



## ERRATUM

Dear Shareholders:

The Information Circular for the Annual General Meeting of Shareholders of ShaMaran Petroleum Corp. to be held on June 15, 2016 makes reference to a record date of May 17, 2016. Please note that this date was printed in error and that the Record Date for the Annual General Meeting of Shareholders of ShaMaran Petroleum Corp. to be held on June 15, 2016 is **May 6, 2016**.

All references to the Record Date contained in the Information Circular for the Annual General Meeting of Shareholders of ShaMaran Petroleum Corp. to be held on June 15, 2016 refer to **May 6, 2016**.



**ANNUAL GENERAL MEETING OF SHAREHOLDERS  
to be held on June 15, 2016**

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
INFORMATION CIRCULAR**

**May 17, 2016**



## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares in the capital of ShaMaran Petroleum Corp. (the “**Corporation**”) will be held at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 on Wednesday, June 15, 2016, at 8:00 a.m. (Vancouver time), for the following purposes:

1. to receive the consolidated audited financial statements of the Corporation for the year ended December 31, 2015, together with the report of the auditors thereon;
2. to appoint PricewaterhouseCoopers SA, as auditor of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
3. to fix the number of directors at five (5);
4. to elect directors for the ensuing year;
5. to consider and, if thought fit, to pass an ordinary resolution approving an amendment to the Corporation’s Incentive Stock Option Plan, as more particularly described in the accompanying Management Information Circular;
6. to consider and, if thought fit, to pass an ordinary resolution providing the required annual approval of the Corporation’s Incentive Stock Option Plan, as more particularly described in the accompanying Management Information Circular; and
7. to consider and, if thought fit, to pass an ordinary resolution ratifying and approving the Corporation’s new Share Unit Plan, as more particularly described in the accompanying management information circular.
8. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Meeting is a Management Information Circular (the “**Circular**”). Reference is made to the Circular for details of the matters to be considered at the Meeting.

Management will participate in the meeting via telephone conference call. The board will be represented in person by Brian D. Edgar.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of Proxy either in the addressed envelope enclosed to Proxy Department, Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax to 1-866-249-7775. Proxies must be received not less than 48 hours (excluding Saturdays and holidays) prior to the time for holding the Meeting or any adjournment thereof.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting, either in person or by proxy.**

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining and depositing the required form of proxy, you should contact Computershare Investor Services Inc. by telephone (toll free) at 1-800-564-6253, by fax at 1-866-249-7775 or by e-mail at [service@computershare.com](mailto:service@computershare.com).

DATED at Geneva, Switzerland, the 17<sup>th</sup> day of May, 2016.

**ON BEHALF OF THE BOARD**

*(signed) "Chris Bruijnzeels"*

Chris Bruijnzeels

President, Chief Executive Officer and Director



## **MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at May 17, 2016, unless indicated otherwise)

### **PERSONS MAKING THE SOLICITATION**

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies being made by the management (“Management”) of ShaMaran Petroleum Corp. (the “Corporation”) for use at the Annual General Meeting (the “Meeting”) of holders (the “Shareholders”) of common shares in the capital of the Corporation (the “Common Shares”) to be held on Wednesday, June 15, 2016 at 8:00 a.m. (Pacific Standard Time) at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation at nominal cost. All costs of this solicitation will be borne by the Corporation.

The contents and the sending of this Circular have been approved by the directors of the Corporation.

Unless otherwise stated herein, all currency amounts indicated as “\$” in this Circular are expressed in United States Dollars, the Corporation’s reporting currency.

### **APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY**

The individuals named in the accompanying form of proxy (the “Proxy”) are directors, officers, or the legal counsel of the Corporation (the “Management Proxyholders”). **A Shareholder wishing to appoint a person or company other than Management Proxyholders to attend and act for the shareholder and on the shareholder’s behalf at the Meeting has the right to do so, by striking out the names of the Management Proxyholders and by inserting the desired person’s or company’s name in the blank space provided in the proxy, or by executing a proxy in a form similar to the enclosed form. In either case, the completed form of proxy must be received by Computershare Investor Services Inc. prior to the Meeting or any adjournment thereof. A proxyholder need not be a shareholder.**

You can choose to vote your Common Shares by proxy, by mail, by telephone or on the Internet. If you vote your Common Shares by proxy by mail, completed forms of proxies **must be received by the Corporation’s transfer agent, Computershare Investor Services Inc. (“Computershare”), at Proxy Department, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1**, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week which is noted on your proxy form. If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder. For internet voting, go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions on the screen. For either telephone or internet voting, you will need your 15 digit control number which is noted on your proxy form. **Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays and holidays) before the time of the Meeting, or any adjournment thereof.**

If you are a beneficial shareholder and receive these materials through your broker or through another intermediary please complete and return the form of proxy in accordance with the instructions provided by your broker or other intermediary.

## ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES

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

Existing regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The Intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to Registered Shareholders by the Corporation and is commonly referred to as a “**voting instruction form**”. However, its purpose is limited to instructing the Registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails such forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote their Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the securities voted. If you have any questions respecting the voting of Common Shares held through an Intermediary, please contact that Intermediary promptly for assistance.** Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their securities as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

These security holder materials are being sent to both Registered Shareholders and Beneficial Shareholders who have not objected to the intermediary through which their common shares are held disclosing ownership information about themselves to the Corporation (“**NOBO's**”). If you are a NOBO, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding Common Shares 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 the request for voting instructions.

If you are a Beneficial Shareholder who has objected to the intermediary through which your common shares are held disclosing ownership information about you to the Corporation (an “OBO”), please note that the Corporation does not intend to pay for an intermediary to deliver the proxy-related materials with respect to the Meeting and related forms to you and, therefore, you will not receive the materials with respect to the Meeting unless your intermediary assumes the cost of delivery.

#### **ADVICE TO HOLDERS OF EUROCLEAR SWEDEN REGISTERED SHARES**

**The information set forth in this section is of significance to Shareholders who hold their securities (“Euroclear Registered Securities”) through Euroclear Sweden AB, which securities trade on the NASDAQ OMX First North Exchange.** Shareholders who hold Euroclear Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Euroclear Registered Securities are registered under CDS & Co., the registration name of the Canadian Depository for Securities. Holders of Euroclear Registered Securities will receive a voting instruction form (the “VIF”) by mail directly from Computershare AB (“**Computershare Sweden**”). Additional copies of the VIF, together with the Corporation’s Management Information Circular, can also be obtained from Computershare Sweden and are available on the Corporation’s website ([www.shamaranpetroleum.com](http://www.shamaranpetroleum.com)). **The VIF cannot be used to vote securities directly at the Meeting. Instead, the VIF must be completed and returned to Computershare Sweden, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the VIF.**

#### **REVOCAION OF PROXIES**

A Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the Registered Shareholder or by his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Corporation, at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 (Attention: Kevin Hisko, Corporate Secretary) at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Secretary of the Corporation or the chairman of the Meeting prior to the time of voting at the Meeting. Only registered Shareholders have the right to revoke a proxy. **Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.**

#### **VOTING OF PROXIES**

The Common Shares represented by a properly executed proxy in favor of Management Proxyholders will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the Management Proxyholder on any ballot that may be called for; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

**ON A POLL SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the Management Proxyholders to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, the Management knows of no such amendment, variation or other matter that may be presented to the Meeting.

## NOTICE AND ACCESS

The Corporation is not sending the Meeting materials to Shareholders using “notice and access”, as defined in National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer.

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

Except as may be disclosed herein, no director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, 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 upon at the Meeting. Directors and executive officers may, however, be interested in the amendment to the Corporation’s incentive Stock Option Plan and the annual approval of the Corporation’s incentive Stock Option Plan and the approval of the Corporation’s new Share Unit Plan as detailed in “Particulars of Other Matters to be Acted Upon – Amendment to Stock Option Plan; Annual Approval of Stock Option Plan; Approval of Share Unit Plan”.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Common Shares of which 1,798,631,534 Common Shares are issued and outstanding as at the date hereof. Each Common Share is entitled to one vote.

Shareholders registered as at May 17, 2016 (the “**Record Date**”) are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the form of proxy to attend and vote, deliver their form of proxies at the place and within the time set forth in the notes to the form of proxy.

The following table sets forth the only persons who as of the date hereof, to the knowledge of the directors and executive officers of the Corporation, beneficially own or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares:

Name of Shareholder	Number of Shares	Percentage of Issued Capital
Zebra Holdings and Investments S.à.r.l. (“ <b>Zebra</b> ”) <sup>(1)</sup>	217,299,072 <sup>(2)</sup>	12.08%
Lorito Holdings S.à.r.l. (“ <b>Lorito</b> ”) <sup>(1)</sup>	84,902,787 <sup>(2)</sup>	4.72%

Notes:

<sup>(1)</sup> Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settlor is the Estate of the late Adolf H. Lundin. Together, Lorito and Zebra hold a total of 302,201,859 Common Shares, which represents 16.80% of the current outstanding Common Shares.

<sup>(2)</sup> In addition, Lorito and Zebra each hold \$37.65 million and \$9.65 million, respectively, of senior secured bonds of General Exploration Partners, Inc. (“GEP”), a wholly-owned subsidiary of the Corporation. The bonds mature on November 13, 2018 without amortization and carry an 11.5% fixed semi-annual coupon interest which, at the option of GEP, may be paid in either cash or through additional bonds.

## BUSINESS OF THE ANNUAL GENERAL MEETING

### FINANCIAL STATEMENTS AND AUDITORS’ REPORT

The Corporation’s consolidated financial statements for the year ended December 31, 2015 and the report of the auditors thereon will be placed before the Meeting. Copies of the consolidated financial statements, the auditors’ report and management’s discussion and analysis have been mailed to all registered shareholders and non-registered shareholder (or beneficial shareholders) who have opted to receive such materials. These documents can also be found on the Corporation’s website at [www.shamarampetroleum.com](http://www.shamarampetroleum.com) and are also available on SEDAR at [www.sedar.com](http://www.sedar.com). No vote by the Shareholders is required to be taken with respect to the consolidated financial statements.



## ELECTION OF DIRECTORS

The Board of Directors presently consists of five (5) directors and it is intended to determine the number of directors at five (5) and to elect five (5) directors for the ensuing year.

The term of office of each of the present directors expires at the Meeting. At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors at five and the five persons named hereunder will be proposed for election as directors of the Corporation. Unless authority to vote is withheld, the Common Shares represented by the proxies hereby solicited will be voted by the persons named therein **FOR** the election of the nominees whose names are set forth below. All of the nominees are presently members of the Board and the dates on which they were first elected or appointed are indicated below. Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, Management Proxyholders reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in the accompanying form of proxy that such Shareholder's Common Shares are to be withheld from voting on the election of directors.

The following table and notes state the name of each person proposed to be nominated by management for election as a director (a "**proposed director**"), the province and country in which he or she is ordinarily resident, all other positions and offices with the Corporation and any significant affiliate now held by each such person, if any, his or her principal occupation or employment, the period or periods of service as a director of the Corporation and the approximate number of Common Shares of the Corporation beneficially owned directly or indirectly, by each such person, or over which he or she exercises control or direction.

Name, province and country and current position(s) held in the Corporation <sup>(1)</sup>	Period of Service as a Director	Number of Common Shares beneficially owned or controlled or directed, directly or indirectly <sup>(2)</sup>	Principal Occupation within the Preceding Five Years <sup>(1)</sup>
Keith C. Hill Florida, USA Chairman and Director	Director since February 19, 2007	1,343,000	President and Chief Executive Officer of Africa Oil Corp.; Director of BlackPearl Resources Inc., Petrovista Energy Corp., Africa Energy Corp. (formerly Horn Petroleum Corporation), Tyner Resources Ltd. and TAG Oil Corp. Prior to his appointment as Chief Executive Officer of Africa Oil Corp., Mr. Hill was President and CEO of BlackPearl Resources Inc. and of Valkyries Petroleum Corp.
Chris Bruijnzeels Geneva, Switzerland President, Chief Executive Officer and Director	Director since January 19, 2015	2,063,690	President and Chief Executive Officer, and a director of the Corporation. Mr. Bruijnzeels was Senior Vice President Development of Lundin Petroleum AB from January 2003 to up to the time of his appointment as a Member of the Board of ShaMaran on January 19, 2015. Mr. Bruijnzeels is a qualified Professional Engineer with over 30 years of experience in the oil and gas industry.
C. Ashley Heppenstall Geneva, Switzerland Director	Director since January 19, 2015	Nil	A director of Lundin Petroleum AB since August, 2001, Mr. Heppenstall is a graduate of Durham University where he obtained a degree in Mathematics. Mr. Heppenstall is a director of Lundin Gold Inc., Africa Energy Corp. and Etrion Corporation, and was, from May 2010 until May 2013, a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm.

Name, province and country and current position(s) held in the Corporation <sup>(1)</sup>	Period of Service as a Director	Number of Common Shares beneficially owned or controlled or directed, directly or indirectly <sup>(2)</sup>	Principal Occupation within the Preceding Five Years <sup>(1)</sup>
Brian D. Edgar British Columbia, Canada Director	Director since March 27, 2007	100,000	Chairman of Silver Bull Resources, Inc.; director of a number of other publicly traded companies.
Gary S. Guidry Alberta, Canada Director	Director since February 19, 2007	193,000	President and Chief Executive Officer of Gran Tierra Energy Inc. since May 2015; Director of Africa Oil Corp. since June 2008; former President and Chief Executive Officer, director and Head of Chad Business for Glencore E&P (Canada) Inc. (formerly Caracal Energy Inc.) from July 2011 to August 2014; Previously, Mr. Guidry was President and CEO of Tanganyika Oil Company Ltd. and Orion Oil and Gas Corporation and director of TransGlobe Energy Corporation.

Notes:

<sup>(1)</sup> The information as to the province and country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors.

<sup>(2)</sup> The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

The Board of Directors does not have an executive committee. There are presently four standing committees of the Board: the Audit Committee, the Compensation Committee, the Reserves Committee and the Corporate Governance and Nominating Committee. The following table sets out the members of such committees:

Audit Committee	Compensation Committee	Reserves Committee	Corporate Governance and Nominating Committee
C. Ashley Heppenstall (Chair)	Keith C. Hill (Chair)	Gary S. Guidry (Chair)	Brian D. Edgar (Chair)
Brian D. Edgar	C. Ashley Heppenstall	Keith Hill	Keith Hill
Gary S. Guidry	Brian D. Edgar	C. Ashley Heppenstall	Gary S. Guidry

Other than as disclosed below, none of the proposed directors (or any of their personal holding companies) of the Corporation:

- (a) is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, including the Corporation, that:
- (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "order") that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was the subject of an order that was issued after the person ceased to be a director, chief executive officer or chief financial officer in the Corporation 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;

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

Mr. Edgar was a director of New West Energy Services Inc. (NEW-TSX-V) when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

None of the proposed directors (or any of their personal holding companies) has been subject to:

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

#### **AUDIT COMMITTEE AND NATIONAL INSTRUMENT 52-110, *AUDIT COMMITTEES* (“NI 52-110”) DISCLOSURE**

The Audit Committee of the Corporation oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation’s auditors are pre-approved by the Audit Committee. The Audit Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, the Corporation’s internal accounting controls, the Code of Business Conduct and Ethics, as amended (the “**Code**”), any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation’s external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the Shareholders and the compensation of the auditors. The Audit Committee meets a minimum of four times per year. The Audit Committee’s Charter is attached as Schedule “A” to this Circular.

#### *Composition of the Audit Committee and Relevant Education and Experience*

Below are the details of each current Audit Committee member, including his name, whether he is independent and financially literate as such terms are defined under NI 52-110, and a summary of the Audit Committee member’s education and experience which is relevant to the performance of their responsibilities as an audit committee member.

Member Name	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>	Education and experience relevant to performance of audit committee duties
C. Ashley Heppenstall	Yes	Yes	Mr. Heppenstall is the President and Chief Executive Officer, and a director, of Lundin Petroleum AB. Mr. Heppenstall is a graduate of Durham University where he obtained a degree in Mathematics. Mr. Heppenstall also acts as director of Africa Energy Corp. (TSXV) and Lundin Gold Inc. and Etrion Corporation, companies listed on the Toronto Stock Exchange and was, from May 2010 until May 2013, a director of Vostok Nafta Investment Ltd., a corporation traded on the Nasdaq OMX Nordic Exchange in Stockholm. Mr. Heppenstall's work has required extensive review and analysis of financial statements.
Brian D. Edgar	Yes	Yes	Mr. Edgar is a retired corporate and securities lawyer and mining executive with a Law Degree from the University of British Columbia and over 40 years of public company experience. Mr. Edgar practiced in the area of corporate/securities law in private practice for 16 years and was co-owner of a private investment and venture capital firm and as such, has been involved in the financial analysis of many projects and companies. Mr. Edgar has served as an executive officer, director and audit committee chair of several other public resource-based companies. Through his education and experience, Mr. Edgar has experience overseeing and assessing the performance of companies and public accountants with respect to the preparation, auditing and evaluation of financial statements.
Gary Guidry	Yes	Yes	Mr. Guidry is President and Chief Executive Officer of Gran Tierra Energy Inc.; Mr. Guidry is a director and member of the Audit Committee of Africa Oil Corp.; Formerly, Mr. Guidry was head of Chad Business for Glencore E&P (Canada) Inc. (formerly Caracal Energy Inc.). Mr. Guidry is an Alberta registered P. Eng. and holds a B.Sc. in petroleum engineering from Texas A & M University. Mr. Guidry has attained financial experience and exposure to accounting and financial issues in his former role at Glencore, and in his previous positions with a number of other public companies, including Orion Oil & Gas Corporation, Tanganyika Oil Company Ltd., Zodiac Exploration Inc., TransGlobe Energy Corporation, and Calpine Natural Gas Trust and Alberta Energy Company.

Notes:

- <sup>(1)</sup> To be considered independent, a member of the audit committee must not have any direct or indirect "material relationship" with the Corporation. A material relationship is a relationship which could, in the view of the Board of Directors of the Corporation, reasonably interfere with the exercise of a member's independent judgement.
- <sup>(2)</sup> To be considered financially literate, a member of the audit committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board of Directors.

Reliance on Certain Exemptions

Since the commencement of the Corporation's recently completed financial year, the Corporation has not relied on the exemptions contained in section 2.4 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two fiscal years ended December 31, 2015 and December 31, 2014.

Fiscal Year	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
2015	84,062	12,782	Nil	18,013
2014	92,532	13,832	Nil	18,026

Notes:

- <sup>(1)</sup> The aggregate fees billed for audit services.
- <sup>(2)</sup> The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the audit fees column.
- <sup>(3)</sup> The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- <sup>(4)</sup> The aggregate fees billed for professional services other than those listed in the other three columns.

### Exemption

The Corporation is relying upon the exemption in section 6.1 of the NI 52-110 – Audit Committees, which exempts venture issuers (as defined therein) from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of that instrument.

## **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Circular, a Named Executive Officer (a “NEO”) means each of the following individuals: (a) the Chief Executive Officer of the Corporation, (b) the Chief Financial Officer of the Corporation, (c) each of the three most highly compensated executive officers of the Corporation including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than CAD \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 for the December 31, 2015 financial year; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, as of December 31, 2015.

During the financial year ended December 31, 2015, the Corporation had three NEOs of the Corporation, namely, Mr. Chris Bruijnzeels, President and Chief Executive Officer, Mr. Pradeep Kabra, former President and Chief Executive Officer, and Mr. Brenden Johnstone, Chief Financial Officer. Effective January 19, 2015 Mr. Kabra resigned as President, Chief Executive Officer and director and Mr. Chris Bruijnzeels was appointed President, Chief Executive Officer and director of the Corporation.

### **COMPENSATION DISCUSSION AND ANALYSIS**

The following compensation discussion and analysis describes the Corporation's practices with respect to the compensation of its NEOs.

#### Overview of Compensation Philosophy

The Corporation's compensation philosophy is to structure remuneration packages that are sufficiently attractive to recruit, retain and motivate the kind of executives who will be instrumental in helping the Corporation achieve its short and long-term objectives, to provide executives with compensation that is in accordance with existing market standards generally, to align the interests of executive officers with those of the Corporation's Shareholders and to link individual executive compensation to the performance of both the Corporation and the individual executive.

During 2010, the Corporation implemented a compensation structure based on the European model that takes into account inflation (cost of living), and that provides for merit increases (only to the extent that an individual's job description or duties have been substantially altered), and cash bonuses which are based on a number of factors, including base salary, length of service and specific performance. In 2016, the Compensation Committee reviewed the Corporation's long term incentive plan, which consisted solely of stock options, and set out to evaluate alternative long-term incentive vehicles for the Corporation's executives. As a result of this review, the Compensation Committee recommended, and the Board approved, the introduction of a Share Unit Plan for senior executives to further enhance their alignment with the interests of shareholders.

### Elements of Compensation

Executive compensation is comprised of three elements:

- base salaries, which are set at levels which are competitive with the base salaries paid by corporations of a comparable size within the oil and gas exploration industry and with operations at approximately the same stage of development, thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long-term success;
- bonuses, which are considered from time to time, based on individual and corporate performance criteria;
- share ownership opportunities through a Stock Option Plan and a Share Unit Plan providing for the issuance, at the discretion of the directors, of stock options, restricted share units and performance share units, which provides additional incentive and aligns the interests of executive officers with the longer term interests of shareholders.

Each element of the Corporation's executive compensation program is described in more detail below.

### **Base Salaries**

A NEO's base salary is intended to remunerate the NEO for discharging job responsibilities and reflects the executive's performance over time. Individual salary adjustments take into account performance contributions in connection with their specific duties. The base salary of each executive officer is determined by the Compensation Committee based on an assessment of his sustained performance and consideration of competitive compensation levels for the markets in which the Corporation operates. In making its recommendations to the Board, the Compensation Committee also considers the particular skills and experience of the individual. The base salaries of executive officers are reviewed annually.

### **Performance-based Cash Bonuses**

The Corporation may award discretionary cash bonuses to executive officers and employees of the Corporation from time to time. The amount of the bonus that each individual may be eligible for is not set in relation to any formula or specific criteria, but is the result of a subjective determination of the Corporation's performance, overall industry conditions, as well as the individual's performance and his or her contribution to overall corporate goals. The payment of bonuses is subject to the final approval of the Board and the Board has the discretion to amend or veto bonuses in its sole discretion.

### **Long Term Incentive Compensation**

Historically, the Corporation's long term incentive compensation consisted solely of stock options, and the Board believed that this structure was best suited for the Corporation during its earlier exploration stage. However, recognizing the Corporation's changing business environment in recent years, the Compensation Committee set out to evaluate alternative long-term incentive vehicles for the Corporation's executives. As a result of this review, the Compensation Committee recommended, and the Board approved, a long term incentive plan for our NEOs of comprised of individual stock options ("Stock Options"); restricted share units ("RSUs") and performance share units ("PSUs"). The Board believes that these changes will serve to better align the Corporation's executives to its strategic goals and long-term shareholder return in the future.

The following summarizes the key terms of the Corporation's long term incentive plans ("LTIPs"), namely: the Stock Option Plan initially adopted by shareholders at the annual and special meeting held on June 21, 2004 (the "Stock Option Plan") and the Share Unit Plan ("Share Unit Plan") as adopted by the Board, subject to the approval of the Share Unit Plan by the shareholders. This summary is qualified in its entirety by the full text of the Stock Option Plan and by the Share Unit Plan, which is set forth in Schedule B. Capitalized terms used in the summary of the LTIPs below that are not otherwise defined herein, shall have the meanings given to such terms in the LTIPs.

**Administration.** The Board will administer the LTIPs and has the right to delegate the administration and operation of the LTIPs, in whole or in part, to a committee of the Board.

**Awards Available for Grant.** Pursuant to the LTIPs, the Board may grant options ("Options") pursuant to the Stock Option Plan, restricted share units ("RSUs") and performance share units ("PSUs") pursuant to the Share Unit Plan and any combination of the foregoing.

**Eligible Participants.** As designated by the Board, Options, RSUs and PSUs may be granted to any officer, director or employee of the Corporation or a Consultant of the Corporation or any Affiliate and any such person's personal holding company.

**Number of Shares.** The maximum number of Shares which may be reserved for issuance under the LTIPs in respect of grants of Options, RSUs and PSUs to Participants and for dividend-equivalent payments in respect thereof cannot exceed 10% of the issued and outstanding Shares of the Corporation. As of May 17, 2016, there were 1,798,631,534 Shares issued and outstanding. Also as of May 17, 2016, there were 28,190,000 Options outstanding under the LTIPs, representing, in aggregate, 1.57% of the number of Shares outstanding. Therefore, 151,673,153 Shares, being 8.43% of the number of Shares outstanding, are available to be reserved for issuance under the LTIPs.

**Participation Limits.** Unless the Corporation has received requisite shareholder approval, under no circumstances shall the LTIPs, together with all other Share Compensation Arrangements of the Corporation, result, at any time, in: (i) the aggregate number of Shares reserved for issuance to insiders (as a group) at any point in time exceeding 10% of the Corporation's issued and outstanding Shares; (ii) the issuance to insiders (as a group), within a one-year period, of an aggregate number of Shares exceeding 10% of the Corporation's issued and outstanding Shares; (iii) the aggregate number of Shares reserved for issuance to all non-employee directors of the Corporation exceeding 1% of the Corporation's issued and outstanding Shares; or (iv) the grant to any individual non-employee director of the Corporation of more than CAD\$150,000 worth of Shares annually.

Subject to compliance with the foregoing limitations, the number of Common Shares which may be issuable under the LTIPs within any one-year period:

- (i) to any one Eligible Person, shall not exceed 5% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis;
- (ii) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis; and
- (iii) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis.

**Vesting.** Each Grant Agreement will describe the vesting dates for Options, RSUs and PSUs. RSUs and PSUs will vest based on the conditions described in the Grant Agreement and, in any case, no later than the end of the third calendar year following the date of the grant.

**Term and Settlement of RSUs and PSUs.** RSUs and PSUs will be settled on the first business day following the applicable vesting date but in all events in the calendar year in which such first business day occurs. The Share Unit Plan provides for redemption (or payment) in cash, shares or a combination of cash and shares. It is anticipated that RSUs and PSUs will be settled by the Corporation in Shares issued from treasury.

Cessation. Subject to the discretion of the Board, if a Participant ceases to be an Eligible Person due to his or her: (i) resignation any unvested Options or Units held by that Participant shall expire; or (ii) termination with cause, all vested and unvested Share Units immediately expire. The expiration of an Option or Share Unit renders it void and incapable of exercise and/or settlement.

Subject to the discretion of the Board, if the Participant ceases to be an Eligible Person because of his or her termination without cause, retirement, death, or disability, such day representing the final date of employment by the Eligible person ("Final Date") then (i) a portion of the unvested RSUs held by the Eligible Person shall immediately vest on the Final Date. The number of unvested RSUs held by the Eligible Person that vest would be calculated by multiplying the number of unvested RSUs held by the Eligible Person by a fraction, the numerator of which equals the number of days the Eligible Person was actively employed between the Grant Date of such RSUs and the Final Date, and the denominator of which equals the total number of days between the Grant Date of such RSUs and their original vesting date; (ii) any unvested PSUs held by such Eligible Person will remain outstanding for the balance of their term pursuant to this Plan and the Grant Agreement and in the event that the applicable Performance Conditions are met prior to expiry, such PSUs will vest and the Corporation shall issue Common Shares or make payment with respect to such PSUs to the Eligible Person as soon as reasonably practical thereafter; and (iii) any vested Share Units credited to the Eligible Person's account as of the Final Date will remain payable in accordance with the Share Unit Plan and the Eligible Person shall receive a payout in respect of each such vested Share Unit as soon as reasonably practicable thereafter.

Assignability. In no event may the Options or Share Units under the LTIPs be assigned or transferred in any way, except to the extent such Options and/or Share Units may pass to a beneficiary or legal representative upon death of a participant.

Amendments. The Board may amend, revise or discontinue the terms and conditions of the LTIPs in its sole discretion subject to certain limitations under the LTIPs. The Board may, from time to time, in its discretion and without the approval of shareholders, make changes to the LTIPs which do not require shareholder approval, which may include an amendment that: (i) is necessary to comply with any applicable law or any requirement of a stock exchange; (ii) is in respect of the administration of or eligibility for participation in the LTIPs; (iii) is to alter, extend or accelerate the vesting or settlement terms of any Option or Share Unit; or (iv) is of a "housekeeping nature", or any other amendments, fundamental or otherwise, not requiring shareholder approval.

The Board may not amend the LTIPs without approval from the shareholders if any applicable law, or stock exchange rule, regulation or policy, requires that the amendment be approved by the Shareholders. Shareholder approval of an amendment to the LTIPs is specifically required where the amendment: (i) increases the maximum number of Shares issuable under the LTIPs; (ii) a change in the method of calculation of redemption of Share Units, and (iii) an extension to the term of Share Units.

Fair Market Value. Fair Market Value means, in relation to a Share, the arithmetic average closing price of the Share on the TSX Venture Exchange (the "TSX-V") for the five immediately preceding trading days.

Adjustments. The LTIPs provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization, or other change of shares, consolidation, distribution, merger or amalgamation, in order to maintain the participant's economic rights in respect of their units in connection with such change in capitalization.

Dividend Equivalents. If a dividend becomes payable by the Corporation on its Shares, participants will be entitled to be credited with dividend equivalent payments in the form of additional RSUs and/or PSUs, as applicable, which additional units will be settled at the same time that the underlying RSUs and/or PSUs, as applicable, are settled.

Change of Control. In the event of a change of control transaction all outstanding Share Units which have not vested shall immediately vest and become payable on the date of the change of control.



### ***Stock Options***

The stock option component of a NEO's compensation, which includes a vesting element to ensure retention, serves to both motivate the executive toward increasing share value and to enable the executive to share in the future success of the Corporation. Individual stock options are granted by the Board on the recommendation of senior management, in the case of employees, and by the Compensation Committee, in the case of executive officers, including the NEOs. Options are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional option grants may be made periodically to ensure that the number of stock options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, a number of factors are considered, including, the role the individual plays in the Corporation, the number of stock options an individual has been granted, the exercise price and the value of the options and the term remaining on those options. The terms and conditions of the Corporation's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Stock Option Plan, which are described under "Securities Authorized for Issuance Under Equity Compensation Plans".

### ***Restricted Share Units ("RSUs")***

The restricted share unit component of a NEO's compensation is an incentive-based method of compensation pursuant to which executives are awarded units in lieu of cash payments that such individuals are entitled to for their service to the Corporation. When RSUs are granted the award is valued based on the market price of the Corporation's shares at the time of grant and the value of a RSU tracks the market value of the Corporation's shares from the date of grant to the date of expiry, which is generally three years from the grant date. When the RSU is paid out, the value of the RSU will be the market value of the Corporation's shares at the payout date. RSUs may be settled in cash or the Corporation's shares issued from treasury.

### ***Performance Share Units ("PSUs")***

Similar to RSUs, the performance share unit component of a NEO's compensation is an incentive-based method of compensation pursuant to which executives are awarded units that track the value of the Corporation's common shares. However, PSUs are subject to additional performance conditions that serve to enhance the alignment of executives to key strategic, financial and operational milestones of the Corporation. PSUs will vest when the performance conditions have been met. PSUs may be settled in cash or the Corporation's shares issued from treasury.

### ***Benefits and Perquisites***

Benefits do not form a significant part of the remuneration package of any of the NEOs. In most cases, employment benefits, health care, life insurance and, where applicable, state pension plan contributions are provided in a manner which is in keeping with industry standards. During the financial year ended December 31, 2015, none of the NEOs received any perquisites which in the aggregate were greater than \$50,000 or 10% of the respective NEO's salary.

### **Composition of the Compensation Committee**

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation. As of December 31, 2015, the Compensation Committee consists of three members: namely, Messrs. Keith C. Hill, C. Ashley Heppenstall and Brian Edgar. All three members of the Compensation Committee are considered to be independent. Since April 2008 the Compensation Committee has maintained a mandate and meets as frequently as necessary in order to fulfill its responsibilities and in any event, at least annually.

The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to NEO compensation:

- to review and approve corporate goals and objectives relevant to NEO compensation, including the evaluation and performance of the NEO in light of those corporate goals and objectives, and to make recommendations to the Board with respect to NEO compensation levels (including the award of any cash bonuses or share ownership opportunities);

- to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation; and
- to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive roles within public companies, and therefore have a good understanding of compensation programs. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the Corporation's success factors and risks, which is very important when determining metrics for measuring success.

#### Performance Factors

At this stage of the Corporation's development, no formal criteria have been established to evaluate corporate and individual performance; however, a number of factors are considered by the Compensation Committee in making recommendations for executive compensation including, but not limited to:

- the progression of the Corporation's projects framed around budget forecasts presented to and approved by the Board;
- the Corporation's overall financial and operating performance;
- objective factors such as the NEO's level of responsibilities, experience, and expertise, length of service and the levels of compensation provided by industry competitors;
- subjective factors such as leadership and such NEOs specific performance and contribution to the benefit of the Corporation, including maintaining good government relations;
- compensation data of peer group companies;
- the Corporation's market capitalization; and
- the long-term interests of the Corporation and its shareholders.

#### Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is within the mandate of the Board with recommendations from the Compensation Committee; however, management has a key role in helping support the Compensation Committee in fulfilling its obligations. For example, the CEO and other senior members of the Corporation's management team provide a source of external data and analysis.

#### Recruiting and Retention

The Corporation recognizes that its compensation package has to be sufficient to attract and retain the right level of skill, expertise and talent in an increasingly competitive global market.

The structure of the remuneration package must be well-balanced across the short, medium and longer term elements, so that it is both attractive to the individual and cost effective for the Corporation. This balance is achieved by providing base salary at a reasonable median level as an anchor which makes the Corporation a realistic prospect for talented candidates. However, the short term incentive (discretionary bonuses) provides recruits with the opportunity to achieve superior total annual reward through their own delivery of excellence at individual and business levels. Finally, the longer term reward element (stock option and share unit grants), which provides the opportunity to build ownership and growth in the medium and longer term future in line with the opportunities for success afforded to the shareholders.

#### Fiscal 2015 Compensation Review

On December 4, 2015 the Compensation Committee carried out its annual review of NEO salaries and recommended no change to the base salaries of the Corporation's CEO, Mr. Chris Bruijnzeels, and CFO, Mr. Brenden Johnstone. The Compensation Committee also determined that it was appropriate that each of Messrs. Bruijnzeels and Johnstone receive cash bonuses which are reflected in the Summary Compensation Table below under the column "Annual Incentive Plans". The Board accepted and approved on December 4, 2015 all of the recommendations of the Compensation Committee for Messrs. Bruijnzeels and Johnstone.

In determining the annual cash bonus of the NEOs, the Compensation Committee considered in the context of industry standards, among other things, the long term interests of the Corporation and its shareholders, the financial and operating performance of the Corporation, contributions by the individuals towards attaining corporate objectives, levels of responsibility, length of service and compensation levels.

As the Corporation did not generate revenues from operations during the recently-completed fiscal year, traditional corporate and NEO performance standards such as earnings per share are not considered relevant by the Compensation Committee in NEO performance evaluation.

The Compensation Committee was satisfied that the Corporation's compensation appropriately took into account the factors relevant to the industry, the Corporation's performance within that industry, and the individual contributions to the Corporation's performance made by its NEOs.

During the fiscal year ended December 31, 2015, the Compensation Committee recommended and the Board approved the grant of an aggregate of 26,000,000 stock options of which 15,000,000 stock options were granted to the CEO, 5,000,000 stock options were granted to the CFO, and an aggregate 6,000,000 stock options were granted to directors who are not NEO's. These options are exercisable at an exercise price of CAD\$0.115 per share, and expire on January 19, 2020. These options vest over a two year period, one-third immediately, one-third after 12 months and one-third after 24 months from the date of grant.

*Risks Associated with Corporation's Compensation Policies and Practices*

Neither the Board nor the Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with the Corporation's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation programme, and the Board and the Compensation Committee does not believe that the Corporation's compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation.

The Corporation's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

**Summary Compensation Table**

The following table sets forth a summary of the total compensation paid to, or earned by the Corporation's NEO's during the three most recently completed financial years. Unless otherwise indicated, all dollar amounts in this section are enumerated in United States dollars, being the Corporation's reporting currency

Name and Principal Position	Year <sup>(1)</sup>	Salary <sup>(2)</sup> (\$)	Share-based Awards (\$)	Option-based Awards <sup>(3)</sup> (\$)	Non-equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation <sup>(2)(5)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(2)</sup> (\$)	Long term Incentive Plans <sup>(4)</sup> (\$)			
Chris Bruijnzeels <sup>(6)</sup> President and Chief Executive Officer	2015	569,064	Nil	868,223	Nil	Nil	Nil	12,689	1,449,975
	2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pradeep Kabra <sup>(7)</sup> former President and Chief Executive Officer	2015	41,214	Nil	Nil	123,642	Nil	Nil	495,797 <sup>(7)</sup>	660,653
	2014	524,295	Nil	Nil	302,841	Nil	Nil	16,231	843,368
	2013	509,036	Nil	480,322	252,044	Nil	Nil	19,685	1,261,087
Brenden Johnstone Chief Financial Officer	2015	274,082	Nil	289,408	68,526	Nil	Nil	15,506	647,521
	2014	290,556	Nil	Nil	130,635	Nil	Nil	16,308	437,499
	2013	279,367	Nil	194,416	115,318	Nil	Nil	14,590	603,691

Notes:

<sup>(1)</sup> Financial years ended December 31.

<sup>(2)</sup> Salaries, annual incentive plan compensation and all other compensation earned have been paid in Swiss francs and are translated into United States dollars using an average exchange rate for the reporting year of 1.0347 per Swiss franc.

- (3) The value of the stock option grants has been determined using the Black-Scholes models on the date of grant and is consistent with the accounting value determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2015 consolidated financial statements. The amount presented in the table represents the value of the options granted in the period. For accounting purposes, the fair value is amortized over the applicable vesting periods. Option fair values were calculated in Canadian dollars and translated into United States dollars using an exchange rate of 0.8349 for the January 19, 2015 option grants awarded to these individuals. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model as reported in the table above does not necessarily correspond to the actual future value that will be realized.
- (4) The Corporation does not currently have a formal annual incentive plan or non-equity long term incentive plan for any of its NEOs.
- (5) All Other Compensation for Mr. Bruijnzeels and Mr. Johnstone is comprised of medical insurance reimbursements received during the year.
- (6) Mr. Chris Bruijnzeels was appointed President, Chief Executive Officer and director effective January 19, 2015.
- (7) Mr. Kabra resigned as President, Chief Executive Officer and director on January 19, 2015. During the year ended December 31, 2015 Mr Kabra received CHF 478,000 pursuant to an agreement to terminate employment between Mr. Kabra and the Corporation dated January 19, 2015, Mr. Kabra representing 12 months' regular salary as well as medical insurance reimbursements of CHF 1,187 which have been reported in the table above as "All Other Compensation". All stock options (vested and unvested) held by Mr. Kabra ceased to be exercisable on April 19, 2015, the date which is 90 days after his resignation. Refer also to Incentive Plan Awards.

## 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 Stock Option Plan outstanding as at December 31, 2015. This information includes awards granted before the financial year ended on December 31, 2015. 7,516,667 of the outstanding NEO option-based awards had vested as at December 31, 2015.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price <sup>(1)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)
Chris Bruijnzeels <sup>(3)</sup> President and Chief Executive Officer	15,000,000	0.115	January 19, 2020	Nil
Pradeep Kabra <sup>(4)</sup> former President and Chief Executive Officer	Nil	N/A	N/A	N/A
Brenden Johnstone Chief Financial Officer	5,000,000 850,000	0.115 0.36	January 19, 2020 April 12, 2018	Nil Nil

**Notes:**

- (1) Option exercise prices are reported Canadian dollars, being the currency in which the options are granted.
- (2) This amount is calculated as the difference between the market value of the securities underlying the options on December 31, 2015, being the last trading day of the Corporation's Common Shares for the financial year, which was CAD\$0.06, and the exercise price of the option. No value has been given to unexercised options that were out-of-the-money on December 31, 2015.
- (3) Mr. Chris Bruijnzeels was appointed President, Chief Executive Officer and director on January 19, 2015.
- (4) Mr. Kabra resigned as President, Chief Executive Officer and director on January 19, 2015. All stock options (vested and unvested) held by Mr. Kabra ceased to be exercisable on April 19, 2015, the date which is 90 days after his resignation.

### ***Incentive Plan Awards – value vested or earned during the year***

The following table sets forth for the NEOs, the value vested during the financial year ended on December 31, 2015 for options awarded under the Stock Option Plan, as well as the value earned under non-equity incentive plans for the same period. The Corporation does not have any other share-based awards.

<b>Name</b>	<b>Option-based awards – value vested during the year (\$)<sup>(1)(2)(3)</sup></b>	<b>Share-based awards – value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – value earned during the year (\$)</b>
Chris Bruijnzeels <sup>(4)</sup> President and Chief Executive Officer	660,684	Nil	N/A
Pradeep Kabra <sup>(5)</sup> former President and Chief Executive Officer	17,626	Nil	N/A
Brenden Johnstone Chief Financial Officer	227,363	Nil	N/A

**Notes:**

- <sup>(1)</sup> The options granted to Named Executive Officers were vested as follows 1/3 upon grant, 1/3 one year from the date of grant and the remaining 1/3 two years from the date of grant.
- <sup>(2)</sup> Calculated using the closing price of the Common Shares as traded on the TSX Venture Exchange (“Exchange”) on the dates on which stock options vested during the financial year ended December 31, 2015, and subtracting the exercise price of in-the-money stock options.
- <sup>(3)</sup> The value of option-based awards vested has been determined using the Black-Scholes models on the date of grant and is consistent with the accounting value determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2015 consolidated financial statements. The amount presented in the table represents the value of options vested during the year 2015. For accounting purposes, the fair value is amortized over the applicable vesting periods. Option fair values were calculated in Canadian dollars and translated into United States dollars using an exchange rate of 0.7858 for the January 19, 2015 option grants awarded to these individuals. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model as reported in the table above does not necessarily correspond to the actual future value that will be realized.
- <sup>(4)</sup> Mr. Chris Bruijnzeels was appointed President, Chief Executive Officer and director effective January 19, 2015.
- <sup>(5)</sup> Mr. Pradeep Kabra resigned as President, Chief Executive Officer and director on January 19, 2015.

### ***Pension Plan Benefits***

The Corporation does not have any defined benefit or actuarial plans.

### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

Other than as set forth above, and as set out below under Employment Agreements, the Corporation and its subsidiaries have no other compensatory plan, contract or arrangement where a NEO is entitled to receive more than CAD\$100,000 (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the NEO’s employment with the Corporation or its subsidiaries, a change of control of the Corporation or its subsidiaries, or a change in responsibilities of the NEO, with or without a change in control.

### **Employment Agreement - Chris Bruijnzeels, President and Chief Executive Officer**

Pursuant to an employment agreement dated February 1, 2015 between Mr. Chris Bruijnzeels and ShaMaran Services S.A., Mr. Bruijnzeels is currently engaged by the Corporation in the capacity of President and Chief Executive Officer at an annual base salary of CHF 600,000 per annum, exclusive of bonuses, benefits and other compensation. The employment agreement of Chris Bruijnzeels may be terminated without prior notice only for just cause as defined in the Swiss Code of Obligations. Pursuant to the employment agreement, the Corporation or Mr. Bruijnzeels may terminate the employment agreement for whatever reason upon the applicable notice period as follows:

<u>Period of Employment</u>	<u>Period of Notice</u>
First 3 months	1 week's notice
4 <sup>th</sup> month to 1 year inclusive	1 month's notice
2 <sup>nd</sup> year to 5 <sup>th</sup> year inclusive	2 months' notice
6 <sup>th</sup> year to 9 <sup>th</sup> year inclusive	3 months' notice
10 years and over	6 months' notice

In case Mr. Bruijnzeels' employment agreement with ShaMaran Services SA is terminated within one year following a change of control of ShaMaran Services SA or of the Corporation Mr. Bruijnzeels is entitled to receive within 30 days of termination a lump sum payment of 24 month's base salary then in effect. A change of control in respect of the Corporation shall be deemed to occur if the ultimate parent company of the Corporation is no longer ShaMaran Petroleum Corp. or another person or entity in which one or more members of the Lundin family (including through an investment company or trust) holds the largest shareholding. If Mr. Bruijnzeels' employment agreement is terminated by the Corporation in circumstances other than following a change of control of ShaMaran Services SA or of the Corporation he is entitled to receive within 30 days of termination a lump sum severance payment of 24 month's salary then in effect in addition to any applicable notice period, in accordance with the applicable employment period as described above.

### **Employment Agreement - Pradeep Kabra, Former President and Chief Executive Officer**

Pursuant to an employment agreement dated November 1, 2009, as amended December 14, 2009, January 1, 2013 and January 1, 2014 between Mr. Kabra and ShaMaran Services SA, Mr. Kabra was engaged by the Corporation in the capacity of President and Chief Executive Officer, for a fixed term of two years with an automatic extension thereafter for an indefinite term, at an annual base salary of CHF 478,000 per annum, exclusive of bonuses, benefits and other compensation. Mr. Kabra's employment agreement entitled him to two months' notice of termination. Further, upon termination of his employment agreement with the Corporation within the two years following a change of control, or if Mr. Kabra resigns in accordance with the terms of his employment contract following a change of control, he shall within 30 days written notice receive a lump sum payment of 24 month's base salary. Mr. Kabra resigned as President, Chief Executive Officer and director effective January 19, 2015 and the employment agreement was terminated. Pursuant to an agreement to terminate employment between Mr. Kabra and the Corporation dated January 19, 2015 Mr. Kabra received an aggregate of CHF 478,000 in termination benefits during the year ended December 31, 2015. All stock options (vested and unvested) held by Mr. Kabra ceased to be exercisable on April 19, 2015, the date which is 90 days after his resignation. See below and Incentive Plan Awards.

### **Employment Agreement – Brenden Johnstone, Chief Financial Officer**

Pursuant to an employment agreement dated November 1, 2009, as amended December 14, 2009, January 25, 2012, January 1, 2013 and January 1, 2014 between Mr. Johnstone and ShaMaran Services SA, Mr. Johnstone is currently engaged by the Corporation in the capacity of Chief Financial Officer for an indefinite term, at an annual base salary of CHF 264,900 per annum, exclusive of bonuses, benefits and other compensation. Mr. Johnstone's employment agreement currently entitles him to three months' notice of termination. Further, upon termination of his employment agreement with the Corporation within the two years following a change of control, or if Mr. Johnstone resigns in accordance with the terms of his employment contract following a change of control, he shall within 30 days written notice receive a lump sum payment of 24 month's base salary.

If a severance payment triggering event had occurred on December 31, 2015, the severance payments that would be payable to Messrs. Bruijnzeels and Johnstone would have been approximately as follows:

Name	Termination by the Corporation without cause (estimated) <sup>(1)</sup> (\$)	Termination by the Corporation without cause after a "Change of Control" of the Corporation (estimated) <sup>(1)</sup> (\$)
Chris Bruijnzeels	1,256,029	1,205,788
Pradeep Kabra <sup>(2)</sup>	n/a	n/a
Brenden Johnstone	66,544	532,355

Note:

- (1) Severance payments would be paid in Swiss francs and are translated into United States dollars using the closing exchange rate at December 31, 2015 of 1.0048 per Swiss franc.
- (2) Mr. Kabra resigned as President, Chief Executive Officer and director of the Corporation. Pursuant to an agreement to terminate employment between Mr. Kabra and the Corporation dated January 19, 2015 Mr. Kabra received an aggregate of CHF 478,000 in termination benefits during the year ended December 31, 2015. All stock options (vested and unvested) held by Mr. Kabra cease to be exercisable on April 19, 2015, the date which is 90 days after his resignation.

## DIRECTORS' COMPENSATION

Certain compensation was earned by directors of the Corporation in their capacity as members of the Board or of a committee of the Board of the Corporation or its subsidiaries, or as consultants or experts, during the Corporation's most recently completed financial year.

To encourage the directors to align their interests with Shareholders, directors are granted incentive stock options pursuant to the Corporation's Stock Option Plan, from time to time.

### Director Compensation Table

The following table sets forth the details of compensation provided to directors, other than the Named Executive Officers, during the Corporation's most recently completed financial year:

Name <sup>(1)</sup>	Fees Earned <sup>(2)</sup> (\$)	Option-based Awards <sup>(4)</sup> (\$)	All Other Compensation (\$)	Total (\$)
Keith C. Hill	19,646	115,763	Nil	135,409
Gary S. Guidry	19,646	57,882	Nil	77,528
Brian D. Edgar	19,646	57,882	Nil	77,528
C. Ashley Heppenstall <sup>(3)</sup>	22,397	115,763	Nil	138,160
Alexandre Schneiter <sup>(3)</sup>	982	Nil	Nil	982
J. Cameron Bailey <sup>(3)</sup>	1,179	Nil	Nil	1,179

Notes:

- (1) Information pertaining to director, Mr. Chris Bruijnzeels, who is a NEO, is included under "Statement of Executive Compensation – Summary Compensation Table".
- (2) Fees earned have been paid in Canadian dollars and are translated into United States dollars using an average exchange rate for the reporting year of 0.7859 per Canadian dollar.
- (3) Messrs. Alexandre Schneiter and J. Cameron Bailey resigned as directors of the Corporation, effective January 19, 2015. Mr. Heppenstall was appointed as a director of the Corporation on January 19, 2015.
- (4) The value of option-based awards has been determined using the Black-Scholes models on the date of grant and is consistent with the accounting value determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2015 consolidated financial statements. The amount presented in the table represents the value of the options granted in the period. For accounting purposes, the fair value is amortized over the applicable vesting periods. Option fair values were calculated in Canadian dollars and translated into United States dollars using an exchange rate of 0.8349 for the January 19, 2015 option grants awarded to these individuals. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model as reported in the table above does not necessarily correspond to the actual future value that will be realized.

### Outstanding option-based awards

The following table sets forth for each director (other than NEOs) all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year. 2,999,999 of these option-based awards had vested as at December 31, 2015.

Name <sup>(1)</sup>	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(2)</sup>	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(3)</sup>
Keith C. Hill	2,000,000	0.115	January 19, 2020	Nil
	500,000	0.36	April 12, 2018	Nil
Gary S. Guidry	1,000,000	0.115	January 19, 2020	Nil
	250,000	0.36	April 12, 2018	Nil
Brian D. Edgar	1,000,000	0.115	January 19, 2020	Nil
	250,000	0.36	April 12, 2018	Nil
C. Ashley Heppenstall	2,000,000	0.115	January 19, 2020	Nil

Notes:

- (1) Information pertaining to director, Mr. Bruijnzeels, who is a NEO, is included under "Statement of Executive Compensation – Summary Compensation Table".
- (2) Option exercise prices are reported Canadian dollars, being the currency in which the options are granted.
- (3) Value is reported in Canadian dollars and is calculated based on the difference between the exercise price of the option and the closing price of the Corporation's Common Shares on the Exchange on December 31, 2015, being the last trading day of the Corporation's Common shares for the financial year, which was CAD\$0.06. No value has been given to unexercised options that were out-of-the-money on December 31, 2015.

### Incentive Plan Awards – Value vested or earned during the year

The following table sets forth, for each director, other than those who are also NEOs of the Corporation, the value of all incentive plan awards vested during the year ended December 31, 2015:

Name <sup>(1)</sup>	Option-based awards – value vested during the year <sup>(2)(3)</sup> (\$)	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
Keith C. Hill	95,436	Nil	95,436
Gary S. Guidry	47,718	Nil	47,718
Brian D. Edgar	47,718	Nil	47,718
C. Ashley Heppenstall	88,091	Nil	88,091

Notes:

- (1) Information pertaining to director, Mr. Bruijnzeels, who is a NEO, is included under "Statement of Executive Compensation – Summary Compensation Table".
- (2) 1/3 of the options granted to directors vest on the date of grant, an additional 1/3 vest one year from the date of grant and the remaining 1/3 two years from the date of grant.
- (3) The value of option-based awards vested has been determined using the Black-Scholes models on the date of grant and is consistent with the accounting value determinations used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2015 consolidated financial statements. The amount presented in the table represents the value of options vested during the year 2015. For accounting purposes, the fair value is amortized over the applicable vesting periods. Option fair values were calculated in Canadian dollars and translated into United States dollars using an exchange rate of 0.7858 for the January 19, 2015 option grants awarded to these individuals. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model as reported in the table above does not necessarily correspond to the actual future value that will be realized.

### Directors' and Officers' Liability Insurance

The Corporation maintains insurance for the benefit of its directors and officers and the directors and officers of its subsidiaries, as a group, in respect of the performance of them of the duties of their offices. The total amount of insurance coverage available is up to CAD\$35,000,000, depending on the type of claim, with a deductible of up to CAD\$100,000, depending on the type of claim, for each claim for which the Corporation grants indemnification. The Corporation bears the entire cost of the premiums payable pursuant to this coverage.



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### *Equity Compensation Plan Information*

The following table provides information regarding compensation plans under which securities of the Corporation are authorized for issuance to directors, officers, employees and consultants in effect as of the end of the Corporation's most recently completed fiscal year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	28,190,000	CAD\$0.13	129,786,853
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	28,190,000	CAD\$0.13	129,786,853

The Corporation's current 10% rolling incentive Stock Option Plan governing the issuance of stock options was initially adopted by shareholders at the annual and special meeting held on June 21, 2004. The Stock Option Plan was amended on April 15, 2011, and most recently ratified and approved by Shareholders on June 17, 2015.

Information regarding the terms and conditions of the Company's Stock Option Plan and proposed amendments to the Company's Stock Option Plan are set forth under "Particulars of Other Matters to be Acted Upon" below.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Corporation, proposed nominees for directorship, or associates or affiliates of the said person, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below and in this Circular, and other than transactions carried out in the ordinary course of business of the Corporation, none of the directors or executive officers of the Corporation, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation, nor any shareholder beneficially owning, directly or indirectly, Common Shares of the Corporation, or exercising control or direction over Common Shares of the Corporation, or a combination of both, carrying more than 10% of the voting rights attached to the outstanding shares of the Corporation nor an associate or affiliate of any of the foregoing persons has since January 1, 2015 (being the commencement of the Corporation's last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

During the financial year ended December 31, 2015, the Corporation completed a CAD \$75 million equity rights offering ("**Rights Offering**") to holders (each a "shareholder") of common shares of the Corporation that was supported by a comprehensive equity support arrangement from Lorito, Zebra and Lundin Petroleum B.V. ( "**Lundin Petroleum**" and, together with Lorito and Zebra, the "**Standby Purchasers**"). Lundin Petroleum is a subsidiary of Lundin Petroleum AB, a company which shared and shares common directors and/or officer with the Corporation. As at December 31, 2015, current director C. Ashley Heppenstall is a director of Lundin Petroleum AB and current director Chris Bruijnzeels was an officer of Lundin Petroleum AB during the launch of the Rights Offering in October, 2014.

Pursuant to the terms of the Standby Purchase Agreement entered into on October 14, 2014, as amended December 19, 2014, among the Corporation and the Standby Purchasers, the Standby Purchasers agreed, subject to certain terms and conditions, to (i) exercise all of their basic subscription rights and (ii) purchase all common shares not otherwise acquired under the Rights Offering (the “**Standby Shares**”). In exchange for the commitment to provide comprehensive support for the Rights Offering, the Corporation agreed to pay the Standby Purchasers a guarantee fee (the “**Guarantee Fee**”) equal to 3% of the gross proceeds received by the Corporation as a result of the Rights Offering, other than proceeds received by the Corporation through the exercise by the Standby Purchasers of their respective basic subscription privilege payable by the issuance of common shares of the Corporation at the closing quoted market price per common share on the Exchange on the day following the closing of the Rights Offering.

In connection with the completion of the Rights Offering, certain directors and officers subscribed for an aggregate of 2,525,940 common shares at a price of CAD\$0.10 per common share, as to Chris Bruijnzeels, 2,030,690 common shares, as to Gary Guidry, 93,000 common shares and as to Brenden Johnstone, 402,250 common shares. Pursuant to the Standby Purchase Agreement, the Standby Purchasers subscribed for an aggregate 40,906,078 common shares, as to Lorito, 6,819,043 common shares, as to Zebra, 13,633,996 common shares, and as to Lundin Petroleum, 20,453,039 common shares. In addition, pursuant to the Standby Purchase Agreement, the Standby Purchasers were paid the Guarantee Fee and received an aggregate 14,569,684 common shares of the Corporation at a deemed price of CAD \$0.115 per common share as to Lorito, 2,428,766 common shares, as to Zebra, 4,856,076 common shares, and as to Lundin Petroleum, 7,284,842 common shares.

During the most recently completed financial year, the Corporation incurred fees of \$473,000 for office rental and administrative and technical services from various subsidiary companies of Lundin Petroleum AB.

#### **APPOINTMENT OF AUDITOR**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of PricewaterhouseCoopers SA, as auditor of the Corporation, at a remuneration to be determined by the directors. PricewaterhouseCoopers SA were first appointed auditor of the Corporation on October 1, 2014.

#### **MANAGEMENT CONTRACTS**

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

#### **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICE**

The Corporation’s Board of Directors and management have established certain corporate governance practices which, in the opinion of the Board, are consistent with the overall business of the Corporation and its stage of development. The following represents the disclosure required by National Instrument 58-101 - Disclosure of Corporate Governance Practices (“**NI 58-101**”).

##### *Corporate Governance Practices*

National Policy 58-201 - Corporate Governance Guidelines sets out guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. NI 58-101 requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

The Board of Directors has considered the guidelines set out in NP 58-201 and believes that its approach to corporate governance is appropriate and works effectively for the Corporation and its Shareholders. The following is a description of the Corporation's corporate governance practices which have been approved by the Board.

#### *The Board of Directors*

All of the proposed nominees for election as directors at the 2016 Meeting are current directors of the Corporation. The Board of Directors is currently comprised of Keith C. Hill, Chris Bruijnzeels, C. Ashley Heppenstall, Gary S. Guidry, and Brian D. Edgar. With the exception of Mr. Bruijnzeels, all members of the Board of Directors are independent within the meaning of NI 58-101. Mr. Bruijnzeels is not independent as he is the CEO of the Corporation.

The independent directors exercise their responsibilities for independent oversight of management, and are provided with leadership through their position on the Board and ability to meet independently of management whenever deemed necessary.

#### *Directorships*

Several of the current directors of the Corporation serve as directors of other reporting issuers. Currently, the following directors serve on the boards of directors of other reporting issuers or reporting issuer equivalent(s) as follows:

Director	Reporting Issuer(s) or Equivalent(s)
Keith C. Hill	<ul style="list-style-type: none"> <li>• Africa Oil Corp.</li> <li>• Africa Energy Corp.</li> <li>• BlackPearl Resources Inc.</li> <li>• Petrovista Energy Corp.</li> <li>• Tyner Resources Ltd.</li> <li>• TAG Oil Corp.</li> </ul>
C. Ashley Heppenstall	<ul style="list-style-type: none"> <li>• Lundin Petroleum AB</li> <li>• Lundin Gold Inc.</li> <li>• Africa Energy Corp.</li> <li>• Etrion Corporation</li> </ul>
Brian D. Edgar	<ul style="list-style-type: none"> <li>• Denison Mines Corp.</li> <li>• Silver Bull Resources, Inc.</li> <li>• BlackPearl Resources Inc.</li> <li>• Lucara Diamond Corp.</li> </ul>
Gary S. Guidry	<ul style="list-style-type: none"> <li>• Africa Oil Corp.</li> <li>• Gran Tierra Energy Inc.</li> </ul>

During fiscal year ended December 31, 2015, the Board and its committees held the following number of meetings:

Director	BOARD/STANDING COMMITTEES OF THE BOARD									
	Board of Directors (5 meetings) <sup>(1)</sup>		Audit Committee (4 meetings) <sup>(1)</sup>		Compensation Committee (2 meetings) <sup>(1)</sup>		Reserves Committee (1 meeting) <sup>(1)</sup>		Corporate Governance and Nominating Committee (1 meeting) <sup>(1)</sup>	
Brian D. Edgar	5	100%	4	100%	-	-	-	-	1	100%
C. Ashley Heppenstall	5	100%	4	100%	2	100%	1	100%	-	-
Gary S. Guidry	5	100%	4	100%	1	50%	1	100%	1	100%
Keith C. Hill	5	100%	-	-	2	100%	1	100%	1	100%
Chris Bruijnzeels	5	100%	-	-	-	-	-	-	--	--

Note:

<sup>(1)</sup> Represents number of meetings the director/committee member was eligible to attend.

### *Orientation and Continuing Education*

The measures that the Board of Directors takes in connection with orienting new Board members regarding the role of the Board, its directors, the committees of the Board and the nature and operation of the Corporation's business include providing each new member with information concerning the role and responsibilities of a public company director and discussing with new members the Corporation's operations. New directors also have the opportunity to meet with management, technical experts and consultants of the Corporation. As each director has a different set of skills and professional background, the Board seeks to tailor orientation of new members according to the particular needs and experience of each new director. For example, if the new director is highly sophisticated with regard to the oil and gas industry, orientation on that matter would not be necessary or if a director has a high level of financial expertise, finance orientation may not be included. In addition, all new and existing Board members are provided with a Directors' Manual which contains, among other things, information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies, the Board's mandate, the charters of the Board and its committees, corporate policies and other relevant information. The Directors' Manual is updated regularly.

The Board encourages continued education for its directors and ensures that all directors are kept apprised of changes in the Corporation's operations and business and changes in the regulatory environment affecting the Corporation's day to day business. At every Board meeting, management provides updates and briefings to directors with respect to the business and operations of the Corporation. The Corporation's outside legal counsel also provides directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters. Board members may also attend external education seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Corporation. In addition, as part of the annual director assessment process, directors are canvassed by the Corporate Governance and Nominating Committee for their input on what additional information would assist them in increasing their effectiveness as directors. The Corporate Governance and Nominating Committee considers directors' responses and makes recommendations.

### *Ethical Business Conduct*

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Corporation has adopted a written Code of Business Conduct and Ethics, as amended (the "**Code**") applicable to directors, officers and all employees of the Corporation. Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporation's legal counsel. Following the receipt of any complaints submitted hereunder, the Corporation's legal counsel will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment. The Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporation's legal counsel. The Corporation does not tolerate any retaliation for reports or complaints regarding suspected violations of the Code that were made in good faith. There has been no departure from the Code during the Corporation's most recently completed financial year.

All directors, officers and employees have an obligation to act in the best interest of the Corporation. Any situation that presents an actual or potential conflict between a director, officer or employee's personal interests and the interests of the Corporation are to be reported to the Corporation's legal counsel.

The Code is available on the Corporation's website at [www.shamaranpetroleum.com](http://www.shamaranpetroleum.com), and is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website which may be accessed at [www.sedar.com](http://www.sedar.com).

In addition to the Code, the Corporation has adopted policies to assist in the conduct of ethical business which include the following:

- an Internal Employee Alert Policy to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.

- a Blackout Period Policy for its directors, executive officers and senior management of the Corporation to raise the general level of awareness of the trading and confidential obligations of directors, executive officers and senior management. All directors, executive officers and senior management are expected to comply with the Blackout Period Policy.
- a Corporate Disclosure Policy to ensure effective communication between the Corporation, its shareholders and the public.

#### *Nomination of Directors and Assessment*

The Corporate Governance and Nominating Committee is currently comprised of three directors: Messrs. Brian D. Edgar (Chair), Keith Hill and Gary Guidry. All members are considered independent within the meaning of NI 58-101. The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues. The Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies individuals qualified to become new Board members and recommends to the Board the director nominees at each annual meeting of shareholders and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. In identifying possible nominees to the Board, the Corporate Governance and Nominating Committee considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the effectiveness and contribution of the Board, its committees and individual directors, having reference to their respective mandates, charters and position descriptions. The Corporate Governance and Nominating Committee meets at least once annually.

#### *Compensation*

As at the fiscal year ended December 31, 2014, the Compensation Committee was comprised of three directors, Alexandre Schneiter, Gary S. Guidry (Chair) and Keith C. Hill, all of whom were considered independent directors. As at the date hereof, the Compensation Committee is comprised of three directors, Keith C. Hill (Chair), C. Ashley Heppenstall, and Brian Edgar, all of whom are considered independent directors. The Compensation Committee evaluates the CEO's performance and establishes executive and senior officer compensation, determines the general compensation structure, policies and programs of the Corporation, including the extent and level of participation in incentive programs in conjunction with the Board, and delivers an annual report to shareholders on executive compensation. The Compensation Committee has also been mandated to review the adequacy and form of the compensation of directors and to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director. The Compensation Committee meets at least annually. The Compensation Committee's role in the compensation of directors and the CEO of the Corporation is further described under "Compensation Discussion and Analysis".

#### *Board Committees*

At the present time, the Board has four (4) standing committees: the Audit Committee, the Compensation Committee, as described above, the Corporate Governance and Nominating Committee, as described above, and the Reserves Committee, described below. Disclosure with respect to the Audit Committee, as required by NI 52-110 – *Audit Committee*, is contained under the heading "Audit Committee and National Instrument 52-110, Audit Committees ("NI 52-110") Disclosure" and in Schedule "A" to this Circular.

### *Reserves Committee*

The Reserves Committee is comprised of three independent directors: namely, Gary S. Guidry (Chair), Keith Hill and C. Ashley Heppenstall. The Reserves Committee has the responsibility in general for developing the Corporation's approach to the reporting of oil and gas reserves and other oil and gas information required to be publicly disclosed. The Reserves Committee's mandate prescribes the methodology that the Corporation and the independent evaluator selected by management and approved by the Reserves Committee will adhere to in the calculation of oil and gas reserves and the valuation of those reserves. The Reserves Committee must meet at least annually.

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

### *Amendment of Stock Option Plan*

To ensure that the Corporation is able to continue to provide an incentive program that provides flexibility in the structuring of incentive benefits to allow the Corporation to remain competitive in the recruitment and retention of key personnel who are essential in the development and achievement of the Company's strategic plans and objectives, the Board of Directors implemented a 10% rolling Stock Option Plan, which plan was initially adopted by shareholders at the annual and special meeting held on June 21, 2004. The Stock Option Plan was amended on April 15, 2011, and most recently ratified and approved by Shareholders on June 17, 2015.

The Stock Option Plan provides that the minimum price per Share at which Shares may be purchased upon the exercise of an Option (the "Option Price") must not be less than the "Discounted Market Price" (as defined in the policies of the Exchange), provided that the Option Price shall not be less than CAD \$0.10 per Share (the "Minimum Option Price"). However, pursuant to the policies of the Exchange, the "Discounted Market Price" means the Market Price less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of CAD \$0.05):

<b>Closing Price</b>	<b>Discount</b>
up to CAD \$0.50	25%
CAD \$0.51 to CAD \$2.00	20%
Above CAD \$2.00	15%

In order to align the Stock Option Plan with the policies of the Exchange and to provide the Corporation with more flexibility to offer incentives to key personnel for the purpose of delivering on the Corporation's strategic plans and objectives, and to allow the Corporation to be more competitive in the recruitment and retention of key personnel who are essential in the development and achievement of the Company's strategic plans and objectives, the Board has approved, subject to shareholder approval, an amendment to the terms of the Stock Option Plan whereby the Minimum Option Price must not be less than the "Discounted Market Price" (as defined in the policies of the Exchange), provided that the Option Price shall not be less than CAD \$0.05 per Share (the "Plan Amendment").

The policies of the Exchange require that any amendment to a Stock Option Plan that is not a  $\leq 10\%$  Fixed Plan, as defined in the policies of the Exchange, be subject to shareholder approval. Therefore, shareholder approval of the Plan Amendment is sought at the Meeting.

If implemented, the Stock Option Plan will be amended by deleting Sections 4.02 and 6.01 of the Stock Option Plan and replacing them with the following:

“4.02 In combination with the aggregate number of Common Shares which may be issuable under any and all of the Corporation’s equity incentive plans in existence from time to time, including the Company’s Share Unit Plan, shall not exceed 10% of the issued and outstanding common share capital at the time that an Option is granted, subject to adjustment under Section 11 below.”

“6.01 The price per Share at which Shares may be purchased upon the exercise of an Option (the "Option Price") must not be less than the "Discounted Market Price" (as defined in the policies of the Exchange, provided that the Option Price shall not be less than CAD \$0.05 per Share.”

The Board has approved the foregoing amendment to the Stock Option Plan, subject to shareholder and stock exchange approvals. In order to be effective, the proposed resolution approving the amendment must be passed by a simple majority of the votes cast by the shareholders of the Corporation who vote in respect of such resolution

The text of the resolution to be submitted to shareholders at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

- (a) The amendment to Sections 4.02 and 6.01 of the Corporation’s Stock Option Plan, as set forth in the Corporation’s management information circular dated May 17, 2016 be and the same is hereby ratified and approved.
- (b) Any director or officer of the Corporation is hereby authorized and directed, on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents, instruments and assurances, and to do or cause to be done all acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolution.”

The Board recommends that shareholders vote for the adoption of the resolution amending the Stock Option Plan. The persons named in the accompanying proxy, if not expressly directed to the contrary in such proxy, will vote the Common Shares in respect of which they have been appointed proxyholder in favour of this ordinary resolution

The following is a description of material terms of the Stock Option Plan (including as amended by the Proposed Amendment). References to the "Plan" means the Stock Option Plan both before and after the Proposed Amendment):

1. In combination with the aggregate number of Common Shares which may be issuable under any and all of the Corporation’s equity incentive plans in existence from time to time, including the Company’s Share Unit Plan, shall not exceed 10% of the issued and outstanding Common Shares of the Corporation at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Corporation’s Common Shares traded through the facilities of the Exchange on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the Exchange, provided that the option price shall not be less than CAD \$0.05 per share.
2. The board of directors shall not grant options to any one person in any one year which will exceed 5% of the issued and outstanding Common Shares of the Corporation, or to any consultant in any one year which will exceed 2% of the issued and outstanding Common Shares of the Corporation or in any one year period to those persons employed by the Corporation who perform investor relations services which will, in aggregate, exceed 2% of the issued and outstanding Common Shares of the Corporation, as calculated on the date that that option is granted.
3. Shares subject to, but not issued or delivered under an option which expires or terminates, shall again be available for option under the Plan. The maximum term of any option is five years.

4. If the option holder ceases to be an eligible person, being a bona fide consultant, a director, an employee or a management company employee in relation to the Corporation (as those terms are defined in Policy 4.4 of the Exchange) the option shall terminate no longer than 90 days after such person ceases to be in at least one of those categories, or if an optionee dies, within one year after the date of such death. Options granted to an option holder who is engaged in investor relations activities must expire within 30 days after the option holder ceases to be so engaged.
5. The options may be subject to such vesting schedule over time as the board of directors may, in their discretion, implement or as may be required by the Exchange. Options granted to consultants engaged to perform investor relations activities must be subject to vesting requirement, whereby such options must vest in stages over a 12 month period, with no more than 25% of the Shares vesting in any three month period.
6. The options are non-assignable. The Corporation may withhold from the optionee or its agent, as the case may be, any amounts required by applicable legislation to be withheld for any taxes, or otherwise, as a consequence of such participation in the Plan.
7. The Corporation must obtain disinterested shareholder approval for any grant of stock options to insiders within a 12 month period, of a number of options exceeding 10% of the issued share capital of the Corporation.
8. Specific disinterested shareholder approval is required to reduce the exercise price of an option for an optionee who is an insider.
9. The exercise price and the number of Common Shares which are subject to an option may be adjusted from time to time for share dividends, and in the event of amalgamation or merger.

The Corporation does not provide any financial assistance to participants in order to facilitate the purchase of Common Shares under the Plan. As at the date of this Information Circular, there were options outstanding under the Plan to acquire 28,190,000 Common Shares, representing approximately 1.57% of the Corporation's current issued and outstanding shares.

#### **Annual Approval of 10% Rolling Stock Option Plan**

As noted under "*Amendment of Stock Option Plan*", the Corporations' current 10% rolling Stock Option Plan governing the issuance of stock options was initially adopted by shareholders at the annual and special meeting held on June 21, 2004, amended on April 15, 2011, and most recently ratified and confirmed by Shareholders on June 17, 2015 (the "Stock Option Plan"). See "*Amendment of Stock Option Plan*" for the terms and conditions governing the Existing Plan.

A copy of the Stock Option Plan (including as amended by the Proposed Amendment) may be inspected at the head office of the Corporation, Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 during normal business hours and at the Meeting. In addition, a copy of the Stock Option Plan will be mailed, free of charge, to any holder of Common Shares who requests a copy, in writing, from the Assistant Corporate Secretary of the Corporation. Any such requests should be mailed to the Corporation, at its head office, to the attention of the Assistant Corporate Secretary.

The policies of the Exchange require that rolling plans be approved by shareholders on a yearly basis. Accordingly, Shareholders are being asked to pass an ordinary resolution to ratify and confirm the Stock Option Plan as adopted by the Board which permits the issuance of up to 10% of the issued and outstanding Common Shares of the Corporation from time to time. To be effective, the resolution must be passed by a simple majority of the votes cast thereon by Shareholders present in person or by proxy at the Meeting. If the resolution to approve the Stock Option Plan is not approved by Shareholders of the Corporation, all unallocated stock options will be cancelled and the Corporation will not be permitted to make any further grants until Shareholder approval is obtained.

Shareholders will be asked to pass an ordinary resolution, in substantially the following form to re-approve the Stock Option Plan (including as amended by the Proposed Amendment, if implemented). References to the "10% Rolling Stock Option Plan" means the Stock Option Plan both before and after the Proposed Amendment:



**“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the 10% Rolling Stock Option Plan of the Corporation, as adopted by the Board of Directors, and as described in the Corporation’s Circular dated May 17, 2016, be and is hereby approved and ratified, and the Corporation be and is hereby authorized to reserve for issuance pursuant to the 10% Rolling Stock Option Plan up to 10% of the issued and outstanding common shares of the Corporation from time to time;
2. the Board of Directors be and is hereby authorized on behalf of the Corporation to make any amendments to the 10% Rolling Stock Option Plan as may be required by regulatory authorities or otherwise made necessary by applicable legislation, without further approval of the shareholders of the Corporation, in order to ensure the adoption and efficient function of the 10% Rolling Stock Option Plan; and
3. any director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection with the implementation of the 10% Rolling Stock Option Plan.”

The directors of the Corporation believe the passing of the foregoing ordinary resolution is in the best interests of the Corporation and recommend that Shareholders of the Corporation vote in favor of the resolution.

The persons named as proxies in the enclosed Proxy intend to cast the votes represented by proxy in favor of the foregoing resolution unless the holder of Common Shares who has given such proxy has directed that the votes be otherwise cast.

**Approval of Share Unit Plan**

Upon the recommendation of the Compensation Committee, on May 17, 2017, 2016, the Board has approved the adoption of a Share Unit Plan (“Share Unit Plan”). The Share Unit Plan Resolution (as defined and set out below) must be approved by a majority of the votes cast in respect of the Share Unit Plan Resolution by shareholders, present in person or represented by proxy at the Meeting, as well as the TSX Venture Exchange. The Share Unit Plan currently contemplates the granting of restricted share units (“RSUs”) and performance share units (“PSUs”) to eligible participants of the Corporation.

For more information concerning the Share Unit Plan, refer to the above section “STATEMENT OF EXECUTIVE COMPENSATION” under “Long Term Incentive Compensation” at page 10.

The Board has determined that the Share Unit Plan is in the best interests of the Corporation and is fair to the Corporation and the shareholders. Accordingly, the Board recommends that the shareholders vote FOR the Share Unit Plan Resolution for the following reasons:

- *Incentivize.* The Share Unit Plan will motivate directors, officers, employees and consultants to contribute to the sustainable, long-term growth of the Corporation. As part of the changes to the director compensation practices of the Corporation for 2016, the Corporation will replace the granting of options to directors with restricted share units under the Share Unit Plan.
- *Reward.* The Share Unit Plan will reward directors, officers, employees and consultants for their performance and for their demonstrated leadership, while, at the same time, aligning the interests of such individuals with the success of the Corporation, including through the addition of performance conditions for performance share units under the Share Unit Plan.
- *Attract.* The Share Unit Plan will contribute to the successful recruitment and retention of qualified directors, executive officers and other personnel.

At the Meeting, the shareholders will be asked to approve the following by ordinary resolution (the “Share Unit Plan Resolution”):

“**WHEREAS** on May 17, 2016, the Corporation’s Board approved the adoption of a Share Unit Plan (“Share Unit Plan”) as described in this Circular;

“**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The Share Unit Plan in the form attached to the circular as “Schedule B” (“the Share Unit Plan”) is hereby ratified and approved, and as set forth in Schedule B and described in the management information circular of the Corporation dated May 17, 2016, is hereby ratified and approved.
2. The Share Unit Plan may be amended in order to satisfy the requirements or request of any regulatory authority, or as may be approved by the TSX Venture Exchange, in each case without requiring further approval from the shareholders.
3. Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.”

**You may either vote for approval of the Share Unit Plan Resolution, as described above, or you can vote against. Unless otherwise instructed, the Management Proxyholders will vote FOR the approval of the Share Unit Plan Resolution.**

#### **ANY OTHER MATTERS**

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation and its business activities is available on SEDAR website located at [www.sedar.com](http://www.sedar.com) “Corporation’s profiles” – ShaMaran Petroleum Corp”. Financial information regarding the Corporation is provided in the Corporation’s consolidated annual financial statements and related management’s discussion and analysis (“**MD&A**”) for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above.

Copies of the consolidated financial statements and related MD&A, for the fiscal year ended December 31, 2015, may be accessed on the Corporation’s website at [www.shamaranpetroleum.com](http://www.shamaranpetroleum.com) or Shareholders may contact the Corporation to request copies of the consolidated financial statements, and MD&A, as follows:

E-mail: [info@shamaranpetroleum.com](mailto:info@shamaranpetroleum.com)  
Telephone: 604-689-7842  
Mail: ShaMaran Petroleum Corp.  
Suite 2000, 885 West Georgia Street  
Vancouver, B.C., V6C 3E8  
Attn: Investor Relations

**SCHEDULE "A"**  
**AUDIT COMMITTEE CHARTER**

**I. MANDATE**

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of ShaMaran Petroleum Corp. (the "**Corporation**") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Corporation's financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Corporation's independent external auditor (the "**Auditor**"); and
4. The performance of the Corporation's internal accounting procedures and Auditor.

**II. STRUCTURE AND OPERATIONS**

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Corporation or of an affiliate of the Corporation.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Corporation's balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the By-laws of the Corporation, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Corporation's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Corporation.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Corporation or of an affiliate of the Corporation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Corporation's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Corporation, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

### **III. DUTIES**

#### **A. Introduction**

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Corporation's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

#### **B. Powers and Responsibilities**

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

##### *Independence of Auditor*

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Corporation, consistent with Independence Standards Board Standard 1.
2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
3. Require the Auditor to report directly to the Committee.
4. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Corporation.

##### *Performance & Completion by Auditor of its Work*

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
  6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Corporation's shareholders of the existing, Auditor.
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7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Corporation by the Auditor unless such non-audit services:
  - (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Corporation to the Auditor during the fiscal year in which the non-audit services are provided;
  - (b) were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (c) are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

*Internal Financial Controls & Operations of the Corporation*

8. Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

*Preparation of Financial Statements*

9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.
10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
12. Discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.
13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
  - (a) The adoption of, or changes to, the Corporation's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
  - (b) The management inquiry letter provided by the Auditor and the Corporation's response to that letter.
  - (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

*Public Disclosure by the Corporation*

14. Review the Corporation's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Corporation publicly discloses this information.
  15. Review the Corporation's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
  16. Review disclosures made to the Committee by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process of the Corporation's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.
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*Manner of Carrying Out its Mandate*

17. Consult with the Auditor, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
18. Request any officer or employee of the Corporation or the Corporation's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
19. Meet with management, any internal auditor and the Auditor in separate executive sessions at least quarterly.
20. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.
21. Make regular reports to the Board.
22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
23. Annually review the Committee's own performance.
24. Provide an open avenue of communication among the Auditor, the Corporation's financial and senior management and the Board.
25. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

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**SCHEDULE "B"**  
**Share Unit Plan**

**SHAMARAN PETROLEUM CORP.**  
**SHARE UNIT PLAN**  
**EFFECTIVE [●], 2016**

**Article 1**  
**General Provisions**

**1.1 Purpose**

This Share Unit Plan is established as a vehicle by which equity-based incentives may be awarded to the employees (including officers) and consultants of the Corporation, to recognize and reward their significant contributions to the long-term success of the Corporation including to align employee, and consultant interests more closely with the shareholders of the Corporation.

**1.2 Definitions**

As used in the Plan, the following terms have the following meanings:

- (a) “**Affiliate**” is defined in the *British Columbia Business Corporations Act*;
- (b) “**Board**” means the Board of Directors of the Corporation;
- (c) “**Change of Control**” includes:
  - (i) the acquisition by any persons acting jointly or in concert (as determined by the Securities Act (British Columbia)), whether directly or indirectly, of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such persons, constitute in the aggregate more than 50% of all outstanding voting securities of the Corporation;
  - (ii) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation that results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;
  - (iii) the sale, lease or exchange of all or substantially all of the property of the Corporation to another person, other than in the ordinary course of business of the Corporation or to a related entity; or
  - (iv) any other transaction that is deemed to be a “Change of Control” for the purposes of this Plan by the Board in its sole discretion.
- (d) “**Committee**” means the Compensation Committee of the Board or such other persons designated by the Board to determine the grants of Share Units and administer this Plan;
- (e) “**Common Share**” means a common share in the capital of the Corporation;
- (f) “**Consultant**” means “Consultant” or “Consultant Company” as defined in the TSXV Policies;
- (g) “**Corporation**” means ShaMaran Petroleum Corp. and its Affiliates, successors and assigns;
- (h) “**Disability Date**” has the meaning set out in Section 4.2(c)(i);



- (i) **“Disinterested Shareholder”** means a holder of Common Shares that is not an Insider;
- (j) **“Eligible Person”** means any Employee or Consultant who is designated as an Eligible Person pursuant to Section 2.1;
- (k) **“Employee”** means an “Employee” as defined in the TSXV Policies;
- (l) **“Exchange”** means, collectively, the TSX Venture Exchange (“**TSXV**”), any successor thereto and any other stock exchange or trading facilities through which the Common Shares trade or are quoted from time to time;
- (m) **“Fair Market Value”** means the arithmetic average of the closing price of the Common Shares on the Exchange for the five (5) trading days on which a board lot was traded immediately prior to the Redemption Date, or if the Common Shares are not listed on the Exchange, then on such other stock exchange or quotation system as may be selected by the Board or Committee, as applicable, provided that, if the Common Shares are not listed or quoted on any other stock exchange or quotation system, then the Fair Market Value will be the value determined by the Board or Committee, as applicable, in its sole discretion acting in good faith;
- (n) **“Grant Agreement”** has the meaning set out in Section 2.5;
- (o) **“Grant Date”** means any date determined from time to time by the Committee as a date on which a grant of Share Units will be made to one or more Eligible Persons under this Plan;
- (p) **“Insider”** has the meaning ascribed thereto in the policies of the Exchange;
- (q) **“Performance Conditions”** means such financial, personal, operational or transaction-based performance criteria as may be determined by the Board in respect of a grant of Share Units to any Eligible Participant and set out in a Grant Agreement. Performance Conditions may apply to the Corporation, or a subsidiary or Affiliate of the Corporation, either individually, or in any combination, and may be measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target or milestone, to previous years' results or to a designated comparator group, or otherwise;
- (r) **“Plan”** means this Share Unit Plan, as amended from time to time;
- (s) **“PSU”** means a right, granted to an Eligible Person in accordance with this Plan, to receive one Common Share, cash or a combination thereof equal to the Fair Market Value of one Common Share at the time, in the manner and subject to the terms of this Plan, that generally becomes vested, if at all, upon the attainment of Performance Conditions and satisfaction of such other conditions to vesting, if any, as may be determined by the Board;
- (t) **“Redemption Date”** in respect of any Share Unit means the date on which the applicable Time Vesting Criteria, Performance Conditions and any other conditions for a Share Unit becoming vested are met, subject to the terms of this Plan; provided that in no event will the Redemption Date in respect of any Share Unit be after the end of the calendar year which is three years following the end of the year in which services to which the grant of such Share Unit relates were performed by the Employee or Consultant to whom such Share Unit was granted (the **“Termination Date”**);
- (u) **“Reorganization”** means any declaration of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement,

reorganization, spin-off or other distribution of the Corporation's assets to shareholders (other than the payment of dividends in respect of the Common Shares) or any other similar corporate transaction or event which the Committee determines affects the Common Shares such that an adjustment is appropriate to prevent dilution or enlargement of the rights of Eligible Persons under this Plan;

- (v) “**RSU**” means a right granted to an Eligible Person in accordance with this Plan, to receive one Common Share, cash or a combination thereof equal to the Fair Market Value of one Common Share at the time, in the manner and subject to the terms of this Plan, that generally becomes vested, if at all, upon the attainment of Time Vesting Criteria and satisfaction of such other conditions to vesting, if any, as may be determined by the Board;
- (w) “**Share Unit**” means either an RSU or a PSU, as the context requires;
- (x) “**Time Vesting Criteria**” shall mean such time-based criteria as may be determined by the Board in respect of any Eligible Person or Eligible Persons as may be specified by the Board in its sole discretion; and
- (y) “**TSXV Policies**” means the policies included in the TSXV Corporate Finance Manual and “**TSXV Policy**” means any one of them.

### **1.3 Effective Date**

The Plan shall be effective [●], 2016; provided that no Common Shares may be issued under the Plan until and unless all required Exchange, regulatory and shareholder approvals have been obtained with respect to the issuance of Common Shares hereunder.

### **1.4 Governing Law; Subject to Applicable Regulatory Rules**

The Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The provisions of the Plan shall be subject to the applicable by-laws, rules and policies of the Exchange and applicable securities legislation.

## **Article 2 Eligibility and Participation**

### **2.1 Eligibility**

This Plan applies to those Employees and Consultants whom the Committee designates as eligible for a grant of Share Units pursuant to Section 3.1. The Committee shall make such a designation prior to each Grant Date.

### **2.2 Rights Under the Plan**

Subject to Sections 4 and 5, an Eligible Person who has been granted Share Units shall continue to have rights in respect of such Share Units until such Share Units have been redeemed for cash or Common Shares or a combination thereof in accordance with this Plan.

### **2.3 Copy of the Plan**

The Corporation shall provide each Eligible Person with a copy of this Plan following the initial grant of Share Units to such Eligible Person and shall provide each Eligible Person with a copy of all amendments to this Plan.

## 2.4 Limitation on Rights

Nothing in this Plan shall confer on any Employee or Consultant any right to be designated as an Eligible Person or to be granted any Share Units. There is no obligation for uniformity of treatment of Eligible Persons or any group of Employees, Consultants, or Eligible Persons, whether based on salary or compensation, grade or level or organizational position or level or otherwise. A grant of Share Units to an Eligible Person on one or more Grant Dates shall not be construed to create a right to a grant of Share Units on a subsequent Grant Date.

## 2.5 Grant Agreements

Each grant of Share Units shall be evidenced by a written agreement executed by the Eligible Person in substantially the form appended as Schedule A hereto (a “**Grant Agreement**”). An Eligible Person will not be entitled to any grant of Share Units or any benefit of this Plan unless the Eligible Person agrees with the Corporation to be bound by the provisions of this Plan. By entering into a Grant Agreement, each Eligible Person shall be deemed conclusively to have accepted and consented to all terms of this Plan and all bona fide actions or decisions made by the Committee. Such terms and consent shall also apply to and be binding on the legal representative, beneficiaries, heirs and successors of each Eligible Person.

## 2.6 Limits on Common Shares Issuable under the Plan

- (a) The number of Common Shares which may be reserved for issuance under the Plan:
- (i) shall not exceed 175,000,000 Common Shares, or such greater number of Common Shares as shall have been duly approved by the Board and, if required by the TSXV Policies or any other stock exchange on which the Common Shares of the Corporation may then be listed, and by the shareholders of the Corporation;
  - (ii) in combination with the aggregate number of Common Shares which may be issuable under any and all of the Corporation’s equity incentive plans in existence from time to time, including the Corporation’s Stock Option Plan, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis, or such greater number of Common Shares as shall have been duly approved by the Board and, if required by the TSXV Policies or any other stock exchange on which the Common Shares of the Corporation may then be listed, by the shareholders of the Corporation; and
  - (iii) to any one Eligible Person within a 12 month period shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis.
- (b) The number of Common Shares which may be issuable under the Plan and all of the Company’s other previously established or proposed share compensation arrangements, within any one-year period:
- (i) to any one Eligible Person, shall not exceed 5% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis;
  - (ii) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis; and
  - (iii) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis.

- (c) Subject to and following receipt of the approval of the Exchange and the required shareholder approval, the Committee shall have the power, but not the obligation, to satisfy any Share Unit obligation of the Corporation (including those granted prior to and conditional on such approvals) by the issuance of Common Shares from treasury at a rate of one Common Share for each Share Unit, subject to adjustment. For greater certainty, if the required shareholder and Exchange approvals are not obtained, such conditional grants will be void and no Common Shares may be issued from treasury in respect of such Share Units.

## **2.7 No Fractional Shares**

No fractional Common Shares may be issued under the Plan.

## **Article 3 Share Units**

### **3.1 Grant of Share Units**

On each Grant Date, the Committee shall designate Eligible Persons and determine the number and type of Share Units to be granted to each Eligible Person, as well as the Time Vesting Criteria or Performance Conditions, as applicable, and any other conditions, in the Committee's sole discretion.

For avoidance of doubt, an Eligible Person will have no right or entitlement whatsoever to receive any cash, Common Shares or a combination thereof, as applicable, until the Redemption Date.

### **3.2 Redemption of Share Units**

Subject to the limitations set forth in Section 2.6 above:

- (a) unless redeemed earlier in accordance with this Plan, and subject to 3.2(d) below, the vested Share Units, if any, of each Eligible Person will be redeemed on the Redemption Date for cash, Common Shares or a combination of cash and Common Shares, as determined by the Committee, for an amount equal to the Fair Market Value of a Share Unit, subject to any applicable deductions and withholdings;
- (b) if the Committee determines that any vested Share Units are to be redeemed for Common Shares, the Eligible Person will be entitled to receive and the Corporation will issue from treasury to the Eligible Person a number of Common Shares equal to the Fair Market Value of the Share Units (net of any applicable statutory withholdings) that have vested on the Redemption Date;
- (c) Common Shares issued by the Corporation from treasury under this Plan shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the Common Shares had been issued for money; and
- (d) notwithstanding that the applicable Time Vesting Criteria, Performance Conditions and any other conditions for a Share Unit becoming vested are met, the Eligible Person may defer the Redemption Date for some or all of his or her Share Units for up to 12 months, or until the Termination Date if the Termination Date is earlier than 12 months from the date of deferral.

### **3.3 Compliance with Tax Requirements**

In taking any action hereunder, or in relation to any rights hereunder, the Corporation and each Eligible Person shall comply with all provisions and requirements of any income tax, pension plan, or employment or unemployment insurance legislation or regulations of any jurisdiction which may be

applicable to the Corporation or Eligible Person, as the case may be. The Corporation shall have the right to deduct from all payments made to the Employees or Consultants in respect of the Share Units, any federal, provincial, local, foreign or other taxes, Canadian Pension Plan or Employment Insurance Commission or other deductions required by law to be withheld with respect to such payments. Further, the Corporation shall also have the right in its discretion to satisfy any such withholding tax liability by retaining and selling on behalf of an Eligible Person any Common Shares which would otherwise be issued or provided to a Eligible Person hereunder. The Corporation may take such other action as the Committee may consider advisable to enable the Corporation and any Eligible Person to satisfy obligations for the payment of withholding or other tax obligations relating to any payment to be made under this Plan. Each Eligible Person (or the heirs and legal representatives of the Eligible Person) shall bear any and all income or other tax imposed on amounts paid to the Eligible Person (or the heirs and legal representatives of the Eligible Person) under this Plan. If the Committee so determines, the Corporation shall have the right to require, prior to making any payment under this Plan, payment by the recipient of the excess of any applicable Canadian or foreign federal, provincial, state, local or other taxes over any amounts withheld by the Corporation, in order to satisfy the tax obligations in respect of any payment under this Plan. If the Corporation does not withhold from any payment, or require payment of an amount by a recipient, sufficient to satisfy all income tax obligations, the Eligible Person shall make reimbursement, on demand, in cash, of any amount paid by the Corporation in satisfaction of any tax obligation. Notwithstanding any other provision hereof, in taking such action hereunder, the Committee shall endeavor to ensure that the payments to be made hereunder will not be subject to the “salary deferral arrangement” rules under the *Income Tax Act* (Canada), as amended, or income tax legislation of any other jurisdiction.

### **3.4 Payment of Dividends**

In the event a cash dividend is paid to shareholders of the Corporation on the Common Shares while a Share Unit is outstanding, no payment in cash shall be made to each Eligible Person in respect of the Share Units; however, each Eligible Person will be credited with additional Share Units reflective of the cash dividends to such Eligible Person. In such case, the number of additional Share Units will be equal to the aggregate amount of dividends that would have been paid to the Eligible Person if the Share Units in the Eligible Person’s account on the record date had been Common Shares divided by the Fair Market Value of a Common Share on the date on which dividends were paid by the Corporation. If the foregoing shall result in a fractional Share Unit, the fraction shall be disregarded.

The additional Share Units will vest and be settled on the Eligible Person’s Redemption Date of the particular award of a Share Unit to which the additional Share Units relate.

### **3.5 Adjustments**

If any change occurs in the outstanding Common Shares by reason of a Reorganization, the Committee, in its sole discretion, and without liability to any person, shall make such equitable changes or adjustments, if any, as it considers appropriate, in such manner as the Committee may consider equitable, to reflect such change or event including, without limitation, adjusting the number of Share Units credited to Eligible Persons and outstanding under the Plan, provided that any such adjustment will not otherwise extend the Redemption Date otherwise applicable. The Corporation shall give notice to each Eligible Person of any adjustment made pursuant to this section and, upon such notice, such adjustment shall be conclusive and binding for all purposes. The existence of outstanding Share Units shall not affect in any way the right or power and authority of the Corporation or its shareholders to make or authorize any alteration, recapitalization, reorganization or any other change in the Corporation’s capital structure or its business or any merger or consolidation of the Corporation, any issue of bonds, debentures or preferred or preference shares (ranking ahead of the Common Shares or otherwise) or any right thereto, or the

dissolution or liquidation of the Corporation, any sale or transfer of all or any part of its assets or business or any corporate act or proceeding whether of a similar character or otherwise.

### **3.6 Offer for Common Shares – Change of Control**

Notwithstanding anything else herein to the contrary, and subject to prior approval of the Exchange if required, in the event of a Change of Control, all outstanding Share Units which have not vested shall immediately vest and become payable on the date of such Change of Control in accordance with the terms of this Plan.

## **Article 4 Events Affecting Entitlement**

### **4.1 Termination of Employment**

#### **(a) Termination Due to Voluntary Resignation**

Unless otherwise determined by the Committee in its sole discretion, if an Eligible Person's employment or service as an Employee or Consultant of the Corporation (or a subsidiary or Affiliate of the Corporation, as applicable) is terminated due to the voluntary resignation of the Eligible Person, then:

- (i) all Share Units granted to the Eligible Person which have not vested on or before the date of termination shall be forfeited and cancelled effective as of the date of termination and the Eligible Person shall have no entitlement to receive Common Shares or payment in respect of such forfeited Share Units, or any other amount in respect of such forfeited Share Units, by way of damages, payment in lieu or otherwise; and
- (ii) any vested Share Units credited to the Eligible Person's account as at the date of termination remain payable in accordance with the terms of this Section 4.1(a) and the Eligible Person shall receive a payout in respect of each such vested Share Unit credited to his or her account, as soon as reasonably practicable thereafter.

#### **(b) Termination without Cause**

Unless otherwise determined by the Committee in its sole discretion, if an Eligible Person's employment or service as an Employee or Consultant of the Corporation (or a subsidiary or Affiliate of the Corporation, as applicable) is terminated without cause, then:

- (i) a portion of the unvested RSUs held by the Eligible Person shall immediately vest. The number of unvested RSUs held by the Eligible Person that shall vest pursuant to this Section 4.1(b)(i) shall be calculated by multiplying the number of unvested RSUs held by the Eligible Person by a fraction, the numerator of which equals the number of days the Eligible Person was actively employed between the Grant Date of such RSUs and his or her date of termination, and the denominator of which equals the total number of days between the Grant Date of such RSUs and their original vesting date. The Eligible Person shall be entitled to a payout in respect of the RSUs held by the Eligible Person that vest pursuant to this Section 4.1(b)(i). Such Payout(s) shall be made to the Eligible Person as soon as reasonably practicable thereafter. All unvested RSUs held by the Eligible Person as of the date of termination for which the Eligible Person is not entitled to a payout pursuant to this Section 4.1(b)(i) shall be forfeited and cancelled as of the

date of termination and the Eligible Person shall have no entitlement in connection with such RSUs;

- (ii) any unvested PSUs held by such Eligible Person will remain outstanding for the balance of their term pursuant to this Plan and the Grant Agreement and in the event that the applicable Performance Conditions are met prior to expiry, such PSUs will vest and the Corporation shall issue Common Shares or make payment with respect to such PSUs to the Eligible Person as soon as reasonably practical thereafter; and
- (iii) any vested Share Units credited to the Eligible Person's account as of his or her date of termination (which for greater certainty does not include any Share Units that become vested pursuant to Section 4.1(b)(i)) will remain payable in accordance with the terms of this Section 4.1(b)(iii) and the Eligible Person shall receive a payout in respect of each such vested Share Unit as soon as reasonably practicable thereafter.

(c) **Termination with Cause**

Unless otherwise determined by the Committee in its sole discretion, in the event that an Eligible Person's employment or service as an Employee or Consultant of the Corporation (or a subsidiary or Affiliate of the Corporation, as applicable) is terminated for cause, the Eligible Person's Share Units, whether vested or unvested, shall be forfeited and cancelled as of the date of Termination and the Eligible Person shall have no entitlement to receive Common Shares or any payment in respect of such forfeited Share Units, or any other amount in respect of such forfeited Share Units, by way of damages, payment in lieu or otherwise.

**4.2 Retirement, Death or Disability**

Unless otherwise determined by the Committee in its sole discretion, in the event of:

- (a) the retirement of an Eligible Person:
  - (i) a portion of the unvested RSUs held by the Eligible Person shall immediately vest on the date of retirement of such Eligible Person. The number of unvested RSUs held by the Eligible Person that shall vest pursuant to this Section 4.124.1(b)(i) shall be calculated by multiplying the number of unvested RSUs held by the Eligible Person by a fraction, the numerator of which equals the number of days the Eligible Person was actively employed between the Grant Date of such RSUs and his or her date of retirement, and the denominator of which equals the total number of days between the Grant Date of such RSUs and their original vesting date. The Eligible Person shall be entitled to a payout in respect of the RSUs held by the Eligible Person that vest pursuant to this Section 4.124.1(b)(i). Such Payout(s) shall be made to the Eligible Person as soon as reasonably practicable thereafter. All unvested RSUs held by the Eligible Person as of the date of retirement for which the Eligible Person is not entitled to a payout pursuant to this Section 4.24.1(b)(i) shall be forfeited and cancelled as of the date of retirement and the Eligible Person shall have no entitlement in connection with such RSUs;
  - (ii) any unvested PSUs held by such Eligible Person will remain outstanding for the balance of their term pursuant to this Plan and the Grant Agreement and in the event that the applicable Performance Conditions are met prior to expiry, such PSUs will vest and the Corporation shall issue Common Shares or make payment with respect to such PSUs to the Eligible Person as soon as reasonably practical thereafter; and

- (iii) any vested Share Units credited to the Eligible Person's account as of his or her date of retirement (which for greater certainty does not include any Share Units that become vested pursuant to Section 4.124.1(b)(i)) will remain payable in accordance with the terms of this Section 4.124.1(b)(iii) and the Eligible Person shall receive a payout in respect of each such vested Share Unit as soon as reasonably practicable thereafter;
- (b) the death of an Eligible Person:
  - (i) a portion of the unvested RSUs held by the Eligible Person shall immediately vest on the date of death of such Eligible Person. The number of unvested RSUs held by the Eligible Person that shall vest pursuant to this Section 4.124.1(b)(i) shall be calculated by multiplying the number of unvested RSUs held by the Eligible Person by a fraction, the numerator of which equals the number of days the Eligible Person was actively employed between the Grant Date of such RSUs and his or her date of death, and the denominator of which equals the total number of days between the Grant Date of such RSUs and their original vesting date. The Eligible Person shall be entitled to a payout in respect of the RSUs held by the Eligible Person that vest pursuant to this Section 4.124.1(b)(i). Such Payout(s) shall be made to the Eligible Person's estate as soon as reasonably practicable thereafter. All unvested RSUs held by the Eligible Person as of the date of death for which the Eligible Person is not entitled to a payout pursuant to this Section 4.124.1(b)(i) shall be forfeited and cancelled as of the date of death and the Eligible Person shall have no entitlement in connection with such RSUs;
  - (ii) any unvested PSUs held by such Eligible Person will remain outstanding for the balance of their term pursuant to this Plan and the Grant Agreement and in the event that the applicable Performance Conditions are met prior to expiry, such PSUs will vest and the Corporation shall issue Common Shares or make payment with respect to such PSUs to the Eligible Person's estate as soon as reasonably practical thereafter; and
  - (iii) any vested Share Units credited to the Eligible Person's account as of his or her date of death (which for greater certainty does not include any Share Units that become vested pursuant to Section 4.124.1(b)(i)) will remain payable in accordance with the terms of this Section 4.124.1(b)(iii) and the Eligible Person's estate shall receive a payout in respect of each such vested Share Unit as soon as reasonably practicable thereafter; or
- (c) the disability of an Eligible Person (as may be determined in accordance with the policies, if any, or general practices of the Corporation):
  - (i) a portion of the unvested RSUs held by the Eligible Person shall immediately vest on the date on which the Eligible Person is determined to be totally disabled (the "**Disability Date**"). The number of unvested RSUs held by the Eligible Person that shall vest pursuant to this Section 4.124.1(b)(i) shall be calculated by multiplying the number of unvested RSUs held by the Eligible Person by a fraction, the numerator of which equals the number of days the Eligible Person was actively employed between the Grant Date of such RSUs and the Disability Date, and the denominator of which equals the total number of days between the Grant Date of such RSUs and their original vesting date. The Eligible Person shall be entitled to a payout in respect of the RSUs held by the Eligible Person that vest pursuant to this Section 4.124.1(b)(i). Such Payout(s) shall be made to the Eligible Person as soon as reasonably practicable thereafter. All unvested RSUs held by the Eligible Person as of the Disability Date for which the Eligible Person is not entitled to a payout pursuant to this Section 4.14.1(b)(i) shall be forfeited and



cancelled as of the Disability Date and the Eligible Person shall have no entitlement in connection with such RSUs;

- (ii) any unvested PSUs held by such Eligible Person will remain outstanding for the balance of their term pursuant to this Plan and the Grant Agreement and in the event that the applicable Performance Conditions are met prior to expiry, such PSUs will vest and the Corporation shall issue Common Shares or make payment with respect to such PSUs to the Eligible Person as soon as reasonably practical thereafter; and
- (iii) any vested Share Units credited to the Eligible Person's account as of the Disability Date (which for greater certainty does not include any Share Units that become vested pursuant to Section 4.124.1(b)(i)) will remain payable in accordance with the terms of this Section 4.124.1(b)(iii) and the Eligible Person shall receive a payout in respect of each such vested Share Unit as soon as reasonably practicable thereafter.

### **4.3 No Grants Following Last Day of Active Employment**

In the event of termination of any Eligible Person's employment with the Corporation (or a subsidiary or Affiliate of the Corporation, as applicable), such Eligible Person shall not be granted any Share Units pursuant to Section 3.1 after the last day of active employment of such Eligible Person. Without limiting the generality of the foregoing and of Section 2.4, notwithstanding any other provision hereof, and notwithstanding any provision of any employment agreement between any Eligible Person and the Corporation (or a subsidiary or Affiliate of the Corporation, as applicable), no Eligible Person will have any right to be awarded additional Share Units, and shall not be awarded any Share Units, pursuant to Section 3.1 after the last day of active employment of such Eligible Person on which such Eligible Person actually performs the duties of the Eligible Person's position, whether or not such Eligible Person receives a lump sum payment of salary or other compensation in lieu of notice of termination, or continues to receive payment of salary, benefits or other remuneration for any period following such last day of active employment. Notwithstanding any other provision hereof, or any provision of any employment agreement between the Corporation and an Eligible Person, in no event will any Eligible Person have any right to damages in respect of any loss of any right to be awarded Share Units pursuant to Section 3.1 after the last day of active employment of such Eligible Person and no severance allowance, or termination settlement of any kind in respect of any Eligible Person will include or reflect any claim for such loss of right and no Eligible Person will have any right to assert, claim, seek or obtain, and shall not assert, claim, seek or obtain, any judgment or award in respect of or which includes or reflects any such right or claim for such loss of right.

## **Article 5 Administration**

### **5.1 Transferability**

Rights respecting Share Units shall not be transferable or assignable other than by will or the laws of decent and distribution.

### **5.2 Administration**

The Committee shall, in its sole and absolute discretion, but subject to applicable corporate, securities and tax law requirements: (i) interpret and administer the Plan; (ii) establish, amend and rescind any rules and regulations relating to the Plan; and (iii) make any other determinations that the Committee deems necessary or desirable for the administration and operation of the Plan, including with respect to vesting conditions and the satisfaction thereof. The Committee may delegate to any person any administrative

duties and powers under this Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be final, conclusive and binding on the Eligible Person and his or her legal representative. The Board may establish policies respecting minimum ownership of Common Shares of the Corporation by Eligible Persons and the ability to elect Share Units to satisfy any such policy.

### **5.3 Records**

The Corporation will maintain records indicating the number and type of Share Units credited to an Eligible Person under the Plan from time to time and the Grant Dates and vesting conditions of such Share Units. Such records shall be conclusive as to all matters involved in the administration of this Plan.

### **5.4 Statements**

The Corporation shall furnish annual statements to each Eligible Person indicating the number of Share Units credited to the Eligible Person and the Grant Dates of the Share Units and such other information that the Corporation considers relevant to the Eligible Person.

### **5.5 Legal Compliance**

Without limiting the generality of the foregoing, the Committee may take such steps and require such documentation from Eligible Persons as the Committee may determine are desirable to ensure compliance with all applicable laws and legal requirements, including all applicable corporate and securities laws and regulations of any country, and any political subdivisions thereof, and the by-laws, rules and regulations of any stock exchanges or other organized market on which Common Shares may from time to time be listed or posted and any applicable provisions of the Income Tax Act (Canada), as amended or income tax legislation or any other jurisdiction.

### **5.6 Delegation to Committee**

All of the powers exercisable hereunder by the Board may, to the extent permitted by applicable law and as determined by resolution of the Board, be exercised by a committee of the Board, including the Committee.

### **5.7 Eligible Person Determination**

The Committee shall from time to time determine Eligible Persons who may participate in this Plan. The Committee shall from time to time determine the Eligible Persons to whom Share Units shall be granted and the number, type, provisions and restrictions with respect to such grant, all such determinations to be made in accordance with the terms and conditions of this Plan.

## **Article 6 Amendment and Termination**

### **6.1 Amendment**

- (a) The Board reserves the right, in its sole discretion, to amend, suspend or terminate the Plan or any portion thereof at any time, in accordance with applicable legislation, without obtaining the approval of shareholders. Notwithstanding the foregoing, the Corporation will be required to obtain the Disinterested Shareholder approval for any amendment related to:

- (i) the number or percentage of issued and outstanding Common Shares available for grant under the Plan;
  - (ii) a change in the method of calculation of redemption of Share Units held by Eligible Persons; and
  - (iii) an extension to the term for redemption of Share Units held by Eligible Persons.
- (b) Unless an Eligible Person otherwise agrees, any amendment to the Plan or Share Unit shall apply only in respect of Share Units granted on or after the date of such amendment.
- (c) Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, without obtaining shareholder approval:
- (i) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable regulatory requirements, including the rules of the Exchange, in place from time to time;
  - (ii) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan;
  - (iii) amendments to the provisions of the Plan respecting the terms and conditions on which Share Units may be granted pursuant to the Plan, including the provisions relating to the payment of the Share Units;
  - (iv) amendments necessary to suspend or terminate the Plan; provided that such amendment does not adversely alter or impair any Share Unit previously granted to an Eligible Person without the consent of such Eligible Person;
  - (v) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the Exchange; and
  - (vi) amendments to the Plan that are of a “housekeeping” nature.

## **6.2 Termination of the Plan**

The Board may from time to time amend or suspend this Plan in whole or in part and may at any time terminate this Plan. No such amendment, suspension or termination shall adversely affect the rights of any Eligible Person at the time of such amendment, suspension or termination with respect to outstanding and unredeemed Share Units credited to such Eligible Person without the consent of the affected Eligible Person. If the Board terminates the Plan, no new Share Units will be awarded to any Eligible Person, but outstanding and unredeemed previously credited Share Units shall remain outstanding, be entitled to payments as provided under Section 3.4, and be paid in accordance with the terms and conditions of this Plan existing at the time of termination. This Plan will finally cease to operate for all purposes when the last remaining Eligible Person receives a payment in satisfaction of all outstanding and unredeemed Share Units credited to such Eligible Person, or all outstanding and unredeemed Share Units credited to such Eligible Person are cancelled pursuant to the provisions thereof.

**Article 7  
General****7.1 Rights to Common Shares**

This Plan shall not be interpreted to create any entitlement of any Eligible Person to any Common Shares, or to the dividends payable pursuant thereto, except as expressly provided herein. A holder of Share Units shall not have rights as a shareholder of the Corporation with respect to any Common Shares which may be issuable pursuant to the Share Units so held, whether voting, right on liquidation or otherwise.

**7.2 No Right to Employment**

This Plan shall not be interpreted as either an employment or trust agreement. Nothing in this Plan nor any Committee guidelines or any agreement referred to in Section 2.5 nor any action taken hereunder shall be construed as giving any Eligible Person the right to be retained in the continued employ or service of the Corporation or any of its Affiliates or subsidiaries, or giving any Eligible Person or any other person the right to receive any benefits not specifically expressly provided in this Plan nor shall it interfere in any way with any other right of the Corporation or any of its Affiliates or subsidiaries to terminate the employment or service of any Eligible Person at any time.

**7.3 Right to Funds**

Neither the establishment of this Plan nor the granting of Share Units under this Plan shall be deemed to create a trust. Amounts payable to any Eligible Person under the Plan shall be a general, unsecured obligation of the Corporation. The right of the Employees and Consultants to receive payment pursuant to this Plan shall be no greater than the right of other unsecured creditors of the Corporation.

**SCHEDULE A  
GRANT AGREEMENT**

**SHARE UNIT PLAN OF SHAMARAN PETROLEUM CORP.**

This Grant Agreement is made the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between ●, the undersigned “Eligible Person” (the “**Eligible Person**”), being an Employee or Consultant of ShaMaran Petroleum Corp. (the “**Corporation**”), or a subsidiary or Affiliate of the Corporation, as applicable, named or designated pursuant to the terms of the Share Unit Plan of the Corporation (which Plan, as the same may from time to time be modified, supplemented or amended and in effect, is herein referred to as the “**Plan**”), and the Corporation.

In consideration of the grant of Share Units made to the Eligible Person pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Eligible Person hereby agrees and confirms that:

1. The Eligible Person has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan.
2. The Eligible Person accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all bona fide actions or decisions made by the Board, the Committee, or any person to whom the Committee may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, beneficiaries and successors of the undersigned.
3. On \_\_\_\_\_, 20\_\_, the Eligible Person was granted \_\_\_\_\_ (number) of \_\_\_\_\_ (RSUs or PSUs), which grant is evidenced by this Agreement.
4. The Redemption Date(s) for the Share Units is/are as follows: \_\_\_\_\_
5. Time Vesting Criteria (for RSUs): \_\_\_\_\_
6. Performance Conditions (for PSUs): \_\_\_\_\_
7. This Grant Agreement shall be considered as part of and an amendment to any employment agreement between the Eligible Person and the Corporation (or a subsidiary or Affiliate of the Corporation, as applicable) and the Eligible Person hereby agrees that the Eligible Person will not make any claim under that employment agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.

This Agreement shall be determined in accordance with the laws of the province of British Columbia and the laws of Canada applicable therein. Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

**SHAMARAN PETROLEUM CORP.**

**ELIGIBLE PERSON**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name:  
(Eligible Person)