

PENTANOVA ENERGY CORP.

**Suite 3123, 595 Burrard Street
PO Box 49139, Three Bentall
Vancouver, British Columbia, V7X 1J1
Phone: 604.609.6110 / Fax: 604.609.6145**

INFORMATION CIRCULAR

(containing information as at July 23, 2018 unless indicated otherwise)

**For the Annual General Meeting
to be held on Wednesday, August 29, 2018**

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **PENTANOVA ENERGY CORP.** (the "**Corporation**") for use at the annual general meeting (the "**Meeting**"), of the shareholders (the "**Shareholders**") of the Corporation, to be held on Wednesday, August 29, 2018 at the time and place and for the purposes set forth in the accompanying notice of meeting and at any adjournment thereof. The enclosed instrument of proxy is solicited by the management of the Corporation. The solicitation will be primarily by mail; however, proxies may be solicited personally or by telephone by the regular officers and employees of the Corporation. The cost of solicitation will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Corporation. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS NOMINEE IN THE BLANK SPACE PROVIDED OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE CORPORATION'S REGISTRAR AND TRANSFER AGENT, TSX TRUST COMPANY, 100 ADELAIDE STREET, SUITE 301, TORONTO, ONTARIO, M5H 4H1, NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.**

The Proxy must be signed and dated by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a Proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited with the Corporation's registrar and transfer agent, **TSX Trust Company, 100 Adelaide Street, Suite 301, Toronto, Ontario, M5H 4H1**, at any time up to and including the last business day preceding the Meeting, or any adjournment of it, at which the Proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxyholder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR. The enclosed Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Information Circular, the management of the Corporation is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be voted on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority greater than one-half of the votes cast will be required unless the motion requires a special resolution, in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested shareholder approval, common shares held by shareholders of the Corporation who have an interest in the motion and common shares held by their "associates", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

General

The authorized capital of the Corporation consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. There were 242,201,602 common shares of the Corporation issued and outstanding as of the close of business on July 23, 2018, each share carrying the right to one vote. There were no preferred shares issued and outstanding as of the close of business on July 23, 2018.

Only Shareholders of record as at the close of business on July 23, 2018 (the "**Record Date**") who either personally attend the Meeting or who have completed and delivered a form of Proxy in the manner and subject to the provisions described under the heading "Appointment and Revocation of Proxies" shall be entitled to vote, or have their common shares voted, at the Meeting, or any adjournment thereof. On any poll, each Shareholder of record holding common shares of the Corporation on the Record Date is entitled to one vote for each common share registered in his or her name on the list of shareholders as at the Record Date.

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

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the common shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote common shares directly at the Meeting. Instead, the voting**

instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such common shares are voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting common shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a shareholder and vote common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their common shares as a proxyholder.

The Corporation will not pay for an intermediary to deliver proxy related materials and voting instruction forms to objecting beneficial owners (called OBOs for Objecting Beneficial Owners). OBOs have objected to their intermediary disclosing ownership information about themselves to the Corporation. Accordingly, OBOs will not receive the materials unless their intermediary assumes the costs of delivery.

The Corporation is not relying on the "notice-and-access" delivery procedures outlined in National Instrument 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

Principal Holders of Voting Shares

To the knowledge of the directors and senior officers of the Corporation, as of the Record Date, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Corporation other than:

| Name of Shareholder | Number of Shares | Percentage of Issued and Outstanding Shares |
|-------------------------|------------------|---|
| Orinoquia Capital, Ltd. | 25,100,000 | 10.36% |
| Frank Giustra | 24,812,413 | 10.24% |

EXECUTIVE COMPENSATION

"**Chief Executive Officer**" or "**CEO**" of the Corporation means an individual who acted as chief executive officer of the Corporation or acted in a similar capacity for any part of the financial year ended December 31, 2017.

"**Chief Financial Officer**" or "**CFO**" of the Corporation means an individual who acted as chief financial officer of the Corporation or acted in a similar capacity for any part of the financial year ended December 31, 2017.

"**closing market price**" means the price at which the Corporation's security was last sold, on the applicable date, in the security's principal marketplace in Canada.

"**equity incentive plan**" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of Section 3870 of the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time.

"**executive officer**" of the Corporation means an individual who at any time during the financial year ended December 31, 2017 was:

- (a) a chair, vice-chair or president of the Corporation;
- (b) a vice-president of the Corporation in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the Corporation.

"**incentive plan**" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.

"**incentive plan award**" means compensation awarded, earned, paid or payable under an incentive plan.

"**Named Executive Officers**" or "**NEOs**" means the following individuals:

- (a) each CEO;

- (b) each CFO;
- (c) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the financial year ended December 31, 2017 whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each additional individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the financial year ended December 31, 2017.

"non-equity incentive plan" means an incentive plan or portion of an incentive plan that is not an equity incentive plan.

"option-based award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

"plan" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons.

"share-based award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

COMPENSATION DISCUSSION AND ANALYSIS

The compensation of the Corporation's Named Executive Officers has been established with a view to attracting and retaining executives critical to the Corporation's short and long-term success and to continue providing executives with compensation that is in accordance with existing market standards generally and competitive within the mining industry, in particular.

Compensation of the Corporation's Named Executive Officers is comprised of a base salary and the grant of options to purchase common shares under the Corporation's stock option plan (as more particularly described below). Through its executive compensation practices, the Corporation seeks to provide value to its shareholders through a strong executive leadership. Specifically, the Corporation's executive compensation structure seeks to attract and retain talented and experienced executives necessary to achieve the Corporation's strategic objectives, motivate and reward executives whose knowledge, skills and performance are critical to the Corporation's success, align the interests of the Corporation's executives and shareholders by motivating executives to increase shareholder value.

Within the context of the overall objectives of the Corporation's compensation practices, the Corporation determined the specific amounts of compensation to be paid to each of its executives during the year ended December 31, 2017 based on a number of factors, including the Corporation's understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities; the Corporation's executive performance during the fiscal year, the roles and responsibilities of the Corporation's executives, the individual experience and skills of, and expected contributions from, the Corporation's executives, the Corporation's executives' historical compensation and performance within the Corporation, and any contractual commitments the Corporation has made to its executives regarding compensation.

The board of directors of the Corporation (the "Board of Directors" or "Board") has not conducted a formal evaluation of the implications of the risks associated with the Corporation's compensation policies. Risk management is a consideration of the Board of Directors when implementing its compensation policies and the Board of Directors do not believe that the Corporation's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation.

Base Salary

The Corporation's approach is to pay its executives a base salary that is competitive with those of other executive officers in similar companies. The Corporation believes that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. The Corporation also believes that attractive base salaries can motivate and reward executives for their overall performance.

| NEO Name And Principal Position | Financial Year ended December 31 | Salary (\$) | Share- based awards (\$) | Option- based awards (\$) | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other comp- ensation (\$) | Total comp- ensation (\$) |
|---|--|----------------|-----------------------------------|------------------------------------|---|-------------------------------------|--------------------------|--|------------------------------------|
| | | | | | Annual incenti ve plans | Long- term incentive plans | | | |
| Francisco Bustillos VP of Administration & Corporate Development | 2017 | 165,448 | N/A | 289,675 ⁽⁶⁾ | N/A | N/A | N/A | N/A | 289,675 |
| | 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2015 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| David Farrell ⁽¹⁾ Former CEO | 2017 | Nil | Nil | Nil | N/A | N/A | N/A | N/A | N/A |
| | 2016 | Nil | Nil | 60,629 ⁽⁴⁾⁽⁶⁾ | N/A | Nil | N/A | N/A | 60,629 |
| | 2015 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Harpreet Dhaliwal ⁽²⁾ Former CFO | 2017 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2016 | Nil | Nil | 17,832 ⁽⁵⁾⁽⁶⁾ | Nil | Nil | Nil | Nil | 17,832 |
| | 2015 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Jessica Van Den Akker ⁽³⁾ Former CFO | 2017 | Nil | N/A | Nil | N/A | N/A | N/A | N/A | Nil |
| | 2016 | Nil | N/A | N/A | N/A | N/A | N/A | N/A | Nil |
| | 2015 | Nil | N/A | N/A | N/A | N/A | N/A | N/A | Nil |

Notes:

- (1) *David Farrell served as the Chief Executive Officer of the Corporation from May 20, 2016 to April 4, 2017 and has served as a director of the Corporation from May 20, 2016 to May 29, 2017.*
- (2) *Harpreet Dhaliwal served as the Chief Financial Officer of the Corporation from May 20, 2016 to January 4, 2017.*
- (3) *Jessica Van Den Akker served as Chief Financial Officer of the Corporation from January 4, 2017 to April 4, 2017.*
- (4) *On August 22, 2016, Mr. Farrell was granted an option to purchase 170,000 common shares of the Corporation at a price of C\$0.61 each for a period of ten years. This amount represents the estimated fair value of these 170,000 options using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.82%, an expected life of 10 years, a 75% annualized volatility rate, and a 0.00% dividend rate.*
- (5) *Ms. Dhaliwal's options expired on January 4, 2018.*
- (6) *For this option award, the fair value of awards on the grant date reflects the number of options awarded multiplied by the grant date fair value price calculated using the Black-Scholes valuation methodology, including the key assumptions and estimates as described in the Corporation's audited financial statements for the year ended December 31, 2017.*
- (7) *Luciano Biondi served as Chief Executive Officer of the Corporation from April 4, 2017 to February 14, 2018.*
- (8) *Gregg Vernon served as President of the Corporation from April 4, 2017 to February 14, 2018.*
- (9) *Warren Levy served as President, Argentinian Operations of the Corporation from April 4, 2017 to February 14, 2018.*

INCENTIVE PLAN AWARDS

The following table sets forth information concerning all awards outstanding at the end of the financial year ended December 31, 2017 for each Named Executive Officer.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS TABLE

| NEO Name | Option-based Awards | | | | Share-based Awards ⁽¹⁾ | | |
|-----------------------|---|----------------------------|--------------------------|--|--|--|--|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Luciano Biondi | 2,000,000 ⁽¹⁾ | 0.80 | 08-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Gregg Vernon | 2,000,000 ⁽¹⁾ | 0.80 | 08-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Warren Levy | 1,600,000 ⁽¹⁾ | 0.80 | 08-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Chris Reid | 1,600,000 ⁽¹⁾ | 0.80 | 08-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Francisco Bustillos | 1,000,000 ⁽¹⁾ | 0.80 | 08-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| David Farrell | 170,000 | 0.61 | 22-Aug-26 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Harpreet Dhaliwal | 50,000 | 0.61 | 22-Aug-26 ⁽³⁾ | Nil ⁽²⁾ | N/A | N/A | N/A |
| Jessica Van Den Akker | Nil | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:

- (1) *The Corporation granted 22,187,500 options to acquire common shares at a price of C\$0.80 per common share during the financial year ended December 31, 2017*
- (2) *No options are "in the money" as the closing market price of the common shares of the Corporation on the TSX Venture Exchange (the "Exchange") on December 29, 2017 of C\$0.385 is below the stock option exercise price.*
- (3) *Ms. Dhaliwal's stock options expired on January 4, 2018.*

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2017

Although an aggregate of 8,200,000 stock options were granted to the aforesaid Named Executive Officers during the year ended December 31, 2017, the market price of the common shares on the date of grant did not exceed the exercise price and, accordingly, the value vested or earned was nil. None of the Named Executive Officers exercised their stock options during the year ended December 31, 2017.

PENSION PLAN BENEFITS

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Corporation and none are proposed at this time.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Pursuant to an Employment Agreement dated March 2, 2017 between the Corporation and Mr. Luciano Biondi, the Chief Executive Officer of the Corporation, the Corporation agreed to pay to Mr. Biondi a base salary of US\$240,000 per annum. In the event that Mr. Biondi was terminated by the Corporation not for cause, the Corporation would have had to pay Mr. Biondi a termination fee equal to two times his base salary. In the event that there was a change of control of the Corporation (as defined in the agreement) and Mr. Biondi elected to terminate his employment with the Corporation within 180 days of the change of control, or if the agreement was terminated by the Corporation within one year following the change of control, the Corporation would have had to pay Mr. Biondi a termination fee equal to three times his then current annual base salary. In addition, Mr. Biondi would have been entitled to have all benefit plans continued for a period of 12 months after termination, and his then existing stock options would have become fully vested and remain exercisable for the original term granted. On February 14, 2018, Mr. Biondi resigned from the Corporation by way of mutual agreement, wherein Mr. Biondi agreed to a termination benefit lump-sum payment

of US\$320,000, foregoing any further entitlement to any existing benefit plans with the Corporation. Furthermore, all stock options held by Mr. Biondi were immediately vested and apportioned 90 days until expiry.

Pursuant to a Contractor Agreement dated March 2, 2017 between the Corporation and Major Bay Corporate Ltd. (the "Contractor"), the Corporation agreed to retain Mr. Gregg Vernon as President of the Corporation and to pay to Major Bay Corporate fees of US\$14,000 per month. In the event that the Contractor was terminated by the Corporation not for cause, the Corporation would have had to pay the Contractor a termination fee equal to two times its then annual fees calculated on the basis of annual fees of US\$240,000. In addition, the post-termination exercise period of Mr. Vernon's existing stock options would have been extended to the earlier to occur of one year from the date of termination and the original expiration date of the stock options. In the event that there was a change of control of the Corporation (as defined in the agreement) and a triggering event (as defined in the agreement) occurred within one year of the change of control and the Contractor elected to thereafter terminate the agreement, or if the agreement was terminated without just cause within one year following the change in control, the Corporation will have to pay the Contractor a termination fee equal to three times its then annual fees calculated on the basis of annual fees of US\$240,000. The right to receive termination and change of control payments were vest to as to 1/3 on execution of the agreement, 1/3 on December 31, 2017 and 1/3 on December 31, 2018. On February 14, 2018, the Contractor resigned from the Corporation as President by way of an amendment to the Contractor Agreement, wherein the Corporation agreed to retain Mr. Vernon as Vice President of Asset of the Corporation and to pay to Major Bay Corporate fees of US\$8,123 per month. Furthermore, under the terms of the amendment, in the event that the Contractor is terminated by the Corporation not for cause, the Corporation would have had to pay the Contractor a termination fee of US\$290,000. The Contractor also agreed to immediately forfeit all stock options held. All other terms and provisions of the Contractor Agreement remain unamended.

Pursuant to an Employment Agreement dated March 2, 2017 between the Corporation and Mr. Warren Levy, the President, Argentinian Operations for the Corporation, the Corporation agreed to pay to Mr. Levy a base salary of US\$180,000 per annum. In the event that Mr. Levy was terminated by the Corporation not for cause, the Corporation would have had to pay Mr. Levy a termination fee equal to two times his base salary. In the event that there was a change of control of the Corporation (as defined in the agreement) and Mr. Levy elected to terminate his employment with the Corporation within 180 days of the change of control, or if the agreement was terminated by the Corporation within one year following the change of control, the Corporation would have had to pay Mr. Levy a termination fee equal to three times his then current annual base salary. In addition, Mr. Levy would have been entitled to have all benefit plans continued for a period of 12 months after termination, and his then existing stock options would have become fully vested and remain exercisable for the original term granted. On February 14, 2018, Mr. Levy resigned from the Corporation by way of a mutual agreement, wherein Mr. Levy agreed to a termination benefit lump-sum payment of US\$240,000, foregoing any further entitlement to any existing benefit plans with the Corporation. Furthermore, all stock options held by Mr. Levy were immediately forfeited to the Corporation.

Pursuant to an Employment Agreement dated March 2, 2017 between the Corporation and Mr. Christopher Reid, the Chief Financial Officer for the Corporation, the Corporation agreed to pay to Mr. Reid a base salary of US\$180,000 per annum. In the event that Mr. Reid is terminated by the Corporation not for cause, the Corporation must pay Mr. Reid a termination fee equal to two times his base salary. In the event that there is a change of control of the Corporation (as defined in the agreement) and Mr. Reid elects to terminate his employment with the Corporation within 180 days of the change of control, or if the agreement is terminated by the Corporation within one year following the change of control, the Corporation must pay Mr. Reid a termination fee equal to three times his then current annual base salary. In addition, Mr. Reid would be entitled to have all benefit plans continued for a period of 12 months after termination, and his then existing stock options would become fully vested and remain exercisable for the original term granted.

Pursuant to an Employment Agreement dated March 2, 2017 between the Corporation and Mr. Francisco Bustillos, the Vice President of Administration & Corporate Development of the Corporation, the Corporation agreed to pay to Mr. Bustillos a base salary of US\$180,000 per annum. In the event that Mr. Bustillos is terminated by the Corporation not for cause, the Corporation must pay Mr. Bustillos a termination fee equal to two times his base salary. In the event that there is a change of control of the Corporation (as defined in the agreement) and Mr. Bustillos elects to terminate his employment with the Corporation within 180 days of the change of control, or if the agreement is terminated by the Corporation within one year following the change of control, the Corporation must pay Mr. Bustillos a termination fee equal to three times his then current annual base salary. In addition, Mr. Bustillos would be entitled to have all benefit plans continued for a period of 12 months after termination, and his then existing stock options would become fully vested and remain exercisable for the original term granted.

All Agreements include standard insurance, non-competition and confidentiality provisions.

DIRECTOR COMPENSATION

During the financial year ended December 31, 2017, the Corporation had 1 director which was also a Named Executive Officer of the Corporation, namely David Farrell. The following table sets out the amounts of compensation paid to the directors of the Corporation that were not NEOs of the Corporation during the financial year ended December 31, 2017. All amounts are presented in US Dollars "\$", unless otherwise denoted to be in Canadian Dollars "C\$".

DIRECTORS COMPENSATION TABLE

| Name | Fees earned (\$) | Share-based awards (\$) | Option-based awards ⁽¹⁾ (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|--------------------------------|-----------------------|----------------------------|--|--|-----------------------|--------------------------------|---------------|
| Serafino Iacono | Nil | Nil | 579,350 ⁽¹⁾ | Nil | Nil | Nil | 579,350 |
| Frank Giustra | Nil | Nil | 217,256 ⁽¹⁾ | Nil | Nil | Nil | 217,256 |
| Gordon Keep | Nil | Nil | 217,256 ⁽¹⁾ | Nil | Nil | Nil | 217,256 |
| Jeffrey Scott | Nil | Nil | 217,256 ⁽¹⁾ | Nil | Nil | Nil | 217,256 |
| Ian Telfer ⁽²⁾ | Nil | Nil | 144,838 ⁽¹⁾ | Nil | Nil | Nil | 144,838 |
| Jaime Perez Branger | Nil | Nil | 217,256 ⁽¹⁾ | Nil | Nil | Nil | 217,256 |
| Susannah Pierce ⁽⁶⁾ | 32,091 ⁽⁶⁾ | Nil | 217,256 ⁽¹⁾ | Nil | Nil | Nil | 249,347 |
| Hernan Martinez | Nil | Nil | 217,256 ⁽¹⁾ | Nil | Nil | Nil | 217,256 |
| Francisco Sole | Nil | Nil | 217,256 ⁽¹⁾ | Nil | Nil | Nil | 217,256 |
| David Farrell ⁽⁵⁾ | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Ravinder Kang ⁽³⁾ | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Thomas O'Neill ⁽⁴⁾ | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:

- (1) The Corporation granted 22,187,500 option-based awards during the financial year ended December 31, 2017.
- (2) Ian Telfer served as a director of the Corporation from May 29, 2017 to July 9, 2017.
- (3) Ravinder Kang served as a director of the Corporation from May 20, 2016 to April 4, 2017.
- (4) Thomas O'Neill served as a director of the Corporation from May 20, 2016 to April 4, 2017.
- (5) David Farrell served as a director of the Corporation from May 20, 2016 to May 29, 2017.
- (6) Susannah Pierce served as a director of the Corporation from May 29, 2017 to June 21, 2018 and received \$32,091 fees with respect to her role as a director.

Except as stated above, the Corporation does not have any other arrangements pursuant to which directors are compensated by the Corporation or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the financial year ended December 31, 2017 or subsequently, up to and including the date of this Information Circular.

The Corporation has the Stock Option Plan for the granting of incentive stock options to the directors, officers, employees and consultants. The purpose of granting options pursuant to the Stock Option Plan is to assist the Corporation in compensating, attracting, retaining and motivating the directors, officers, employees and consultants of the Corporation and to closely align the personal interests of such persons to that of the shareholders. See "Particulars of Other Matters to be Acted Upon – Approval of Stock Option Plan".

SHARE-BASED AWARDS, OPTION-BASED AWARDS AND NON-EQUITY PLAN COMPENSATION

The following table sets forth information concerning all awards outstanding at the end of the financial year ended December 31, 2017, for each Director of the Corporation.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS TABLE

| Name | Option-based Awards | | | | Share-based Awards ⁽¹⁾ | | |
|---------------------------|---|----------------------------|------------------------|--|--|--|--|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Serafino Iacono | 2,000,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Frank Giustra | 750,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Gordon Keep | 750,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Jeffrey Scott | 750,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Ian Telfer ⁽³⁾ | 500,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Jaime Perez Branger | 750,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Susannah Pierce | 750,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Hernan Martinez | 750,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |
| Francisco Sole | 750,000 ⁽¹⁾ | 0.80 | 8-Aug-27 | Nil ⁽²⁾ | N/A | N/A | N/A |

Notes:

- (1) *The Corporation granted 22,187,500 option-based awards during the financial year ended December 31, 2017.*
- (2) *No options are "in the money" as the closing market price of the common shares of the Corporation on the Exchange on December 29, 2017 of C\$0.385 is below the stock option exercise price.*
- (3) *Mr. Telfer served as a director of the Corporation from May 29, 2017 to July 9, 2017.*

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2017

Although an aggregate of 7,750,000 stock options were granted to the aforesaid directors during the year ended December 31, 2017, the market price of the common shares on the date of grant did not exceed the exercise price and, accordingly, the value vested or earned was nil. None of the directors exercised their stock options during the year ended December 31, 2017.

MANAGEMENT CONTRACTS

Management functions of the Corporation or any of its subsidiaries are not to any substantial degree performed by a person other than the directors or executive officers of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out particulars of the compensation plans under which equity securities of the Corporation are authorized for issuance as of December 31, 2017. The Corporation completed a share consolidation on the basis of one post-consolidation common share for every seventy pre-consolidation common shares on June 14, 2016. All figures reflect the share consolidation.

EQUITY COMPENSATION PLAN INFORMATION

| Plan Category | A Number of securities to be issued upon exercise of outstanding options, warrants and rights | B Weighted average exercise price of outstanding options, warrants and rights | C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A) |
|--|--|--|--|
| Equity compensation plans approved by securityholders ⁽¹⁾ | 22,896,427 | \$ 0.80 | 1,323,733 |
| Equity compensation plans not approved by securityholders | Nil | N/A | Nil |
| TOTALS: | 22,896,427 | \$ 0.80 | 1,323,733 |

Note:

(1) Represents the Stock Option Plan of the Corporation. As at December 31, 2017, the Stock Option Plan reserved shares equal to a maximum of 10% of the issued and outstanding common shares of the Corporation from time to time for issue pursuant to the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than "routine indebtedness" as defined in applicable securities legislation, since January 1, 2017, being the beginning of the fiscal year of the Corporation ended December 31, 2017, none of:

- (a) the executive officers, directors, employees and former executive officers, directors and employees of the Corporation or any of its subsidiaries;
- (b) the proposed nominees for election as a director of the Corporation; or
- (c) any associates of the foregoing persons;

is or has been indebted to the Corporation or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, and which was not entirely repaid on or before the date of this Information Circular.

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

No person who has been a director, senior officer or insider of the Corporation, no proposed nominee for director and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting other than the election of directors or the approval of the new control person.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "**Informed Person**" means (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Corporation, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed elsewhere in this Information Circular or in the Notes to the Corporation's financial statements for the financial year ended December 31, 2017, none of:

- (a) the Informed Persons of the Corporation;

- (b) the proposed nominees for election as a director of the Corporation; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's financial year ended December 31, 2017 or in any proposed transaction which has materially affected or would materially affect the Corporation or any subsidiary of the Corporation.

FINANCIAL STATEMENTS

The audited financial statements of the Corporation for the period ended December 31, 2017 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, the Auditor's Report thereon together with related Management's Discussion and Analysis for the financial years ended December 31, 2017 are available on SEDAR at www.sedar.com. The Notice of Annual General Meeting of Shareholders, Information Circular, Request for Financial Statements and form of Proxy will be available from the Corporation's Registrar and Transfer Agent, TSX Trust Company, 100 Adelaide Street, Suite 301, Toronto, Ontario, M5H 4H1, or from the Corporation's head office located at Suite 3123, 595 Burrard Street, PO Box 49139, Bentall Three, Vancouver, British Columbia, V7X 1J1.

REQUEST FOR FINANCIAL STATEMENTS

National Instrument 51-102 "Continuous Disclosure Obligations" sets out the procedures for a shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered shareholders must also provide written instructions in order to receive the Financial Statements.

FIXING THE NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at four (4). Management is nominating four individuals to stand for election.

Each director of the Corporation is elected annually and holds office until the next annual general meeting of the Shareholders of the Corporation, until his successor is duly elected, or until his resignation as a director.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT

The following table sets out the names of the persons proposed to be nominated by management for election as a director, the Province and Country in which each person is ordinarily resident, the positions and offices which each presently holds with the Corporation, the period of time for which each person has been a director of the Corporation, the respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of common shares of the Corporation which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular.

The nominees for the office of director and information concerning them as furnished by the individual nominees are as follows:

| Name, Province or State and Country of Residence, and Position with the Corporation ⁽¹⁾ | Present Principal Occupation, Business or Employment ⁽¹⁾ | Date Served as Director Since | No. of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾ |
|---|---|--------------------------------------|--|
| Frank Giustra British Columbia, Canada Director | President and Chief Executive Officer of Fiore Financial Corporation, a private firm managing a broad portfolio of private equity investments and companies; sits on the boards of Elevate Social Businesses, and International Crisis Group. | May 29, 2017 | 24,812,413 |
| Ralph Gillcrist Alberta, Canada President, CEO and a Director | Chief Executive Officer and Director of PentaNova Energy Corp. since February 2018. | February 14, 2018 | Nil |
| Gordon Keep British Columbia, Canada Director | CEO of Fiore Management and Advisory Corp. (private financial advisory firm). | July 9, 2017 | 3,981,285 |
| Jeffrey Scott Alberta, Canada Non-Executive Chairman and a Director | President of Postell Energy Co. Ltd., a private oil and gas production company, since June 2001. Executive Chairman of Sulvaris Inc., a private fertilizer technology company, since February 2012; | May 29, 2017 | 5,378,678 |

Note:

- (1) *The information as to the Province and Country of residence, principal occupation and shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually as of the Record Date of this Information Circular.*

The Corporation does not currently have an Executive Committee of its Board of Directors. Pursuant to National Instrument 52-110, the Corporation is required to have an Audit Committee of its Board of Directors. The current members of the Audit Committee are Gordon Keep (Chairman), Jaime Perez Branger and Jeffrey Scott.

Except as disclosed below, none of the proposed nominees for director have been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that:

- (a) while that person was acting in that capacity, 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 for a period of more than 30 consecutive days;
- (b) while that person was acting in that capacity, was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (c) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has been subject to:

- (i) 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 since December 31, 2000 or before December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Gordon Keep, was a director of Rusoro Mining Ltd. ("Rusoro") on May 21, 2013 when the British Columbia Securities Commission ("BCSC") issued a cease trade order against Rusoro for failure to file its audited financial statements for the year ended December 31, 2012 and related MD&A. On June 5, 2013 and June 7, 2013, respectively, similar cease trade orders were issued against Rusoro by the Ontario Securities Commission ("OSC") and the Autorite des Marches Financiers ("AMF"). On August 21, 2013 (BCSC), August 28, 2013 (AMF) and September 4, 2013 (OSC) granted full revocations of the cease trade order issued by each of them. Rusoro was unable to file its December 31, 2012 financial statements and MD&A by the required filing deadline because it experienced significant delays in preparing them due to the nationalization by the Venezuelan government of Rusoro's gold mining assets in Venezuela.

Jeffrey Scott was a director of Tuscany International Drilling Inc. ("Tuscany") (formerly listed on the TSX and Colombian Stock Exchange) from April 16, 2010 until April 8, 2013, when he resigned from the board of Tuscany. Tuscany filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware on February 2, 2014 and in the Court of Queen's Bench of Alberta under the Companies' Creditors Arrangement Act on February 4, 2014.

Jeffrey Scott entered into a settlement agreement with the Alberta Securities Commission ("ASC") on February 6, 2009 with respect to allegations that he, along with certain other directors of High Plains Energy Inc. ("**High Plains**") acted contrary to the public interest in connection with their inadequate rectification of incorrect production information disclosed to the public in press releases issued by High Plains between July 2005 and January 2006. Mr. Scott admitted that he had acted contrary to the public interest by failing to: (i) disclose High Plains' actual production for the period of July to November 2005, with comparative references to the untrue figures disclosed for those months in the press releases disseminated during that period; (ii) compare the actual production rates for December 2005 and January 2006 with the untrue figures disclosed in the press releases for those months; and (iii) ensure that High Plains disclosed in a timely manner that the accuracy of its earlier disclosures of the monthly production was questionable and under review by High Plains. Mr. Scott and each of the other respondents to the settlement agreement were ordered to pay \$25,000 to the ASC of which \$5,000 was a payment towards investigation costs. The ASC noted in the settlement agreement that Mr. Scott and the other directors were provided with false information by management of High Plains - 9 - with respect to production levels, and thus had no knowledge of the untrue statements in certain press releases issued by management in late 2005, until January 30, 2006, at the earliest. The ASC also noted that each of the subject directors, upon being made aware of the potential problem with High Plains' reported production, made substantial efforts and committed a significant amount of time in a good faith effort to resolving the problems and determining High Plains' actual production. The ASC further noted that none of the subject directors had been previously sanctioned by the ASC, and each cooperated fully with staff in its investigation. As a result of the above, the TSXV and the Toronto Stock Exchange conducted reviews as to Mr. Scott's acceptability to serve as a director or officer of any issuer listed on the respective exchanges. They determined that Mr. Scott must obtain written approval prior to occupying such positions and on January 20, 2017, the TSXV revoked this requirement. Mr. Scott was also required to take the TSXV's half day course "Simplifying Timely Disclosure", which he successfully completed on April 26, 2010.

AUDIT COMMITTEE DISCLOSURE

The charter of the Corporation's audit committee and the other information required to be disclosed by Form 52-110F2 are attached as Schedule "A".

CORPORATE GOVERNANCE

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is attached to this Information Circular as Schedule "B".

APPOINTMENT AND REMUNERATION OF AUDITOR

The Corporation announced on August 1, 2017, that KPMG LLP, Chartered Professional Accountants, resigned as the auditors of the Corporation at the request of the Corporation and that Ernst & Young LLP had been appointed as the Corporation's successor auditors. The proposal to change auditors had been considered and approved by the audit committee of the Corporation's board of directors and by the Corporation's board of directors.

The board of directors proposes a resolution ratifying and confirming the appointment of Ernst & Young LLP, Chartered Professional Accountants, of Vancouver, British Columbia as the auditors of the Corporation. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of Ernst & Young LLP as auditors of the Corporation to hold office until the close of the next annual general meeting of the Corporation. It is proposed that the remuneration to be paid to the auditors of the Corporation be fixed by the Board of Directors of the Corporation.

As required by Section 4.11 of National Instrument 51-102, included with this Circular as Schedule "C" are copies of the following materials which have been filed with securities regulatory authorities in connection with the change of auditors:

1. Notice of Change of Auditor dated August 1, 2017;
2. Letter from KPMG LLP, Chartered Professional Accountants, dated August 1, 2017; and
3. Letter from Ernst & Young LLP, Chartered Professional Accountants, dated August 1, 2017.

Unless authority to vote is withheld, it is intended that the common shares of the Corporation represented by the proxies hereby solicited will be voted "FOR" the appointment of Ernst & Young LLP, Chartered Accountants, Vancouver, British Columbia, as the auditors of the Corporation, to hold office until the next annual meeting of the Corporation's shareholders and to authorize the directors to fix the remuneration of the auditors.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Re-Approval of Stock Option Plan

The Corporation has an existing stock option plan (the "**Stock Option Plan**") which was approved at the Corporation's annual general and special meeting held on May 29, 2017, pursuant to which its directors, officers, employees, consultants and eligible charitable organizations may be granted options to acquire common shares of the Corporation, subject to shareholder and regulatory approval. A maximum of 10% of the issued common shares of the Corporation, from time to time, may be reserved for issuance pursuant to the exercise of options.

As of the Record Date, options to purchase 20,754,927 common shares were outstanding.

Pursuant to the current policies of the TSXV a "rolling" plan, such as the Option Plan, requires shareholder approval every year. In addition, certain amendments to the options are permitted if the specific ability to amend the option is contained in the stock option plan approved by shareholders.

Details of the Stock Option Plan are as follows:

- (a) the Stock Option Plan reserves, for issuance pursuant to the exercise of stock options, a maximum number of common shares of the Corporation equal to up to a maximum of 10% of the issued common shares of the Corporation at the time of any stock option grant;
- (b) under Exchange policy, an optionee must either be an Eligible Charitable Organization or a Director, Employee or Consultant of the Corporation at the time the option is granted in order to be eligible for the grant of a stock option to the optionee;
- (c) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued common shares of the Corporation calculated on the date an option is granted to the Person (unless the Corporation has obtained the requisite Disinterested Shareholder Approval);
- (d) the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued common shares of the Corporation, calculated at the date an option is granted to the Consultant;

- (e) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued shares of the Corporation in any 12 month period, calculated at the date an option is granted to any such Person;
- (f) options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3 month period;
- (g) the minimum exercise price per common share of a stock option must not be less than the Market Price of the common shares of the Corporation subject to a minimum exercise price of \$0.05;
- (h) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (o) below);
- (i) stock options (other than options held by a person involved in investor relations activities) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the Board. Stock options granted to persons involved in Investor Relations Activities will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the Board;
- (j) all options are non-assignable and non-transferable;
- (k) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of a stock option if the optionee is an Insider of the Corporation at the time of the proposed amendment;
- (l) the Stock Option Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the common shares;
- (m) upon the occurrence of an Accelerated Vesting Event (as defined in the Stock Option Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any stock option, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of common shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the Stock Option Plan be final, conclusive and binding;
- (n) in connection with the exercise of an option, as a condition to such exercise the Corporation shall require the optionee to pay to the Corporation an amount as necessary so as to ensure that the Corporation is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option; and
- (o) a stock option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Corporation prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Corporation pursuant to its internal trading policies; and (ii) must expire upon the general disclosure of undisclosed Material Information; and (b) the automatic extension of an optionee's stock option will not be permitted where the optionee or the Corporation is subject to a cease trade order (or similar order under Securities Laws) in respect of the Corporation's securities.

"Consultant", "Director", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Management Company Employee", "Market Price", "Material Information", "Person" and "Securities Laws" all have the same definition as in the policies of the TSX Venture Exchange.

Pursuant to the Board's authority to govern the implementation and administration of the Stock Option Plan, all previously granted and outstanding stock options shall be governed by the provisions of the Stock Option Plan.

Management recommends, and the persons named in the enclosed Proxy intend to vote in favour of the following resolution approving the Stock Option Plan.

“BE IT RESOLVED THAT the Corporation’s Stock Option Plan dated April 28, 2017 be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the policies of the TSX Venture Exchange, as the directors of the Corporation may deem necessary or advisable.”

OTHER MATTERS

As of the date of this Information Circular, management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the Proxy.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Financial information relating to the Corporation is provided in the Corporation’s comparative financial statements and related Management's Discussion and Analysis for the financial year ended December 31, 2017. Shareholders may contact the Corporation to request copies of financial statements and related Management's Discussion and Analysis at its head office, Suite 3123, 595 Burrard Street, PO Box 49139, Bentall Three, Vancouver, British Columbia, V7X 1J1.

APPROVAL OF THE DIRECTORS

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of the Corporation. The directors and officers of the Corporation have indicated their intention to vote their Common Shares in favour of all matters to be considered by shareholders at the Meeting.

SCHEDULE "A"
PENTANOVA ENERGY CORP.
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE'S CHARTER (the "Charter")

PURPOSE

The overall purpose of the audit committee (the "**Audit Committee**") of **PENTANOVA ENERGY CORP.** (the "**Corporation**") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the financial statements and related financial disclosure of the Corporation, and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Corporation's board of directors (the "**Board**") that through the involvement of the Audit Committee, the external audit will be conducted independently of the Corporation's management to ensure that the independent auditors serve the interests of shareholders rather than the interests of management of the Corporation. The Audit Committee will act as a liaison to provide better communication between the Board and the external auditors. The Audit Committee will monitor the independence and performance of the Corporation's independent auditors.

COMPOSITION, PROCEDURES AND ORGANIZATION

- (1) The Audit Committee shall consist of at least three members of the Board.
- (2) At least two (2) members of the Audit Committee shall be independent and the Audit Committee shall endeavour to appoint a majority of independent directors to the Audit Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Audit Committee members' independent judgment. At least one (1) member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- (3) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year. The Board may at any time remove or replace any member of the Audit Committee and may fill any vacancy in the Audit Committee.
- (4) Unless the Board shall have appointed a chair of the Audit Committee, the members of the Audit Committee shall elect a chair and a secretary from among their number.
- (5) The quorum for meetings shall be a majority of the members of the Audit Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- (6) The Audit Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (7) Meetings of the Audit Committee shall be conducted as follows:
 - (a) the Audit Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Audit Committee. The external auditors or any member of the Audit Committee may request a meeting of the Audit Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Audit Committee; and
 - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.

- (8) The internal auditors and the external auditors shall have a direct line of communication to the Audit Committee through its chair and may bypass management if deemed necessary. The Audit Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions.

ROLES AND RESPONSIBILITIES

- (1) The overall duties and responsibilities of the Audit Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- (2) The duties and responsibilities of the Audit Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - A. contents of their report;
 - B. scope and quality of the audit work performed;
 - C. adequacy of the Corporation's financial and auditing personnel;
 - D. co-operation received from the Corporation's personnel during the audit;
 - E. internal resources used;
 - F. significant transactions outside of the normal business of the Corporation;
 - G. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - H. the non-audit services provided by the external auditors;
 - (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Audit Committee meets the external auditors on a regular basis in the absence of management.
- (3) The duties and responsibilities of the Audit Committee as they relate to the internal control procedures of the Corporation are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing,

- insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Audit Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
 - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (4) The Audit Committee is also charged with the responsibility to:
- (a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - A. the annual report to shareholders;
 - B. the annual information form, if required;
 - C. annual and interim management's discussion and analysis;
 - D. prospectuses;
 - E. news releases discussing financial results of the Corporation; and
 - F. other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Corporation's consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies;
 - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
 - (i) develop a calendar of activities to be undertaken by the Audit Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders.
- (5) The Audit Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
 - (b) to set and pay the compensation for any advisors employed by the Audit Committee; and
 - (c) to communicate directly with the internal and external auditors.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Audit Committee are Gordon Keep, Jaime Perez Branger and Jeffrey Scott. All of the members are financially literate and are independent members of the Audit Committee. Gordon Keep is the Chairman of the Audit Committee. "Independent" and "financially literate" have the meaning used in National Instrument 52-110 ("NI 52-110") of the Canadian Securities Administrators.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

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

All of the members of the Corporation's Audit Committee are financially literate as that term is defined in NI 52-110. All members have an understanding of the accounting principles used by the Corporation to prepare its financial statements and have an understanding of its internal controls and procedures for financial reporting. In addition to each member's general business experience, the education and experience of each Audit Committee member relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

Gordon Keep has a Master of Business Administration degree from the University of British Columbia and many years' experience in the capacities of director, officer and audit committee member of public companies operating in the natural resource sector

Jaime Perez Branger completed a BSC Economics in Central London Polytechnic Houghton ST London, 1982 and holds a Masters Degree of Economics from the London School of Economics, 1984. He was Vice President at Citibank in Caracas from 1989 to 1991, Vice President of Corporate Finance at Vestocorpartners Inc. from 1991 to 1995, Founder and Managing Director at Andino Capital Markets from 1994 to 1999, and a director of Pacific Stratus from 2004 to 2009. Mr. Perez Branger has served as the Managing Director of Next Ventures Corp., a firm dedicated to investment banking, since 2006 and was the Executive Chairman and a director of PetroMagdalena Energy Corp. from June 2011 to July 27, 2012. He also serves on the board of Gran Colombia Gold Corp. and Pacific Coal/Caribbean Resources Corporation, Pacific Infrastructure and Strategic Minerals Spain S.A., among other private and public companies.

Jeffrey Scott has a Master of Business Administration degree from California Coast University and many years' experience in the capacities of director, officer and audit committee member of public companies operating in the natural resource sector

ITEM 4: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Corporation's financial year ended December 31, 2017 was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, Ernst & Young LLP, Chartered Accountants) not adopted by the Board.

ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in Section 2.4 or Part 8 of NI 52-110, in whole or in part. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees charged to the Corporation by the external auditor in each of the fiscal years ended December 31, 2016 and 2017 is as follows:

| | <u>FYE 2017⁽³⁾</u> | <u>FYE 2016⁽⁴⁾</u> |
|---|-------------------------------|-------------------------------|
| Audit fees for the year ended December 31 | \$ 150,000 | \$ 21,500 |
| Audit related fees ⁽¹⁾ | \$ 79,500 | \$ 55,200 |
| Tax fees ⁽²⁾ | \$ 20,000 | \$ 22,125 |
| All other fees (non-tax) | Nil | Nil |
| Total Fees: | \$ 98,825 | \$ 98,825 |

Notes:

- (1) *These fees are for the quarterly reviews completed for the Corporation, statutory audits required for the Corporation's subsidiaries, and other assurance engagements required for regulatory filings.*
- (2) *These fees are for preparation and filing of the tax returns of the Corporation or the Corporation's subsidiaries.*
- (3) *Fees disclosed for fiscal year ended December 31, 2017 represent those fees charged by Ernst & Young LLP, Chartered Accountants.*
- (4) *Fees disclosed for fiscal year ended December 31, 2016 represent those fees charged by KPMG LLP, Chartered Accountants.*

ITEM 8: EXEMPTION

In respect of the financial year ended December 31, 2017, the Corporation is relying on the exemption set out in section 6.1 of NI 52-110.

SCHEDULE "B"
PENTANOVA ENERGY CORP.
FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, **PENTANOVA ENERGY CORP.** (the "**Corporation**") is required to and hereby discloses its corporate governance practices as follows.

ITEM 1. BOARD OF DIRECTORS

The Board of Directors of the Corporation facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board.

Messrs. Giustra, Keep and Scott are "independent" in that they are free from any direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of his independent judgment. Ralph Gillcrist is the President and Chief Executive Officer of the Corporation and is therefore not independent.

ITEM 2. DIRECTORSHIPS

The existing directors and any proposed directors of the Corporation are currently directors of the following other reporting issuers:

| Name | Name of Reporting Issuer |
|-----------------|---|
| Frank Giustra | Leagold Mining Corporation |
| Gordon Keep | Klondike Gold Corp. Northern Dynasty Minerals Ltd. Oceanic Iron Ore Corp. Renaissance Oil Corp. Rusoro Mining Ltd. SandSpring Resources Ltd. Uracan Resources Ltd |
| Ralph Gillcrist | Madalena Energy Inc. |
| Jeffrey Scott | The Green Organic Dutchman Holdings Ltd. |

ITEM 3. ORIENTATION AND CONTINUING EDUCATION

The Board of Directors of the Corporation briefs all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

ITEM 4. ETHICAL BUSINESS CONDUCT

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Corporation or an affiliate of the Corporation, (ii) is for indemnity or insurance for the benefit of the director in connection with the Corporation, or (iii) is with an affiliate of the Corporation. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Corporation at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Corporation for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Corporation and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

ITEM 5. NOMINATION OF DIRECTORS

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, shown support for the Corporation's mission and strategic objectives, and a willingness to serve.

ITEM 6. COMPENSATION

The Board of Directors conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board of Directors takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

ITEM 7. OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Board of Directors also has a Compensation, Corporate Governance and Reserves Committee.

ITEM 8. ASSESSMENTS

The Board of Directors monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

SCHEDULE "C"
PENTANOVA ENERGY CORP.

CHANGE OF AUDITORS

NOTICE OF CHANGE OF AUDITOR
National Instrument 51-102

PENTANOVA ENERGY CORP.
(the "Company")

TO: BRITISH COLUMBIA SECURITIES COMMISSION
ALBERTA SECURITIES COMMISSION
TSX VENTURE EXCHANGE

Effective August 1, 2017, KPMG LLP (the "**Former Auditor**") resigned as auditors of the Company at the request of the Company. Ernst & Young LLP (the "**Successor Auditor**") has been appointed as the Company's successor auditors. The proposal to change auditors has been considered and approved by the Audit Committee of the Company's Board of Directors and by the Company's Board of Directors.

There have been no modified opinions contained in any auditor's reports on the Company's annual financial statements for the preceding two fiscal years, and there have been no reportable events, being "disagreements", "consultations" or "unresolved issues" as defined in NI 51-102, between the Company and its Former Auditors.

DATED at Vancouver, British Columbia, this 1st day of August 2017.

PENTANOVA ENERGY CORP.
BY ORDER OF THE BOARD

"Serafino Iacono"

Executive Chairman & Director



KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary
AB T2P
4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

To Alberta Securities Commission
British Columbia Securities Commission

August 1, 2017

Dear Sir/Madam

Re: Notice of Change of Auditors of PentaNova Energy Corp.

We have read the Notice of PentaNova Energy Corp. dated August 1, 2017 and are in agreement with the statements contained in such Notice.

Yours very truly,

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are cursive and somewhat stylized.

Chartered Professional Accountants

Calgary, Canada

August 1, 2017

Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

**Re: PENTANOVA ENERGY CORP.
Change of Auditor Notice dated August 1, 2017**

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

Ernst + Young LLP

cc: The Board of Directors, PENTANOVA ENERGY CORP.