December 1, 2016	Nil
Sam Nastat	200,000	\$0.34 (Cdn\$0.35)	December 1, 2016	Nil
Mark T. Brown	300,000	\$0.34 (Cdn\$0.35)	December 1, 2016	Nil
	43,333	\$0.30 (Cdn\$0.30)	May 21, 2013	Nil

Notes:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s Common Shares on December 31, 2012 over the exercise price of the options. The Company’s Common Shares traded on Monday, December 31, 2012 at a closing price of CDN\$0.075. All options granted vested immediately.
- (2) If an option was granted in a different currency than that reported in the table, include a footnote describing the currency and the exercise or base price.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested or earned under incentive plans during the year ended December 31, 2012, for each NEO, in US Dollars:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Milton Cox	Nil	N/A	N/A
Sam Nastat	Nil	N/A	N/A
Mark T. Brown	Nil	N/A	N/A

Note:

- (1) The aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date is calculated by determining the difference between the market price of the underlying securities on the date of vest and the exercise price of the options under the option-based award multiplied by the number of options vested on the vesting date. All options granted vested immediately.

### PENSION BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company does not have any termination and change of control benefits for its NEOs.

### Narrative Discussion

The Company has no compensation plan, contract or arrangement where an NEO is entitled to receive more than \$100,000 (including periodic payments or instalments) to compensate such executive officer in

the event of resignation, retirement or other termination of the NEO's employment with the Company, a change of control of the Company, or a change in responsibilities of the NEO following a change in control.

## DIRECTOR COMPENSATION

### Director Compensation Table

The following table sets forth the details of compensation provided to the directors, other than the NEOs, during the Company's most recently completed financial year ended December 31, 2012, in US Dollars:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Desmond M. Balakrishnan	Nil	Nil	Nil	Nil	Nil	Nil	Nil
George Robinson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Arden McCracken	Nil	Nil	8,229	Nil	Nil	Nil	8,229

Note:

- (1) The fair value of option-based awards which are vested during 2012 is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's Common Shares and expected life of the options. All options vested immediately.

### Narrative Discussion

Directors are only compensated through the grant of stock options. No directors' fees are paid.

## INCENTIVE PLAN AWARDS

### Outstanding Share-Based Awards and Option-Based Awards

No share-based awards were granted to the directors of the Company for the fiscal year ended December 31, 2012. The following table sets forth the outstanding option-based awards held by the directors of the Company at the end of the most recently completed financial year, in US Dollars:

Name	Option-based Awards			
	Number of securities underlying unexercised options <sup>(2)</sup> (#)	Option exercise price (\$)	Option expiration date (M/D/Y)	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Desmond M. Balakrishnan	100,000	\$0.34 (Cdn\$0.35)	December 1, 2016	Nil
George Robinson	100,000	\$0.34 (Cdn\$0.35)	December 1, 2016	Nil
Arden McCracken	20,000 80,000	\$0.34 (Cdn\$0.35) \$0.12 (Cdn\$0.12)	December 1, 2016 November 29, 2017	Nil Nil

Note:

- (1) "In-the-Money Options" means the excess of the market value of the Company's Common Shares on December 31, 2012 over the exercise price of the options. The Company's Common Shares traded on Monday, December 31, 2012 at a closing price of \$0.075 per Common Share.
- (2) The options granted to the directors of the Company vested immediately.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned under incentive plans during the most recently completed fiscal year ended December 31, 2012, for each director, excluding a director who is already set out in disclosure above for an NEO of the Company, in US Dollars:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Desmond M. Balakrishnan	Nil	N/A	N/A
George Robinson	Nil	N/A	N/A
Arden McCracken	Nil	N/A	N/A

Note:

- (1) The aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date is calculated by determining the difference between the market price of the underlying securities on the date of vest and the exercise price of the options under the option-based award multiplied by the number of options vested on the vesting date. All options vest immediately.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan that the Company has in place is the Share Option Plan dated June 7, 2012 (the “Plan”) which was first approved by shareholders on June 7, 2012. The Plan has been established to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interests of such persons to the interests of the shareholders. The Plan is administered by the Board of the Company. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Company’s other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares under the Plan.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2012:

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 the securityholders (the Plan)	1,723,333	\$0.33	4,344,333
Equity compensation plans not approved by the securityholders	Nil	N/A	N/A
<b>Total</b>	1,723,333	\$0.33	4,344,333

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

None of the current or former directors, executive officers, employees of the Company or its subsidiaries, the proposed nominees for election to the board of directors of the Company, or their respective associates or affiliates, are or have been indebted to the Company or its subsidiaries since the beginning of the last completed financial year of the Company.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company or any proposed nominee of management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors and as set out herein.

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

None of the persons who were directors or executive officers of the Company or a subsidiary of the Company at any time during the Company's last financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares of the Company, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, other than as set out herein.

During the financial year ended December 31, 2012:

1. The Company paid an aggregate of US\$131,329 (2011: US\$18,839) for accounting, management services and rent to Pacific Opportunity Capital Ltd., a company controlled by Mark T. Brown;
2. The Company paid an aggregate of US\$41,700 (2011: Nil) for legal services to McMillan LLP, a law firm in which Desmond M. Balakrishnan is a Partner; and
3. The Company paid an aggregate of US\$61,000 (2011: Nil) for oil and gas consulting services provided by George Robinson.

## **MANAGEMENT CONTRACTS**

Other than as disclosed herein, there are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **A. Share Option Plan**

#### *(a) Introduction*

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company from time to time are reserved for the issuance of stock options pursuant to the Company's Share Option Plan dated June 7, 2012 (the "Plan") which was first approved

by shareholders at the annual meeting held on June 7, 2012. During the Company's financial year ended December 31, 2012 and to the date of mailing of this Circular options have been granted and remain outstanding to purchase an aggregate of 1,723,333 Common Shares.

*(b) Purpose of the Share Option Plan*

The Plan complies with the current policies of the TSXV and the amendments to the *Income Tax Act* (Canada) which impose withholding obligations on taxable benefits arising at the time options are exercised. The Plan is subject to annual approval of the TSXV and the shareholders of the Company. The Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan also provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. Pursuant to the Plan all options expire on a date not later than 10 years after the date of grant of an option.

*(c) Shareholder Confirmation*

Pursuant to the policies of the TSXV, the Company wishes to seek shareholder approval to the Plan. The TSXV policies also require shareholders approve the continuation of the Plan at every subsequent annual meeting of the Company by ordinary resolution. A copy of the Plan will be available for inspection at the Meeting.

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to approve the continuation of the Plan, with or without variation, as follows:

“RESOLVED that the Share Option Plan dated for reference June 7, 2012, be ratified and approved until the next annual meeting of the Company.”

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

*(d) Recommendation of the Board*

**The Board recommends that you vote in favour of the above resolution. In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote in favour of the resolution.**

The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry. A shareholder may also obtain a copy of the Plan by contacting the Company at Telephone: 604-687-3520 or Fax: 604-688-3392.

**B. Advance Notice Provision**

*(a) Introduction*

The directors of the Company are proposing that the Articles of the Company be altered to include an advance notice provision (the “Advance Notice Provision”), which will: (i) facilitate orderly and efficient annual general or, where the need arises, special, meetings; (ii) ensure that all shareholders receive

adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. The full text of the proposed alteration of the Articles to include the Advance Notice Provision is set out in Schedule “A” to this Information Circular.

*(b) Purpose of the Advance Notice Provision*

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. The Advance Notice Provision is the framework by which the Company seeks to fix a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

*(c) Effect of the Advance Notice Provision*

Subject only to the Act and the Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the Board, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or (c) by any person (a “Nominating Shareholder”): (A) who, at the close of business on the date of the giving of the notice provided for below in the Advance Notice Provision and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company.

To be timely, a Nominating Shareholder’s notice to the Corporate Secretary of the Company must be made: (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 40 days after the date (the “Notice Date”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the 10<sup>th</sup> day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above. Notwithstanding the foregoing, the Board may, in its sole discretion, waive the time periods summarized above.

To be in proper written form, a Nominating Shareholder’s notice to the Corporate Secretary of the Company must set forth: (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the

capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (D) a statement as to whether such person would be “independent” of the Company (within the meaning of applicable securities law) if elected as a director at such meeting and the reasons and basis for such determination; and (E) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and (b) as to the Nominating Shareholder giving the notice, the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in the Advance Notice Provision and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the meeting, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person’s term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provision; provided, however, that nothing in the Advance Notice Provision shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

For purposes of the Advance Notice Provision: (a) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and (b) “Applicable Securities Laws” means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each applicable provinces and territories of Canada.

Notwithstanding any other provision of the Advance Notice Provision, notice or any delivery given to the Corporate Secretary of the Company pursuant to the Advance Notice Provision may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Corporation has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that



receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

*(d) Shareholder Confirmation*

Under the Articles and the Act, the Company's governing statute, the alteration of the Company's Articles requires the approval of more than two-thirds of the votes cast in person or represented by proxy at the Meeting by the shareholders of the Company by an ordinary resolution. Accordingly, shareholders will be asked at the Meeting to vote on the following ordinary resolution (the "Advance Notice Provision Resolution"), to approve the alteration of the Articles of the Company to include the Advance Notice Provision.

"RESOLVED as an ordinary resolution that:

1. the Articles of the Company be altered by adding the text substantially as set forth in Schedule "A" to the Information Circular prepared for the Meeting as and at §14.12 of the Articles;
2. the Company be authorized to revoke this resolution and abandon or terminate the alteration of the Articles if the Board deems it appropriate and in the best interest of the Company to do so without further confirmation, ratification or approval of the shareholders; and
3. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."

*(e) Recommendation of the Board*

The Board has concluded that the Advance Notice Provision is in the best interests of the Company and its shareholders. **The Board unanimously recommends that the shareholders ratify, confirm and approve an alteration of the Company's Articles by voting in favour of the above resolution at the Meeting.**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE ALTERATION OF THE ARTICLES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

**OTHER MATTERS**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided by the Company's comparative annual financial statements to December 31, 2012 and related management discussion and analysis. Additional financial information or documentation concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at Telephone: 604-687-3520 or Fax: 604-688-3392.

### **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

**DATED** at Vancouver, British Columbia, the 18<sup>th</sup> day of April, 2013.

### **ON BEHALF OF THE BOARD**

*"Milton Cox"*

**Milton Cox**  
**Chief Executive Officer**

## SCHEDULE "A"

### ALTERATION TO ARTICLES

#### Nomination of Directors

##### 14.12

(a) Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):

(i) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;

(ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or

(iii) by any person (a "**Nominating Shareholder**") (A) who, at the close of business on the date of the giving of the notice provided for below in this §14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (B) who complies with the notice procedures set forth below in this §14.12.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given (i) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this §14.12 and (ii) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in §14.12(e).

(c) To be timely under §14.12(b)(i), a Nominating Shareholder's notice to the Corporate Secretary of the Company must be made:

(i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 40 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and

(ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this §14.12(c).

(d) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company, under §14.12(b)(i) must set forth:

(i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (D) a statement as to whether such person would be "independent" of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

(ii) as to the Nominating Shareholder giving the notice, (A) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws, and (B) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

(e) To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this §14.12 and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this §14.12; provided, however, that nothing in this §14.12 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(g) For purposes of this §14.12:

(i) “**Affiliate**”, when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(ii) “**Applicable Securities Laws**” means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;

(iii) “**Associate**”, when used to indicate a relationship with a specified person, shall mean (A) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (B) any partner of that person, (C) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (D) a spouse of such specified person, (E) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (F) any relative of such specified person or of a person mentioned in clauses (D) or (E) of this definition if that relative has the same residence as the specified person;

(iv) “**Derivatives Contract**” shall mean a contract between two parties (the “Receiving Party” and the “Counterparty”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “Notional Securities”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

(v) “**Meeting of Shareholders**” shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;

(vi) “**owned beneficially**” or “**owns beneficially**” means, in connection with the ownership of shares in the capital of the Company by a person, (A) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (B) any such shares as to which such person or any of such person’s

Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (C) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (C) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (D) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and

(vii) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

(h) Notwithstanding any other provision to this §14.12, notice or any delivery given to the Corporate Secretary of the Company pursuant to this §14.12 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(i) In no event shall any adjournment or postponement of a Meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in §14.12(c) or the delivery of a representation and agreement as described in §14.12(e).