

HILLCREST PETROLEUM LTD.

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INFORMATION CIRCULAR

as at August 25, 2015
(except as otherwise indicated)

This Information Circular is furnished in connection with the solicitation of proxies by the management of HILLCREST PETROLEUM LTD. (the “Company”) for use at the annual general and special meeting (the “Meeting”) of its shareholders to be held on October 6, 2015 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Information Circular, references to “the Company”, “Hillcrest”, “we” and “our” refer to Hillcrest Petroleum Ltd. “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.

GENERAL PROXY INFORMATION

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 of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are directors and/or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders may choose one of the following options to submit their proxy:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“Computershare”), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;

- (b) use a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) use the internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used.

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 the shareholder's broker or an agent of that broker (an "intermediary"). In the United States, the vast majority of such Common Shares are registered 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), and in Canada, 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).

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 owners – those who object to their name being made known to the issuers of securities which they own (called "OBOS" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding 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 voting instructions as specified in your request for voting instructions.

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 form of proxy 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 now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in the United States and in Canada. Broadridge mails a VIF in lieu of a 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), other than 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, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, 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 at the Meeting and to 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.

Revocation of Proxies

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or to the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

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

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 end 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, the appointment of the auditor 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 August 25, 2015 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.

Effective March 11, 2015, the Company's name was changed from "Hillcrest Resources Ltd." to "Hillcrest Petroleum Ltd." under stock symbol "HRH".

The authorized capital of the Company consists of an unlimited number of Common Shares. As of August 25, 2015, there were 50,291,322 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

The Company is also authorized to issue an unlimited number of voting Preferred shares without par value, each carrying the right to one vote. At the date of this Information Circular, there are no Preferred shares issued or outstanding. There are special rights and restrictions attached to the shares as set out in the Articles of the Company.

To the knowledge of the directors and executive officers of the Company, no person or corporation 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 August 25, 2015.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from charge from the Company at its Vancouver, British Columbia office address, Suite 304, 700 West Pender Street,

Vancouver, British Columbia V6C 1G8 Tel: 604 609-0006. These documents are also available through the Internet on SEDAR, which can be accessed at www.sedar.com.

Actions made after December 31, 2013

Change in Officer/Director

- i) On December 3, 2014 Jason Oden resigned as President and a director of the Company.

Actions made after December 31, 2014

Change in Officers/Directors

- i) On January 20, 2015 Jason Oden was appointed Chief Operating Officer of the Company.
- ii) On May 1, 2015 Kulwant Sander resigned as Chief Financial Officer of the Company and Sean McGrath was appointed Chief Financial Officer effective the same date;
- iii) Effective August 13, 2015 Michael Krzus was appointed Executive Chairman of the Company with Donald Currie remaining Chief Executive Officer of the Company;
- iv) Effective August 13, 2015 Sean McGrath was appointed Corporate Secretary of the Company; and
- v) Effective August 27, 2015, L. Edward Parker was appointed a Director of the Company.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the fiscal year ended December 31, 2014, the report of the auditor thereon and the related management's discussion and analysis were filed on SEDAR at www.sedar.com on April 30, 2015, and will be tabled at the Meeting and will be available at the Meeting.

ELECTION OF DIRECTORS

The Board presently consists of five directors and it is intended to elect five directors for the ensuing year. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("BCA"), each director elected at the Meeting will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

Advance Notice Provisions to Company's Articles

Further to the Company's news release dated May 9, 2014 and SEDAR filed on May 9, 2014, at the Company's annual general and special meeting held on July 14, 2014, the shareholders of the Company approved the alteration of the Company's Articles, to include advance notice provisions (the "Advance Notice Provision").

The Advance Notice Provision provide shareholders, directors and management of the Company with a clear framework for nominating directors. Among other things, the Advance Notice Provisions fix a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

A copy of the Company's Altered Articles as referred to in the news release, was filed under the Company's SEDAR profile on January 5, 2015 at www.sedar.com.

The Company did not receive notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

The following disclosure sets out the names of management's five nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, the principal occupation, business or employment of each director nominee, the period of time during which each nominee 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 August 25, 2015.

Name of Nominee; Current Position with the Company and Province and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period as a Director of the Company	Shares Beneficially Owned or Controlled ⁽¹⁾
MICHAEL KRZUS ⁽⁷⁾⁽⁹⁾⁽¹⁰⁾ Executive Chairman and Director Perth, Australia	CEO and other executive roles 2012/2013 Emerald Oil Inc (NYSE), CEO from 2009 to 2012 and Director from 2009 to 2013, Emerald Oil and Gas NL, (Australian Stock Exchange), 22 years a managerial and executive positions, including 4 year secondment to Shell, developing onshore oil and gas fields in the Netherlands, Woodside Petroleum Ltd (Australian Stock Exchange).	Executive Chairman Since August 13, 2015 Director Since November 26, 2013	2,700,000 ⁽²⁾
DONALD J. CURRIE ⁽³⁾⁽⁸⁾ Chief Executive Officer and Director British Columbia Canada	Consultant in the energy and resource sectors.	Since July 10, 2010	4,293,000 ⁽³⁾
THOMAS G. MILNE ⁽⁴⁾⁽⁷⁾ Director British Columbia Canada	Director of Sefton Resources, Inc. since 2013, Director, Oilsands Quest Inc. October, 2004 to January 2010; Senior financial and management executive with extensive international experience in energy E&P Pipelines, Oilsands and Communications Technology. Career roles include CFO, Treasurer, Investment Banker, Senior Partner (CA firm) and Foreign Exchange Trader.	Since November 1, 2012	300,000
DAVID M.R. STONE(Dr.) , Ph.D., MBA, P.Eng. ⁽⁵⁾⁽⁷⁾⁽¹⁰⁾ Director Washington, U.S.A.	President, Minefill Services, a mining engineering consulting company based in Bothell, Washington, since August 1999.	Since July 18, 2007	625,000 ⁽⁴⁾
L. EDWARD PARKER ⁽⁶⁾⁽⁸⁾ Director Texas, U.S.A.	Independent businessman and investor – <i>refer to New Director Biography below</i>	Since August 27, 2015	1,630,000

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 and from insider reports available at www.sedi.ca. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
2. Mr. Krzus was appointed Executive Chairman of the Company on August 13, 2015. Mr. Krzus holds 300,000 incentive stock options at an exercise price of \$0.06, expiring on November 26, 2018. Mr. Krzus also holds 587,500 warrants at an exercise price of \$0.08, expiring on December 30, 2016.

3. Mr. Currie holds 250,000 incentive stock options at an exercise price of \$0.20, expiring on March 22, 2016 and 275,000 incentive stock options at an exercise price of \$0.06, expiring on September 9, 2018. Mr. Currie also holds 42,000 warrants at an exercise price of \$0.12, expiring on February 28, 2016 and 500,000 warrants at an exercise price of \$0.08, expiring on December 30, 2016.
4. Mr. Milne holds 150,000 incentive stock options at an exercise price of \$0.06 expiring on September 9, 2018. Mr. Milne also holds 100,000 warrants at an exercise price of \$0.08, expiring on December 30, 2016
5. Dr. Stone holds 150,000 incentive stock options at an exercise price of \$0.20, expiring on March 22, 2016 and 150,000 incentive stock options at an exercise price of \$0.06, expiring on September 9, 2018. Dr. Stone also holds 200,000 warrants at an exercise price of \$0.08, expiring on December 30, 2016 through Minefill Services, a corporation that Dr. Stone controls.
6. Mr. Parker holds 100,000 warrants at an exercise price of \$0.08, expiring on December 30, 2016 .
7. Member of Audit Committee.
8. Member Compensation and Corporate Governance Committee.
9. Member Disclosure Committee.
10. Member Reserves Committee.

Cease Trade Order, Bankruptcies and Insolvency

Except as disclosed herein, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company, in respect of which the information circular is being prepared) that:

- a. 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
- b. 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; or
- c. is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- d. has, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Dr. David Stone was a director of Adanac Moly Corporation (TSX: AUA) from February 1, 2006 to July 14, 2008 and interim Chief Executive Officer from March 27 to July 14, 2008. Subsequent to Dr. Stone's resignation, Adanac Moly Corporation announced that it has been granted creditor protection under the Companies' Creditors Arrangement Act ("CCAA") as of December 19, 2008. The Courts issued a CCAA termination certificate on March 3, 2011.

New Director Biography

L. Edward Parker was appointed to the Board on August 27, 2015. Mr. Parker was a former director of the Company (from August 25, 2010 to May 27, 2011). Mr. Parker is an MBA Graduate from the University of Dallas and has over 35 years experience in the oil and gas industry. Mr. Parker has held executive officer positions within various energy marketing companies including El Paso, Burlington Northern and Burlington Resources.

APPOINTMENT OF AUDITOR

The Board resolved on August 13, 2015 not to re-appoint Lancaster & David, Chartered Accountants, as auditor of the Company. Lancaster & David, Chartered Accountants declined to stand for re-appointment as auditor of the Company, effective August 27, 2015, to facilitate the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, Suite 700 - 250 Howe Street, Vancouver, British Columbia Canada V6C 3S7, at the Meeting for appointment as auditor of the Company in place of Lancaster & David, Chartered Accountants.

There have been no reportable disagreements between the Company and Lancaster & David and no qualified opinions or denials of opinions by Lancaster & David for the purposes of National Instrument 51-102. A copy of the Company's Reporting Package with respect to the appointment of PricewaterhouseCoopers LLP as auditor of the Company (including

the Notice of Change of Auditor, a letter from Lancaster & David and a letter from PricewaterhouseCoopers LLP) is attached as Schedule A to this Information Circular.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee’s Charter

The Audit Committee has a charter, attached as Schedule “A” to the Company’s 2011 annual general and special meeting Information Circular, which was filed on www.sedar.com on May 3, 2011.

Composition of the Audit Committee

During fiscal year ending December 31, 2014, the members of the Audit Committee were: Thomas G. Milne (Chair), Dr. David Stone and Kulwant Sandher. Kulwant Sandher resigned as Chief Financial Officer of the Company on May 1, 2015. The current members of the Audit Committee are: Thomas G. Milne (Chair), Dr. David Stone and Michael Krzus. Thomas G. Milne and Dr. David Stone are independent members of the Audit Committee. Michael Krzus (Executive Chairman) is not independent. All three members of the Audit Committee are considered to be financially literate.

Relevant Education and Experience

Thomas G. Milne, Dr. David Stone and Michael Krzus have many years of practical business experience, and have served for many years as directors of public companies, have experience reviewing financial statements of public companies and meet the criteria of “financially literate” as outlined in NI 52-110.

Thomas G. Milne

Thomas G. Milne is a senior financial management executive with extensive international experience in energy E&P, pipelines, oilsands and communication technology. Career roles include: Chief Financial Officer, Treasurer, Investment Banker, Senior Partner (CA firm) and Foreign Exchange Trader. He has been a Director of both public and private companies including Chairman of the Audit Committee for an AMEX-listed oilsands company. He is currently Chairman and Director of Precise Details Inc (a family owned company) and also a Director of Canshale Corp (a private company).

Dr. David M.R. Stone

Dr. David Stone, MBA, P.Eng. is a mining engineer whose career spans over 30 years of engineering and financial consulting to underground and surface mines worldwide. He has managed and led multi-disciplinary project teams through pre-feasibility and feasibility level evaluations of development stage projects, and has contributed to the engineering, design and construction of several mines.

Dr. Stone is a registered licensed professional engineer in several U.S. and Canadian jurisdictions and holds a Bachelor of Applied Science from the University of British Columbia, a Ph.D. in Civil Engineering from Queens University, and an Executive Masters of Business Administration from Queens University.

Michael Krzus

Michael Krzus has extensive experience gained over 30 years in integrated onshore and offshore oil and gas developments in Australia, Canada, USA, Netherlands, deep water offshore oil developments and LNG projects in Australia. Mr. Krzus served as a director on industry advisory boards for the University of Western Australia School of Oil and Gas Engineering and Adelaide University’s Australian School of Petroleum and a number of petroleum related research organizations in Australia. Mr. Krzus holds a Diploma in Oil and Gas Technology from the British Columbia Institute of Technology and a BSc. in Petroleum Engineering from Tulsa University.

Audit Committee Oversight

At December 31, 2014, the Audit Committee did not make any recommendations to the Board to nominate or compensate any auditor other than Lancaster & David.

Reliance on Certain Exemptions

At December 31, 2014, the Company’s former auditor, Lancaster & David, did not provide any material non-audit services.

Pre-Approval Policies and Procedures

Refer to the Company’s Audit Committee Charter attached as Schedule “A” to the Company’s 2011 annual general and special meeting Information Circular, which was filed on www.sedar.com on May 3, 2011, for specific policies 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 former auditor, Lancaster & David to ensure auditor independence. Fees incurred with Lancaster & David for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of services	Fees paid to auditor for year ended December 31, 2014.	Fees paid to auditor in year ended December 31, 2013.
Audit fees	\$51,000	\$28,000
Audit-related fees	\$Nil	\$Nil
Tax fees	\$Nil	\$Nil
Total	\$51,000	\$28,000

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 transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. 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 on the exemption provided in section 6.1 of NI 52-110 *Audit Committees* as the Company is a “venture issuer” and is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110

CORPORATE GOVERNANCE

General

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

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.

There are no special structures or processes in place to facilitate the functioning of the directors of the Company independently of management. However, the independent directors are given full access to management so that they can develop an independent perspective and express their views and communicate their expectations of management.

The Board facilitates its independent supervision over management by ensuring a majority of the Board are not officers of the Company. During the financial year ended December 31, 2014, the independent members of the Board were Thomas G. Milne, Dr. David Stone and Michael Krzus. During financial year ended December 31, 2014 the non-independent directors of the Board were Donald J. Currie (Chairman and Chief Executive Officer of the Company) and Jason Oden (Chief Operating Officer and former President of the Company). Jason Oden resigned as President and a Director of the Company on December 3, 2014 and was appointed Chief Operating Officer of the Company effective January 20, 2015. Michael Krzus was appointed Executive Chairman of the Company on August 13, 2015. At current date the independent directors of the Company are Thomas G. Milne, Dr. David Stone and L. Edward Parker.

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgement.

Directorships

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

Name of Director	Name of reporting company and Exchange listed
David M.R. Stone	Formation Metals Inc. (TSX) Javelle Capital Corp. (NEX) Superior Mining International Corporation (TSXV)
Thomas G. Milne	Sefton Resources, Inc. (AIM)

Orientation and Continuing Education

When new directors are appointed, they receive 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

The Company has not adopted a policies or codes of business conduct and ethics at this time. Given the experience of the Board, and their prior dealings, the Company, at this point in time, is not taking any additional steps to encourage and promote a culture of ethical business conduct.

Nomination of Directors

A Compensation and Corporate Governance Committee Charter was adopted by the Company on November 4, 2010. The current members of the Compensation and Corporate Governance Committee comprise: Thomas G. Milne (Chair?), Donald Currie and L. Edward Parker. In fulfilling its oversight responsibilities for the nominations to the Board, the Compensation and Corporate Governance Committee shall: 1) establish criteria for selecting new directors which shall reflect, among other facts, a candidate’s integrity and business ethics, strength of character, judgment, experience, and independence, as well as factors relating to the composition of the Board, including its size and structure, the relative strengths and experience of current board members and principles of diversity; 2) consider and recruit candidates to fill new positions on the Board; 3) review any candidate recommended by the shareholders of the Company; 4) be responsible for conducting appropriate inquiries to establish a candidate’s compliance with the independent and other qualification requirements established by the Corporate Governance Committee; 5) assess the contributions of current directors in connection with the annual recommendation of a slate of nominees and at that time review the criteria for Board candidates in the context of the evaluation process and other perceived needs of the Board; and 6) recommend the director nominees for election by the shareholders.

Compensation

Pursuant to the Compensation and Corporate Governance Committee Charter, in discharging its oversight responsibilities for executive compensation and Board compensation, the Compensation and Corporate Governance Committee shall: 1) review and approve on an annual basis the corporate goals and objectives relevant to the CEO’s compensation; 2) evaluate at least once a year the CEO’s performance in light of established goals and objectives and, based on such evaluation, shall, together with all other independent members of the Board, determine and approve the CEO’s annual compensation, including, as appropriate, salary, bonus, incentive, and equity compensation; 3) review and approve on an annual basis the

evaluation process and compensation structure for the Company's executive officers, including parameters for salary adjustments (at the discretion of the CEO) for officers are established; and 4) review and make recommendations to the Board with respect to the adoption, amendment, and termination of the Company's management incentive-compensation and equity-compensation plans, oversee their administration and discharge any duties imposed on the Compensation Committee by any of those plans.

Disclosure Committee

The current members of the Disclosure Committee comprise: Sean McGrath (Chief Financial Officer and Corporate Secretary of the Company) (Chair), Michael Krzus and Jason Oden. The Disclosure Committee general mandate is to 1) educate directors and the appropriate officers and employees about disclosure issues, the Corporate Disclosure Policy and the Disclosure Controls and Procedures Policy of the Company, 2) recommend changes to those Policies to the Board as may be necessary or advisable, 3) establish and implement processes for the timely collection and reporting of potential material information, and the timely evaluation and dissemination of material information to securities regulators, stock exchanges and shareholders, 4) report on its evaluation of disclosure controls and procedures at least annually to the Audit Committee and the Board; and 5) disclose disclosure controls and procedures in the Company's annual Management's Discussion and Analysis.

Reserves Committee

The current members of the Reserves Committee comprise: Michael Krzus (Chair), Jason Oden and Dr. David Stone. The Reserves Committee is responsible for reviewing and approving the annual independent evaluation of the Company's reserves. The Reserves Committee's general mandate is to oversee and monitor the Company's process for calculating the reserves and procedures for compliance with applicable legislation and conformity with industry standards and disclosure of information. It reviews, reports and, when appropriate, makes recommendations to the Board on the Company's policies and procedures related to the Company's reserves estimates.

Other Board Committees

The Board has formally appointed four standing committees: the Audit Committee, the Compensation and Governance Committee, the Disclosure Committee and the Reserves Committee.

Assessments

Pursuant to the Compensation and Corporate Governance Committee Charter, in discharging its oversight responsibilities for the performance review of the Board, committees, and directors, the Corporate Governance Committee shall: 1) evaluate the performance of the Board on an annual basis; 2) solicit comments from all directors and report annually to the Board on its assessment of the Board's performance; and 3) evaluate the performance of individual directors and committees of the Board on a periodic basis.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

In this section "Named Executive Officer" means the Chief Executive Officer (the "CEO"), the Chief Financial Officer ("CFO") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

Donald J. Currie, Chief Executive Officer and former Chairman, Jason Oden, Chief Operating Officer and former President, and Kulwant Sandher, former Chief Financial Officer, are each a Named Executive Officer ("NEO") of the Company for the purposes of the following disclosure.

Compensation Discussion and Analysis

Executive compensation is set to attract and retain the best available talent while efficiently utilizing available resources. The Company compensates executive management with a package typically including a base salary ("Base Salary"), an incentive compensation plan ("Incentive Compensation") and equity compensation (the "Equity Compensation") designed to be competitive with comparable employers. In considering executive management's compensation, the Board takes into consideration the financial condition of the Company. The Base Salary is set in comparison to the comparable positions in the market and in the industry, the Incentive Compensation is used as a short-term incentive to achieve Company objectives, and the Equity Compensation is designed to allow the participants to enjoy the benefits of any increase in

company valuation and share price, should such an increase occur. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Base Salary, Incentive Compensation and Equity Compensation for the Company's NEOs, including the CEO and the CFO is determined by the Company's Compensation Committee. The Compensation Committee sets the compensation of the NEOs using generally available market data and their combined industry experience. The Compensation Committee delegates to the NEOs the responsibility to set the compensation packages for all other senior management and staff.

At this time NEOs and directors are not allowed to hedge risk of the Company's securities.

The compensation committee is responsible for executive and director compensation, including reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives.

The compensation committee also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The compensation committee reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

Philosophy and Objectives

The Company is a junior exploration and production company with limited resources and sales that are greatly impacted by oil and gas commodity prices. 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:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) 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 share option plan. Recommendations for senior management compensation are presented to the Board for review.

Base Salary

In the Board's view, 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.

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 existing share option plan and its proposed restricted share unit plan. Stock options and restricted share units ("RSUs") are granted to executives and employees taking into account a number of factors, including the amount and term of options and RSUs previously granted, base salary and bonuses and competitive factors. The amounts and terms of options and RSUs granted are determined by the compensation committee based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option and RSU grants to maintain executive motivation.

Risks Associated with the Company's Compensation Practices

At the time of preparation of this Information Circular, the Company's directors had not considered the implications of any risks to the Company associated with decisions regarding the Company's compensation program. The Company intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with the Company's compensation program and how it might mitigate those risks.

Base Salary or Consulting Fees

Base salary ranges for the executive officers were initially determined upon a review of companies within the oil and gas industry, which were of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

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			
Kulwant Sandher ⁽²⁾ former CFO	2014	78,000	Nil	Nil	Nil	Nil	Nil	Nil	78,000
	2013	73,500	Nil	7,067	Nil	Nil	Nil	Nil	80,567
	2012	71,000	Nil	Nil	Nil	Nil	Nil	Nil	71,000

- (1) Mr. Oden served as President of the Company from September 29, 2011 to December 3, 2014. Mr. Oden resigned as Officer and Director of the Company on December 3, 2014 and was appointed Chief Operating Officer of the Company effective January 20, 2015.
- (2) Mr. Sandher served as Chief Financial Officer of the Company from December 16, 2011 to May 1, 2015. Sean McGrath was appointed Chief Financial Officer of the Company effective the date of Mr. Sandher's resignation. Also effective August 13, 2015, Mr. McGrath was appointed Corporate Secretary of the Company.

Incentive Plan Awards

Outstanding Option-based Awards

The following table sets forth for the NEOs, the incentive stock options (option-based awards) pursuant to the Company share option plan outstanding as at December 31, 2014. The Company does not grant any share-based awards.

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 (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Donald J. Currie CEO	250,000	\$0.20	March 22, 2016	Nil	N/A	N/A	N/A
	275,000	\$0.06	September 9, 2018	Nil	N/A	N/A	N/A
Jason Oden COO	250,000	\$0.20	March 22, 2016	Nil	N/A	N/A	N/A
	275,000	\$0.06	September 9, 2018	Nil	N/A	N/A	N/A
Kulwant Sandher former CFO	150,000	\$0.06	September 9, 2018	Nil	N/A	N/A	N/A

Notes:

- (1) The closing price on the TSX-V of the Common Shares as at December 31, 2014 was \$0.09 per Common Share.
- (2) Jason Oden resigned as President and a director of the Company on December 3, 2014 and was appointed Chief Operating Officer of the Company effective January 20, 2015. Mr. Oden's stock options are still in effect.
- (3) Kulwant Sandher resigned as Chief Financial Officer of the Company on May 1, 2015.

Value Vested or Earned During the Year

There were no option based awards vested or earned by NEOS during the fiscal year ended December 31, 2014. The Company did not grant any share-based awards.

Pension Plan 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

There are no presently no management contracts with the Company.

Director Compensation

Other than set out in this Information Circular, there are no arrangements under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants, other than the granting of options to purchase Common Shares.

Outstanding Option-based Awards

The following table sets forth information concerning all awards outstanding to a director who was not an NEO for the Company's most recently completed financial year of December 31, 2014. The Company did not grant any share-based awards for the most recently completed financial year of December 31, 2014.

Name	Option-based Awards				Share-based Awards		Market or payout value of vested share-based awards not paid out or distributed (\$)
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	
Dr. David M.R. Stone	150,000	\$0.20	March 22, 2016	Nil	Nil	Nil	Nil
	150,000	\$0.06	September 9, 2018	Nil	Nil	Nil	Nil
Thomas G. Milne	150,000	\$0.06	September 9, 2018	Nil	Nil	Nil	Nil
Michael Krzus	300,000	\$0.06	November 26, 2018	Nil	Nil	Nil	Nil

Note: The closing price on the TSX-V of the Common Shares as at December 31, 2014 was \$0.09 per Common Share.

Value Vested or Earned During the Year

There were no option based awards vested or earned by directors who were not also NEOs, during the fiscal year ended December 31, 2014. The Company did not grant any share-based awards during the year ended December 31, 2014.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the share option plan. See disclosure under heading "PARTICULARS OF MATTERS TO BE ACTED UPON – 10% Rolling Share Option Plan".

The Company is seeking shareholder approval at the Meeting to the adoption of a fixed restricted share unit plan. See disclosure under heading "PARTICULARS OF MATTERS TO BE ACTED UPON – Restricted Share Unit Plan".

The following table sets out equity compensation plan information as at the financial year end of December 31, 2014.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plan)
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - (the Share Option Plan)	2,700,000	\$0.09	2,329,132 ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
	2,700,000	\$0.09	2,329,132 ⁽¹⁾

Note: Share Option Plan limitation of 10% of the issued and outstanding Common Shares as at December 31, 2014, less issued options as listed in the second column of this table.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than set out below, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end most recently completed financial year ended December 31, 2014:

As set out in the Company's audited financial statements, as at December 31, 2014, the Company owed \$10,618 (2012 - \$10,131) to Don Currie, the CEO of the Company which is included in accounts payable and accrued liabilities on the Company's audited financial statements for year ending December 31, 2014. Stock-based compensation of \$Nil was recognized during the year ended December 31, 2014 (2013 - \$68,117), related to stock options granted to directors and officers.

MANAGEMENT CONTRACTS

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.

The following summarizes the Company's related party transactions during the years ended December 31, 2014 and 2013:

	2014	2013
Consulting fees to the Chief Executive Officer of the Company	\$90,000	\$90,000
Consulting and accounting fees to companies controlled by the Chief Financial Officer of the Company	\$78,000	\$73,500
Salary and Consulting fees paid to Jason Oden, COO and former President and Director of the Company	\$42,056	\$54,085
Consulting fees paid to Michael Krzus, Executive Chairman and Director of the Company	\$20,000	\$Nil
Consulting fees paid to Thomas G. Milne, Director of the Company	\$10,000	\$Nil

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

Adjustment to Expiry Date of Outstanding Warrants

On March 8, 2012, the Company completed a first tranche of a \$0.18 non-brokered unit private placement for aggregate proceeds of \$501,440. Each unit was comprised of a common share and one-half of a share purchase warrant exercisable at \$0.30 per share up to and including February 28, 2014. On July 12, 2012, the TSX-V consented to a reduction in the exercise price of a total of 1,392,889 warrants at a new exercise price of \$0.12 per warrant share. On February 19, 2014, the TSX-V consented to an extension to the expiry date of a total of 1,392,889 warrants from original expiry date of February 28, 2014 to a new warrant expiry date of February 28, 2015, at an exercise price of \$0.12 per warrant share, subject to a forced exercise provision, whereby if the closing price of the Company's shares is \$0.15 or more for a period of ten consecutive trading days, then the warrant holders will have 30 days to exercise their warrants, otherwise the warrants will expire on the 31st day. On February 18, 2015, the Company extended the expiry date of a total of 853,111 warrants from February 28, 2015 to February 28, 2016.

Mr. Currie purchased 84,000 units in this private placement and currently holds 42,000 outstanding warrants.

Non Brokered Private Placement

As announced on November 4, 2014, the Company closed a non brokered private placement as to the issuance of 10,625,000 units at a purchase price per unit of \$0.05. Each unit consisted on one common share and one-half of a share purchase warrant to purchase up to a total of 5,312,500 common shares at an exercise price of \$0.08 over a two year period expiring on December 30, 2016.

The following insiders of the Company purchased units in this private placement: 1) Michael Krzus (1,175,000 units) 2) Jason Oden (500,000 units) 3) Donald J. Currie (1,000,000 units) 4) Minefill Services Inc. (Dr. David Sone) (400,000 units) 5) Thomas G. Milne (200,000 units). L. Edward Parker prior to his being appointed a director of the Company, purchased 200,000 units in this private placement.

MANAGEMENT CONTRACTS

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. 10% "rolling" Share Option Plan

On November 4, 2010, the Company implemented a 10% rolling share option plan in order (the "Option Plan") in order to provide the Company with the flexibility necessary to attract and maintain the services of senior executives and other employees in competition with other businesses in the industry, and in anticipation of the Company being listed on the TSX Venture Exchange ("TSXV"), subject to shareholder and subject to regulatory approval, where required.

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 Option Plan. The Option Plan is administered by the Board. The Plan provides that the number of Common Shares issuable under the Option 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.

During the Company's financial year ended December 31, 2014 and to the date of this Information Circular, an aggregate of 2,700,000 Common Shares remain outstanding and expire on a date not later than 10 years after the date of grant of an option.

The TSXV policy requires all of its listed companies to have a share option plan if the company intends to grant options. Under TSXV policy, the continuation of the Option Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution. The Board is of the view that the Option Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

Material Terms to the Option Plan

The following is a summary of the material terms of the Option Plan:

- (a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Option Plan;

- (b) options granted under the Option Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- (c) for options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (d) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) if an Optionee dies, any vested option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same;
- (g) the exercise price of each option will be set by the Board at the time such Option is allocated under the Option Plan, and cannot be less than the Discounted Market Price (as defined in the Option Plan);
- (h) vesting of options shall be at the discretion of the Board and, with respect to any particular Options granted under the Option Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where application, vesting of Options will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or any of its affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or any of its affiliates during the vesting period;
- (i) the Option Plan contains a black-out provision restricting all or any of the Company's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Company's securities until the restriction has been lifted by the Company;
- (j) the Board reserves the right in its absolute discretion to amend, modify or terminate the Option Plan with respect to all common shares in respect of options which have not yet been granted under the Option Plan. Any amendment to any provision of the Option Plan will be subject to any necessary Regulatory approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of the Option Plan to Service Providers.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Option Plan may be made by the Board without further shareholder approval. Accordingly, the Option Plan also provides that the Board may, without shareholder approval:

- (i) amend the Option Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the Option Plan, subject to prior written approval of the TSXV, if applicable;
- (iii) change the termination provision of an option granted under the Option Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by the TSXV Policies, if applicable;
- (vi) if the Company becomes listed or quoted on a stock exchange or stock market, make senior to the TSX Venture, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and

- (vii) amend the Option Plan to reduce, and do not increase, the benefits that may be granted to Service Providers.

The Option Plan was amended on August 13, 2015 as to “housekeeping” amendments which received TSXV conditional approval.

Section 3.9 Acceleration of Vesting on Change of Control was amended and now reads:

Acceleration of Vesting on Change of Control

3.9 In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities.

Section 4.4 and 4.5 under heading Delivery of Optioned Shares and Hold Periods was amended and now reads:

Delivery of Optioned Shares and Hold Periods

4.4 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. An Exchange Hold Period will be applied from the date of grant for all Options granted to:

- (a) Insiders of the Company; or
- (b) where Options are granted to any Service Provider, including Insiders, where the Exercise Price is at a discount to the Market Price.

4.5 Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the date of the Option Commitment.

These amendments have received TSX Venture Exchange conditional approval.

10% Rolling Share Option Plan – Ordinary Shareholder Resolution

At the Meeting, shareholders will be asked to vote on the following ordinary resolution, with or without variation:

“**Resolved that** the Company’s 10% rolling share option plan dated for reference November 4, 2010, as amended May 10, 2012, and amended August 13, 2015, in the form attached as Schedule V to the Company’s Information Circular dated September 3, 2015, be and is hereby ratified and approved until the next annual general 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.

The Board recommends that you vote in favour of the above resolution.

A copy of the Option Plan will also be available for inspection at the Meeting.

B. Fixed Restricted Share Unit Plan

On August 13, 2015, the Board approved and ratified the adoption by the Company of a restricted share unit plan (the “**RSU Plan**”). The RSU Plan was designed to provide certain directors, employees, officers, other key employees and consultants of the Company and its related entities with the opportunity to acquire restricted share units (“**RSUs**”) of the Company in order to enable them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Shareholders. The Compensation Committee (or such other committee the Board may appoint) is responsible for administering the RSU Plan.

The RSU Plan allows the Company to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a maximum of 1,500,000 Shares.

The following is a summary of the RSU Plan. **Capitalized terms used but not defined in this section of the Circular shall have the meanings ascribed thereto in the RSU Plan.**

Benefits of the RSU Plan

The RSU Plan is designed to be a long term incentive for the directors, employees, officers, other key employees and consultants of the Company. RSUs provides the Compensation Committee of the Board or a committee appointed by the

Board with an additional compensation tool which can be used to help retain and attract highly qualified officers and employees and further align the interests of officers and key employees with the interest of the Shareholders. It is intended to promote a greater alignment of interests between the Shareholders of the Company and the officers and key employees by providing an opportunity to participate in increases to the value of the Company.

Nature and Administration of the RSU Plan

All Directors, Employees, Officers and Consultants (as defined in the RSU Plan) of the Company and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "**Recipients**"), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board or a committee appointed by the Board can, from time to time, award RSUs to Eligible Persons. RSUs will be credited to an account maintained for each RSU Plan Recipient on the books of the Company as of the award date. The number of RSUs to be credited to each RSU Plan Recipient's account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) (each a "**Vesting Date**") that is the later of the Trigger Date (as defined below) and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan.

Rights and obligations under the RSU Plan can be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company.

Payment of RSU's

Under the RSU Plan, the Company, in its discretion and as may be determined by the Board, will pay out vested RSU's by paying or issuing (net of any applicable withholding taxes) to a RSU Plan Recipient, on or subsequent to the Trigger Date and before the Expiry Date (as defined below) an award payout of either: (a) one Share for each whole vested RSU; and (b) a cash amount equal to the fair market value of one Share (as determined in accordance with the RSU Plan) as at the Trigger Date (the "**Vesting Date Value**") of each whole vested RSU.

Fractional Shares will not be issued pursuant to the RSU Plan, and where a RSU Plan Recipient would be entitled to receive a fractional Share in respect of a fractional vested RSU, the Company shall pay to such RSU Plan Recipient, in lieu of such fractional Share, cash value equal to the Vesting Date Value of such fractional Share.

Credit for Dividends

An RSU Plan Recipient's account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on Shares. The number of additional RSUs to be credited to an RSU Plan Recipient's account is computed by multiplying the amount of the dividend per Share by the aggregate number of RSUs that were credited to the RSU Plan Recipient's account as of the record date for payment of the dividend, and dividing that number by the Fair Market Value (as defined in the RSU Plan). Note that the Company is not obligated to pay dividends on Shares.

Resignation, Termination for Cause or Death

Generally, if an RSU Plan Recipient's employment or service is terminated for cause, or if the RSU Plan Recipient resigns from employment with the Company, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the separation date for the RSU Plan Recipient are forfeited, cancelled and terminated without payment.

Total Disability, Death and Termination Without Cause

In the event an RSU Plan Recipient is terminated without cause, unvested RSUs will immediately vest on the date of termination and if an RSU Plan Recipient dies, or suffers Total Disability (as defined in the RSU Plan), all unvested RSUs are automatically cancelled without compensation.

Control Change

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to an RSU Plan Recipient vest on the date on which the Change of Control occurs. Within thirty (30) days after the date on which the Change of Control Occurs, the RSU Plan Recipient must receive a payment equal to the number of RSUs that vested on the date of the Change of Control, multiplied by the Fair Market Value on that date.

Adjustments

In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board will make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as it, in its discretion, considers appropriate to reflect the change.

Vesting

The Board has the discretion to grant RSUs to Eligible Persons as it determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the Performance Conditions (as defined in the RSU Plan) if any. RSUs vest on the date that is the later of (a) on the date set by the Board at the time of the grant, or if no date is set then on December 1 of the third calendar year following the date of grant (the “**Trigger Date**”), and (b) the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

RSUs only vest on the Trigger Date to the extent that the Performance Conditions have been satisfied on or before the Trigger Date, and no RSU will remain outstanding for any period which exceeds the expiry date (which shall be December 31 of the third calendar year after the date of grant, or such earlier date as may be established by the Board (the “**Expiry Date**”).

The Board may also accelerate the Trigger Date of any RSU at its election.

Limitations under the RSU Plan

Unless disinterested Shareholder Approval is obtained, or unless permitted otherwise by the rules of the Exchange:

- (a) the maximum number of Shares which may be reserved for issuance to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement (as defined in the RSU Plan), cannot exceed 10% of the issued Shares;
- (b) the maximum number of RSUs that may be granted to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 10% of the issued Shares calculated on the date of the grant of the RSUs; and
- (c) the maximum number of RSUs that can be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 5% of the issued Shares calculated on the date of the grant of the RSUs; and
- (d) the maximum number of RSUs that may be granted to a Consultant, within a 12-month period, may not result in a number of RSUs exceeding 2% of the number of Shares outstanding at the date of the grant, together with any other Share Compensation Arrangement, without the prior consent of the TSXV.

Amendment or Termination of RSU Plan

Subject to all necessary approvals of the TSXV, the Board may amend or terminate the RSU Plan at any time, but the consent of the RSU Plan Recipient is required for any such amendment that adversely affects the rights of the RSU Plan Recipient, unless the amendment or termination is required by law. A termination of the RSU Plan will not accelerate the vesting of RSUs or the time which a RSU Plan Recipient would otherwise be entitled to receive payment in respect of the RSUs.

Approval Requirements

The approval of the Fixed Restricted Share Unit Plan must be confirmed by a majority of the votes cast by disinterested Shareholders voting in person or by proxy at the Meeting. As such, the votes of any persons eligible to receive grants of RSUs, and their affiliates and associates, will not be counted in this resolution and will be excluded from the vote.

RSU Plan Disinterested Shareholder Resolution

“Be it RESOLVED that:

1. the RSU Plan, in the form attached as Schedule C to the Company’s Information Circular dated September 3, 2015, reviewed by the board of directors (the “Board”), be and is hereby approved and adopted;
2. the effective date of the RSU Plan shall be August 13, 2015;
3. subject to all required regulatory approvals, including the approval of the TSX Venture Exchange and shareholder approval, the RSU Plan be approved, and that the RSU Plan be forthwith adopted and implemented by the Company, with such further deletions, additions and other amendments as are required by any securities regulatory

authority or which are not substantive in nature and the Chief Executive Officer of the Company deems necessary or desirable;

4. the Compensation Committee of the Board (or such other committee the Board may appoint) , be and is hereby appointed to be the Administrator under the RSU Plan and such appointment to be effective until revoked by resolution of the Board;
5. the Company be and is hereby authorized to grant RSUs under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a maximum of 1,500,000 Shares;
6. the maximum number of Shares issuable to insiders of the Company under security-based compensation arrangements, including the Company's RSU Plan at any time cannot exceed 10% without disinterested shareholder approval;
7. the Compensation Committee of the Board (or such other committee the Board may appoint) be and is hereby authorized and directed to execute on behalf of the Company, the form of restricted share unit agreement attached as a Schedule to the RSU Plan, providing for the grant of RSUs to Eligible Persons under the RSU Plan;
8. the Company is hereby authorized to allot and issue as fully paid and non-assessable that number of Shares specified in the restricted share unit agreement of RSUs granted to Eligible Persons; AND THAT any two authorized persons of the Company be authorized to execute such treasury order or treasury orders as may be necessary to effect the said issuance of Shares; and
9. any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to this resolution.”

The Board has concluded that the adoption of the Fixed Restricted Share Unit Plan is in the best interests of the Company and its Shareholders. Accordingly, the Board unanimously recommends that Shareholders ratify, confirm and approve the adoption of the Company's Fixed Restricted Share Unit Plan by voting FOR the Fixed Restricted Share Unit Plan Resolution at the Meeting.

A copy of the RSU Plan will also be available for inspection at the Meeting.

Proxies received in favour of management will be voted in favour of Fixed Restricted Share Unit Plan Shareholder Resolution unless the Shareholder has specified in the Proxy that his or her Shares are to be voted against such resolution.

ADDITIONAL INFORMATION

Additional information concerning the Company is available through the Internet on SEDAR which may be accessed at www.sedar.com. or may be obtained by a Shareholder upon request without charge from the Company; Vancouver office located at Suite 1100 – 888 Dunsmuir Street, Vancouver, British Columbia Canada. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

DATED at Vancouver, British Columbia, September 3, 2015.

BY ORDER OF THE BOARD

“Donald J. Currie”

Donald J. Currie
Chief Executive Officer

This is Schedule A to the Information Circular of
HILLCREST PETROLEUM LTD.

CHANGE OF AUDITOR REPORTING PACKAGE



Suite 304 - 700 West Pender Street
Vancouver, BC V6C 1G8
Tel: 604-609-0006
Toll-free: 1-855-609-0006
Fax: 713-626-0888

**NOTICE OF CHANGE OF AUDITOR
(the "Notice")**

To: Lancaster & David, Chartered Professional Accountants
And To: PricewaterhouseCoopers LLP

1. The directors of Hillcrest Petroleum Ltd. (the "Company") do not propose to re-appoint Lancaster & David, Chartered Professional Accountants, as auditors for the Company; and
2. The directors of the Company propose to appoint PricewaterhouseCoopers LLP as auditors of the Company, effective August 27, 2015, to hold office until the next annual meeting of the Company.

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102"), the Company confirms that:

1. Lancaster & David, Chartered Professional Accountants, has declined to stand for re-appointment as auditor of the Company, effective August 27, 2015, to facilitate the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, Suite 700 – 250 Howe Street, Vancouver, BC V6C 3S7;
2. Lancaster & David, Chartered Professional Accountants, has not expressed any reservation in its reports for the two most recently completed fiscal years of the Company, nor for the period from the most recently completed period for which Lancaster & David, Chartered Professional Accountants, issued an audit report in respect of the Company and the date of this Notice;
3. In the opinion of the Board of Directors of the Company, no "reportable event" as defined in NI 51-102 has occurred in connection with the audits of the two most recently completed fiscal years of the Company nor any period from the most recently completed for which Lancaster & David, Chartered Professional Accountants, issued an audit report in respect of the Company and the date of this Notice; and
4. The Notice and Auditor's Letters have been reviewed by the Audit Committee and the Board of Directors.

Dated as of the 27th day of August, 2015

Hillcrest Petroleum Ltd.

Sean McGrath, CPA
Chief Financial Officer

LANCASTER & DAVID

CHARTERED PROFESSIONAL ACCOUNTANTS

August 27, 2015

British Columbia Securities Commission

Alberta Securities Commission

Government of Saskatchewan, Securities Division

Ontario Securities Commission

Dear Sirs:

**Re: Hillcrest Petroleum Ltd.
Notice Pursuant to National Instrument 51-102 – Change of Auditor (“Notice”)**

As required by National Instrument 51-102, we have reviewed the information contained in the Notice dated August 27, 2015 given by the Company to ourselves and PricewaterhouseCoopers, LLP.

Based on our knowledge of such information at this date, we agree with the statements set out in the Notice.

Yours truly,

Lancaster & David
Chartered Professional Accountants

c.c. Hillcrest Petroleum Ltd.



August 27, 2015

To: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority, Saskatchewan
Ontario Securities Commission

We have read the statements made by Hillcrest Petroleum Ltd. in the attached copy of change of auditor notice dated August 27, 2015, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated August 27, 2015.

PricewaterhouseCoopers LLP
Chartered Professional Accountants

This is Schedule B to the Information Circular of
HILLCREST PETROLEUM LTD.

10% ROLLING SHARE OPTION PLAN

HILLCREST PETROLEUM LTD.
(the “Company”)

SHARE OPTION PLAN

**Dated for Reference November 4, 2010, as amended May 10, 2012, and amended
August 13, 2015**

ARTICLE 1
PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSX Venture Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

Definitions

1.2 In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Associate** has the meaning set out in the Securities Act;
- (c) **Black-out Period** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company’s insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;

(e) **Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,
- (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, holds in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to materially affect control of the Company or its successor and, in the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or resulting company is deemed to materially affect control of the Company or resulting company;

(f) **Common Shares** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture (or, NEX, as the case may be);

(g) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;

(h) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:

- (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;

(i) **Consultant Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

(j) **Directors** means the directors of the Company as may be elected from time to time;

- (k) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (l) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (m) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (n) **Effective Date** for an Option means the date of grant thereof by the Board;
- (o) **Employee** means:
- (i) an individual who is considered an employee under the *Income Tax Act* Canada (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) an individual who works full-time for the Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (p) **Exchange Hold Period** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (q) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (r) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (s) **Insider** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (t) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (u) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing

successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;

(v) **Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

(w) **NEX** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

(x) **NEX Issuer** means a company listed on NEX;

(y) **NEX Policies** means the rules and policies of NEX as amended from time to time;

(z) **Officer** means a Board appointed officer of the Company;

(aa) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;

(bb) **Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;

(cc) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;

(dd) **Optionee** means the recipient of an Option hereunder;

(ee) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;

(ff) **Participant** means a Service Provider that becomes an Optionee;

(gg) **Person** includes a company, any unincorporated entity, or an individual;

(hh) **Plan** means this share option plan, the terms of which are set out herein or as may be amended;

(ii) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;

(jj) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;

(kk) **Securities Act** means the Securities Act, R.S.B.C. 1996, c. 418, or any successor legislation;

(ll) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes

a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;

(mm) **Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

(nn) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;

(oo) **Take Over Bid** means a take over bid as defined in Multilateral Instrument 62-104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;

(pp) **TSX Venture** means the TSX Venture Exchange and any successor thereto; and

(qq) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.

Other Words and Phrases

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, NEX Policies).

Gender

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2 SHARE OPTION PLAN

Establishment of Share Option Plan

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

Maximum Plan Shares

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under share options granted under Share Compensation Arrangements other than this

Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies (and, if applicable, NEX Policies).

Eligibility

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

Options Granted Under the Plan

2.4 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

Limitations on Issue

2.6 Subject to §2.10, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or NEX, as the case may be); and
- (c) the aggregate number of Options granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

Options Not Exercised

2.7 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

Powers of the Board

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

Amendment of the Plan by the Board of Directors

2.9 Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;
- (b) it may change the vesting provisions of an Option granted hereunder, subject to prior written approval of the TSX Venture, if applicable;
- (c) it may change the termination provision of an Option granted hereunder which does not entail an extension beyond the original Expiry Date of such Option;
- (d) it may make amendments necessary as a result in changes in securities laws applicable to the Company;
- (e) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (f) it may make such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

Amendments Requiring Disinterested Shareholder Approval

2.10 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other previous Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider.

Options Granted Under the Company's Previous Share Option Plans

2.11 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

Exercise Price

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

Term of Option

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date.

Option Amendment

3.3 Subject to §2.10(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

3.5 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

Vesting of Options

3.6 Subject to §3.7, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

Vesting of Options Granted to Consultants Conducting Investor Relations Activities

3.7 Notwithstanding §3.6, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

Effect of Take-Over Bid

3.8 If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding §3.6 and §3.7 or any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture (or the NEX, as the case may be) for vesting requirements imposed by the TSX Venture Policies.

Acceleration of Vesting on Change of Control

3.9 In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities.

Extension of Options Expiring During Blackout Period

3.10 Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to approval of the TSX Venture (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding §2.8, the tenth Business Day period referred to in this §3.10 may not be extended by the Board.

Optionee Ceasing to be Director, Employee or Service Provider

3.11 Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company; and
- (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

Non Assignable

3.12 Subject to §3.11(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

Adjustment of the Number of Optioned Shares

3.13 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;

(b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;

(c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;

(d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.13;

(e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;

(f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.13, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and

(g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.13, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

Option Commitment

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

Manner of Exercise

4.2 An Optionee who wishes to exercise his Option may do so by delivering

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to §4.3.

Tax Withholding and Procedures

4.3 Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in §4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

Delivery of Optioned Shares and Hold Periods

4.4 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. An Exchange Hold Period will be applied from the date of grant for all Options granted to:

- (a) Insiders of the Company; or
- (b) where Options are granted to any Service Provider, including Insiders, where the Exercise Price is at a discount to the Market Price.

4.5 Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the date of the Option Commitment.

ARTICLE 5 GENERAL

Employment and Services

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

No Representation or Warranty

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

Interpretation

5.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

Continuation of Plan

5.4 The Plan will become effective from March 22, 2011, the date the Company's Common Shares were posted for trading on the TSX Venture, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval at each annual

general meeting of the holders of Common Shares of the Company subsequent to March 22, 2011.

Amendment of the Plan

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

SCHEDULE A
SHARE OPTION PLAN
OPTION COMMITMENT

Notice is hereby given that, effective this _____ day of _____, _____ (the “Effective Date”) HILLCREST PETROLEUM LTD. (the “Company”) has granted to _____ (the “Optionee”), an Option to acquire _____ Common Shares (“Optioned Shares”) up to 5:00 p.m. Vancouver Time on the _____ day of _____, _____ (the “Expiry Date”) at an Exercise Price of Cdn\$ _____ per share.

Optioned Shares are to vest immediately.

OR

Optioned Shares will vest *[INSERT VESTING SCHEDULE AND TERMS]*

The Option shall expire _____ days after the Optionee ceases to be employed by or provide services to the Company.

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price. A certificate, or written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and may bear a minimum four month non-transferability legend from the date of this Option Commitment, the text of which is as follows. *[Note: If a four month hold period is applicable, the following legend must be placed on the certificate or the written notice in the case of uncertificated shares.]*

"WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL 12:00 A.M. (MIDNIGHT) ON *[insert date 4 months from the date of grant]*".

The Company and the Optionee represent that the Optionee under the terms and conditions of the Plan is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture (or the NEX, as the case may be) on the date of this Option Commitment.

HILLCREST PETROLEUM LTD.

Authorized Signatory

[insert name of optionee]

Signature of Optionee

**SCHEDULE B
TO STOCK OPTION PLAN**

Hillcrest Petroleum Ltd.
Suite 304, 700 West Pender Street
Vancouver, British Columbia
V6C 1G8

Re: Employee Stock Option Exercise

Attn: Stock Option Plan Administrator, Hillcrest Petroleum Ltd. (the "Company")

This letter is to inform HILLCREST PETROLEUM LTD. that I,
_____, wish to exercise _____ options, at _____ per share, on
this _____ day of _____, 20 _____.

Payment issued in favour of Hillcrest Petroleum Ltd. for the amount of \$ _____ will
be forwarded, including withholding tax amounts.

Please register the share certificate in the name of:

Name of Optionee: _____

Address: _____

Please send share certificate to:

Name: _____

Address: _____

Sincerely,

Signature of Optionee

Date

SIN Number (for T4)

This is Schedule C to the Information Circular of
HILLCREST PETROLEUM LTD.

FIXED RESTRICTED SHARE UNIT PLAN

HILLCREST PETROLEUM LTD.
RESTRICTED SHARE UNIT PLAN

PART 1

GENERAL PROVISIONS

Establishment and Purpose

1.1 The Company hereby establishes a restricted share unit plan known as the “Hillcrest Restricted Share Unit Plan”.

1.2 The purpose of this Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. This Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company.

Definitions

1.3 In this Plan:

- (a) **Applicable Withholding Tax** has the meaning set forth in §3.7;
- (b) **Award** means an agreement evidencing the grant of a Restricted Share Unit;
- (c) **Award Payout** means the applicable Share issuance or cash payment in respect of a vested Restricted Share Unit pursuant and subject to the terms and conditions of this Plan and the applicable Award;
- (d) **Blackout Period** means the period of time when, pursuant to any policies of the Corporation or any resolution of the Board, any Shares may not be traded by certain persons as designated by the Company, including a holder of any Restricted Share Unit;
- (e) **Board** means the Board of Directors of the Company;
- (f) **Change of Control** in respect of any Recipient has the meaning ascribed to such term (in a relevant context) in the Recipient’s then existing employment agreement with the Company or, if no meaning is so ascribed, means the acquisition by any person or by any person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in Securities Act) of the Company which, when added to all of the voting securities of the Company at the time held by such person and its joint actors, totals for the first time not less than 50% of the outstanding voting securities of the Company;

- (g) **Committee** means the Compensation Committee of the Board, consisting of not less than three directors, to whom the authority of the Board is delegated in accordance with §1.5;
- (h) **Company** means Hillcrest Petroleum Ltd., and includes any successor company thereto;
- (i) **Consultants** has the meaning set forth in §3.3;
- (j) **Director** means a member of the Board or of the board of directors of a Related Entity;
- (k) **Eligible Person** means any person who is a Director, Employee, Officer or Consultant;
- (l) **Employee** means an employee of the Company or of a Related Entity;
- (m) **Expiry Date** means December 31 of the third calendar year after the Grant Date, or such earlier date as may be established by the Board in respect of an Award at the time of grant of the Award;
- (n) **Fair Market Value** means, as at a particular date, for the purpose of calculating the applicable Vesting Date Value and Award Payout,
 - (i) if the Shares are listed on the TSXV, the greater of: (i) the weighted average of the trading price per Share on the TSXV for the last five trading days ending on that date; and (ii) the closing price of the Shares on the day before that date,
 - (ii) if the Shares are listed on the TSX, the volume weighted average price per Share traded on the TSX over the last five trading days preceding that date,
 - (iii) if the Shares are not listed on the TSX or the TSXV, the value established by the Board based on the volume weighted average price per Share traded on any other public exchange on which the Shares are listed over the same period, or
 - (iv) if the Shares are not listed on any public exchange, the value per Share established by the Board based on its determination of the fair value of a Share;
- (o) **Grant Date** means the date of grant of any Restricted Share Unit;
- (p) **IFRS** means the International Financial Reporting Standards as adopted by the Accounting Standards Board of Canada;
- (q) **Insider** means: (i) a Director or Officer of the Company; (ii) a Director or Officer of a company that is an Insider or Related Entity of the Company; (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of

the voting rights attached to all outstanding shares of the Company; and (iv) the Company itself if it holds any of its own securities;

(r) **Officer** means an individual who is an officer of the Company or of a Related Entity as an appointee of the Board or the board of directors of the Related Entity, as the case may be;

(s) **Plan** means this Hillcrest Restricted Share Unit Plan, as amended from time to time;

(t) **Recipient** means an Eligible Person who may be granted Restricted Share Units from time to time under this Plan;

(u) **Related Entity** means a person that is controlled by the Company. For the purposes of this Plan, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of

- (i) ownership of or direction over voting securities in the second person,
- (ii) a written agreement or indenture,
- (iii) being the general partner or controlling the general partner of the second person, or
- (iv) being a trustee of the second person;

(v) **Required Approvals** has the meaning contained in §1.7.

(w) **Restricted Period** means the period of time: (i) during a Black Out Period; and (ii) within five Business Days following the end of a Black Out Period;

(x) **Restricted Share Unit** means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan as more particularly described in §3.1;

(y) **Retirement** means, with respect to a Recipient, the early or normal retirement of the Recipient within the meaning of the pension plan of the Company for salaried employees, whether or not such Recipient is a member of that pension plan, or, if the Company does not have such a plan, the date on which the Recipient reaches age 65;

(z) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;

(aa) **Share** means a Common share in the capital of the Company as from time to time constituted;

(bb) **Share Compensation Arrangement** means any share option, share option plan, employee stock purchase plan or any other compensation or incentive mechanism

involving the issuance or potential issuance of Shares to Directors, Officers or Employees of the Company;

(cc) **Shareholder Approval** means approval by the shareholders of the Company shareholders in accordance with the rules of the Stock Exchange;

(dd) **Stock Exchange** means the TSX, the TSXV, or any other stock exchange on which the Shares are then listed for trading, as applicable;

(ee) **Termination** means, with respect to a Recipient, that the Recipient has ceased to be an Eligible Person, other than as a result of Retirement, and has ceased to fulfil any other role as employee or officer of the Company or any Related Entity, including as a result of termination of employment, resignation from employment, removal as an officer, death or Total Disability;

(ff) **Total Disability** means, with respect to a Recipient, that, solely because of disease or injury, within the meaning of the long-term disability plan of the Company, the Recipient is deemed by a qualified physician selected by the Company to be unable to work at any occupation which the Recipient is reasonably qualified to perform;

(gg) **Trigger Date** means, with respect to a Restricted Share Unit, the date set by the Board at the time of grant, and if no date is set by the Board, then December 1 of the third calendar year following the Grant Date of the Restricted Share Unit, as such may be amended in accordance with §2.6;

(hh) **TSX** means The Toronto Stock Exchange;

(ii) **TSXV** means the TSX Venture Exchange; and

(jj) **Vesting Date Value** means the notional value, as at a particular date, of the Fair Market Value of one Share.

Administration

1.4 The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws,

- (a) interpret and administer this Plan,
- (b) establish, amend and rescind any rules and regulations relating to this Plan, and
- (c) make any other determinations that the Board deems necessary or appropriate for the administration of this Plan.

The Board may correct any defect or any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or appropriate. Any decision of the Board in the interpretation and administration of this Plan will

be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Company.

Delegation to Committee

1.5 All of the powers exercisable hereunder by the Board may, to the extent permitted by law and as determined by a resolution of the Board, be delegated to a Committee including, without limiting the generality of the foregoing, those referred to under §1.4).

Incorporation of Terms of Plan

1.6 Subject to specific variations approved by the Board all terms and conditions set out herein will be incorporated into and form part of each Restricted Share Unit granted under this Plan.

Effective Date

1.7 This Plan will be effective on August 13, 2015. The Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units to Eligible Persons as it determines appropriate under this Plan. However, any such issued Restricted Share Units may not be paid out in Shares in any event until receipt of the necessary Shareholder Approval of the Company, the TSX or TSXV, and any other regulatory bodies (the “**Required Approvals**”).

Shares Reserved

1.8 The aggregate number of Shares available for issuance from treasury under this Plan, subject to adjustment pursuant to §2.9, shall be 1,500,000 Shares. Any Share subject to a Restricted Share Unit which has been cancelled or terminated in accordance with the terms of the Plan without being paid out as provided for in Part 3 shall again be available under the Plan.

Limitations on Restricted Share Units to any One Person and to Insiders

1.9 Unless disinterested Shareholder Approval is obtained (or unless permitted otherwise by the rules of the Stock Exchange):

- (a) the maximum number of Shares which may be reserved for issuance to Insiders (as a group) under the Plan, together with any other Share Compensation Arrangement, may not exceed 10% of the issued Shares;
- (b) the maximum number of Restricted Share Units that may be granted to Insiders (as a group) under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 10% of the issued Shares calculated on the Grant Date;
- (c) the maximum number of Restricted Share Units that may be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 5% of the issued Shares calculated on the Grant Date; and

(d) the maximum number of Restricted Share Units that may be granted to a Consultant, within a 12-month period, may not result in a number of Restricted Share Units exceeding 2% of the number of Shares outstanding at the Grant Date, together with any other Share Compensation Arrangement, without the prior consent of the TSXV.

PART 2

AWARDS UNDER THIS PLAN

Recipients

2.1 Only Eligible Persons are eligible to participate in this Plan and receive one or more Restricted Share Units. Restricted Share Units that may be granted hereunder to a particular Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or a Related Entity, as the case may be, in the Company's or the Related Entity's fiscal year ending in, or coincident with, such calendar year, as determined by the Board in its discretion.

Grant

2.2 The Board may, in its discretion, at any time, and from time to time, grant Restricted Share Units to Eligible Persons as it determines is appropriate, subject to the limitations set out in this Plan. In making such grants the Board may, in its sole discretion but subject to §2.4(b)(ii), in addition to Performance Conditions set out below, impose such conditions on the vesting of the Awards as it sees fit, including imposing a vesting period on grants of Restricted Share Units.

Performance Conditions

2.3 At the time a grant of a Restricted Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Restricted Share Units as may be specified by the Committee in the Award (the "**Performance Conditions**"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to Performance Conditions. The Board may determine that an Award shall vest in whole or in part upon achievement of any one performance condition or that two or more Performance Conditions must be achieved prior to the vesting of an Award. Performance Conditions may differ for Awards granted to any one Grantee or to different Grantees.

Vesting

2.4 Except as provided in this Plan, Restricted Share Units issued under this Plan will vest on the date (the "**Vesting Date**") that is the later of:

- (a) the Trigger Date; and

(b) the date upon which the relevant Performance Condition or other vesting condition set out in the Award has been satisfied,

provided that

(i) Restricted Share Units shall only vest on the Trigger Date to the extent that the Performance Conditions or other vesting conditions set out in an Award have been satisfied on or before the Trigger Date;

(ii) if the date in §2.4(a) or §2.4(b) occurs during a Restricted Period, the Vesting Date shall be extended to a date which is the earlier of: (i) one business day following the end of such Restricted Period; and (ii) the Expiry Date; and

(iii) no Restricted Share Unit will remain outstanding for any period which exceeds the Expiry Date of such Restricted Share Unit.

Forfeiture and Cancellation Upon Expiry Date

2.5 Restricted Share Units which do not vest on or before the Expiry Date of such Restricted Share Unit will be automatically cancelled, without further act or formality and without compensation.

Amendment of Trigger Date

2.6 The Board of Directors may, at any time after a grant of a Restricted Share Unit, accelerate the Trigger Date of such Restricted Share Unit.

Account

2.7 Restricted Share Units issued pursuant to this Plan (including fractional Restricted Share Units, computed to three digits) will be credited to a notional account maintained for each Recipient by the Company for the purposes of facilitating the determination of amounts that may become payable hereunder. A written confirmation of the balance in each Recipient's account will be sent by the Company to the Recipient upon request of the Recipient.

Dividend Equivalent

2.8 On any date on which a cash dividend is paid on Shares, a Recipient's account will be credited with the number and type of Restricted Share Units (including fractional Restricted Share Units, computed to three digits) calculated by

(a) multiplying the amount of the dividend per Share by the aggregate number of Restricted Share Units that were credited to the Eligible Person's account as of the record date for payment of the dividend, and

(b) dividing the amount obtained in §2.8(a) by the Fair Market Value on the date on which the dividend is paid.

Adjustments and Reorganizations

2.9 In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

Notice and Acknowledgement

2.10 No certificates will be issued with respect to the Restricted Share Units issued under this Plan. Each Eligible Person will, prior to being granted any Restricted Share Units, deliver to the Company a signed acknowledgement substantially in the form of Schedule "A" to this Plan.

PART 3

PAYMENTS UNDER THIS PLAN

Payment of Restricted Share Units

3.1 Subject to the terms of this Plan and, in particular, §3.7 of this Plan, the Company, in its discretion and as may be determined by the Board of Directors, will pay out vested Restricted Share Units issued under this Plan and credited to the account of a Recipient by paying or issuing (net of any Applicable Withholding Tax) to such Recipient, on or subsequent to the Trigger Date but no later than the Expiry Date of such Vested Restricted Share Unit, an Award Payout of either:

- (a) subject to receipt of the Required Approvals, one Share for such whole vested Restricted Share Unit. Fractional Shares shall not be issued and where a Recipient would be entitled to receive a fractional Share in respect of any fractional vested Restricted Share Unit, the Company shall pay to such Recipient, in lieu of such fractional Share, cash equal to the Vesting Date Value as at the Trigger Date of such fractional Share. Each Share issued by the Company pursuant to this Plan shall be issued as fully paid and non-assessable, or
- (b) a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested Restricted Share Unit.

Limitation on Issuance of Shares to Insiders

3.2 Notwithstanding anything in this Plan, the Company shall not issue Shares under this Plan to any Eligible Person who is an Insider of the Company where such issuance would result in:

(a) the total number of Shares issuable at any time under this Plan to Insiders, or when combined with all other Shares issuable to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis; and

(b) the total number of Shares that may be issued to Insiders during any one year period under this Plan, or when combined with all other Shares issued to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non diluted basis.

Where the Company is precluded by this §3.2 from issuing Shares to an Insider of the Company, the Company will pay to the relevant Insider a cash Award Payout in an amount equal to the Vesting Date Value as at the Trigger Date of the Restricted Share Unit.

Consultants and Advisors

3.3 The Board may engage such consultants (“**Consultants**”) and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

Cancellation on Termination for Cause, Retirement or Voluntary Resignation

3.4 Unless the Board at any time otherwise determines, all unvested Restricted Share Units held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the termination of employment or removal from service by the Company or a Related Entity for cause, Retirement of the Recipient or the voluntary resignation by the Recipient. In situations where the Board exercises its discretion under this §3.4, in no case shall the Restricted Share Units, subject to such discretion, be valid beyond one year from the date of Termination.

Total Disability, Death and Termination Without Cause

3.5 Unless the Board at any time otherwise determines, if a Recipient ceases to be an Eligible Person for any of the following reasons, unvested Restricted Share Units will immediately vest on the date the Recipient ceases to be an Eligible Person:

- (a) death or Total Disability of a Recipient;
- (b) the Termination of employment or removal from service by the Company or a Related Entity without cause; and
- (c) the Termination of employment by the Recipient other than by way of Retirement of the Recipient or voluntary resignation by the Recipient.

In situations where the Board exercises its discretion under this §3.5, in no case shall the Restricted Share Units, subject to such discretion, be valid beyond one year from the date of Termination.

Change of Control

3.6 In the event of a Change of Control, all Restricted Share Units credited to an account of a Recipient that have not otherwise previously been cancelled pursuant to the terms of the Plan shall vest on the date on which the Change of Control occurs (the “**Change of Control Date**”). Within thirty (30) days after the Change of Control Date, but in no event later than the Expiry Date, the Participant shall receive a cash payment equal in amount to: (a) the number of Restricted Share Units that vested on the Change of Control Date; multiplied by (b) the Fair Market Value on the Change of Control Date, net of any withholding taxes and other source deductions required by law to be withheld by the Company.

Tax Matters and Applicable Withholding Tax

3.7 The Company does not assume any responsibility for or in respect of the tax consequences of the receipt by Recipients of Restricted Share Units, or payments received by Recipients pursuant to this Plan. The Company or relevant Related Entity, as applicable, is authorized to deduct such taxes and other amounts as it may be required or permitted by law to withhold (“**Applicable Withholding Tax**”), in such manner (including, without limitation, by selling Shares otherwise issuable to Recipients, on such terms as the Company determines) as it determines so as to ensure that it will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, or the remittance of tax or other obligations. The Company or relevant Related Entity, as applicable, may require Recipients, as a condition of receiving amounts to be paid to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Company or Related Entity, as applicable, respecting the payment by such Recipients of applicable income or other taxes.

PART 4

MISCELLANEOUS

Compliance with Applicable Laws

4.1 The issuance by the Company of any Restricted Share Units and its obligation to make any payments hereunder is subject to compliance with all applicable laws. As a condition of participating in this Plan, each Recipient agrees to comply with all such applicable laws and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with such applicable laws. The Company will have no obligation under this Plan, or otherwise, to grant any Restricted Share Unit or make any payment under this Plan in violation of any applicable laws.

Awards to Insiders

4.2 All Awards issued to Insiders will include a legend stipulating that the Award is subject to a four-month hold period commencing the Grant Date, as required by the TSXV.

Non-Transferability

4.3 Restricted Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

No Right to Service

4.4 Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person or Recipient a right to be retained in the service or to continue in the employment of the Company or any Related Entity, or affect in any way the right of the Company or any Related Entity to terminate his or her employment at any time.

Successors and Assigns

4.5 This Plan will enure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

Plan Amendment

4.6 Subject to all necessary approvals of the TSXV, the Board may amend this Plan as it deems necessary or appropriate, subject to the requirements of applicable laws, but no amendment will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan.

Plan Termination

4.7 The Board may terminate this Plan at any time, but no termination will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. In no event will a termination of this Plan accelerate the vesting of Restricted Share Units or the time at which a Recipient would otherwise be entitled to receive any payment in respect of Restricted Share Units hereunder.

Governing Law

4.8 This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

Reorganization of the Company

4.9 The existence of this Plan or Restricted Share Units will not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, Shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

No Shareholder Rights

4.10 Restricted Share Units are not considered to be Shares or securities of the Company, and a Recipient who is issued Restricted Share Units will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor entitled to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, and will not be considered the owner of Shares by virtue of such issuance of Restricted Share Units.

No Other Benefit

4.11 No amount will be paid to, or in respect of, a Recipient under this Plan to compensate for a downward fluctuation in the Fair Market Value or price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Recipient for such purpose.

Unfunded Plan

4.12 For greater certainty, this Plan will be an unfunded plan, including for tax purposes and for purposes of the *Employee Retirement Income Security Act* (United States). Any Recipient to which Restricted Share Units are credited to his or her account or holding Restricted Share Units or related accruals under this Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights that may arise thereunder.

SCHEDULE "A"

FORM OF RESTRICTED SHARE UNIT AGREEMENT

Hillcrest Petroleum Ltd. (the "**Company**") hereby confirms the grant to the undersigned Recipient of Restricted Share Units ("**Units**") described in the table below pursuant to the Company's Restricted Share Unit Plan (the "**Plan**"), a copy of which Plan has been provided to the undersigned Recipient.

No. of Units	Trigger Date	Expiry Date

[include any specific/additional vesting period or Performance Conditions]

The Issuer and the undersigned Recipient hereby confirm that the undersigned Recipient is a bona fide Employee or Consultant as the case may be.

DATED _____, 20____.

HILLCREST PETROLEUM LTD.

Per: _____
Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Recipient under the Plan, agrees to be bound by the provisions thereof and agrees that the Plan will be effective as an agreement between the Company and the undersigned with respect to the Units granted or otherwise issued to it.

DATED _____, 20____.

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

Recipient's Signature

Name of Recipient (print)