

CRUZSUR ENERGY CORP.
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INFORMATION CIRCULAR

(containing information as at September 26, 2019 unless indicated otherwise)

**For the Annual General Meeting
to be held on Wednesday, November 6, 2019**

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **CRUZSUR 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, November 6, 2019 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 28,838,566 common shares of the Corporation issued and outstanding as of the close of business on September 26, 2019, each share carrying the right to one vote. There were no preferred shares issued and outstanding as of the close of business on September 26, 2019.

Only Shareholders of record as at the close of business on September 26, 2019 (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.

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 most recently completed financial year.

"**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 most recently completed financial year.

"**closing market price**" means the price at which the Corporation's security was last sold, on the applicable date, (a) in the security's principal marketplace in Canada, or (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace.

"**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 IFRS 2 *Share-based Payment*.

"**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 each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (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 CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(b) of Form 51-102F6 for that financial year; and
- (d) each individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

"**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.

STATEMENT OF EXECUTIVE COMPENSATION

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, 2018 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. The Corporation has not entered into any management agreements with its executive officers.

Option Based Awards

The Corporation has in effect a stock option plan (the "**Stock Option Plan**") in order to provide effective incentives to directors, officers, senior management personnel, employees and consultants of the Corporation and to enable the Corporation to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Corporation's Shareholders. The Corporation has no equity compensation plans other than the Stock Option Plan. The Stock Option Plan is an important part of the Corporation's long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the common shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to officers is dependent on each officer's level of responsibility, authority and importance to the Corporation and the degree to which such executive officer's long term contribution to the Corporation will be key to

its long-term success. Previous grants of stock options are taken into account when considering new grants. The Corporation also grants options to charitable organizations as part of its commitment to social responsibility.

Use of Financial Instruments

The Corporation does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including 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 Named Executive Officer or director. However, management is not aware of any Named Executive or director purchasing such an instrument.

Named Executive Officers Compensation

In accordance with the provisions of applicable securities legislation, the Corporation had seven (7) Named Executive Officers during the financial year ended December 31, 2018 namely Luciano Biondi, Gregg Vernon, Warren Levy, Chris Reid, Francisco Bustillos, Ralph Gillerist and Alan Aitchison.

The following table sets out certain information respecting the compensation paid to the Named Executive Officers of the Corporation during the financial year ended December 31, 2018. These individuals are referred to collectively as "Named Executive Officers" or "NEOs". All amounts are presented in US Dollars "\$", unless otherwise denoted to be in Canadian Dollars "C\$".

SUMMARY COMPENSATION TABLE

NEO Name And Principal Position	Financial Year ended December 31	Salary (\$)	Share- based awards (\$)	Option- based awards (⁸) (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other comp- ensation (\$)	Total comp- ensation (\$)
					Annual incenti ve plans	Long- term incentive plans			
Luciano Biondi Former CEO ⁽¹⁾	2018	40,177	Nil	Nil	Nil	Nil	Nil	44,135 ⁽⁹⁾	84,252
	2017	212,185	Nil	579,350 ⁽¹⁾	Nil	Nil	Nil	N/A	791,535
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gregg Vernon Former President ⁽²⁾	2018	124,811	Nil	Nil	Nil	Nil	Nil	37,639 ⁽⁹⁾	162,450
	2017	213,940	Nil	579,350 ⁽²⁾	Nil	Nil	Nil	N/A	791,535
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Warren Levy Former President, Argentinian Operations ⁽³⁾	2018	30,000	Nil	Nil	Nil	Nil	Nil	240,000 ⁽⁹⁾	270,000
	2017	150,000	Nil	463,480 ⁽³⁾	Nil	Nil	Nil	N/A	613,480
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chris Reid Former CFO ⁽⁷⁾	2018	180,000	Nil	Nil	Nil	Nil	Nil	N/A	180,000
	2017	150,000	Nil	463,480	Nil	Nil	Nil	N/A	613,480
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Francisco Bustillos Former VP of Administration & Corporate Development ⁽⁴⁾	2018	60,265	Nil	Nil	Nil	Nil	Nil	78,418 ⁽⁹⁾	138,683
	2017	165,448	Nil	289,675 ⁽⁴⁾	Nil	Nil	Nil	N/A	455,123
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ralph Gillerist ⁽⁵⁾ Former CEO & Director	2018	202,593	N/A	176,754	Nil	Nil	Nil	Nil	379,347
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alan Aitchison ⁽⁶⁾ Former COO	2018	185,710	N/A	116,657	N/A	Nil	Nil	Nil	302,367
	2017	Nil	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) *Mr. Biondi served as Chief Executive Officer of the Corporation from April 4, 2017 to February 14, 2018. Mr. Biondi's options expired on May 15, 2018.*
- (2) *Mr. Vernon served as President of the Corporation from April 4, 2017 to February 14, 2018. Mr. Vernon's options expired on February 14, 2018.*
- (3) *Mr. Levy served as President, Argentinian Operation of the Corporation from April 4, 2017 to February 14, 2018. Mr. Levy's options expired on February 14, 2018.*

- (4) *Mr. Bustillos served a Vice President of Administration and Corporation Development from April 4, 2017 to April 30, 2018. Mr. Bustillos' options expired on April 30, 2018.*
- (5) *Mr. Gillcrist served as Chief Executive Officer and Director of the Corporation from February 14, 2018 to June 3, 2019.*
- (6) *Mr. Aitchison served as Chief Operating Officer from February 14, 2018 to June 3, 2019.*
- (7) *Mr. Chris Reid served as Chief Financial Officer from April 4, 2017 to June 26, 2019.*
- (8) *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 applicable financial year.*
- (9) *Relates to severance amounts paid in 2018 (Canada and Colombia).*

INCENTIVE PLAN AWARDS

The Corporation's Stock Option Plan which was approved at the Corporation's annual general and meeting held on August 29, 2018, 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.

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.

The following table sets forth information concerning all incentive plan awards outstanding at the end of the financial year ended December 31, 2018 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 (\$)
Ralph Gillcrist ⁽²⁾	207,800	3.60	04-Apr-28	Nil ⁽¹⁾	Nil	Nil	Nil
Allan Aitchison ⁽³⁾	137,148	3.60	04-Apr-28	Nil ⁽¹⁾	Nil	Nil	Nil
Chris Reid ⁽⁴⁾	160,000	8.00	08-Aug-27	Nil ⁽¹⁾	Nil	Nil	Nil
Luciano Biondi	Nil	N/A	N/A	N/A	Nil	Nil	Nil
Gregg Vernon	Nil	N/A	N/A	N/A	Nil	Nil	Nil
Warren Levy	Nil	N/A	N/A	N/A	Nil	Nil	Nil
Francisco Bustillos	Nil	N/A	N/A	N/A	Nil	Nil	Nil

Note:

- (1) 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 31, 2018 of C\$0.16 is below the stock option exercise price.
- (2) Mr. Gillcrist served as Chief Executive Officer and a Director of the Corporation from February 14, 2018 to June 3, 2019. Mr. Gillcrist's options expired on June 3, 2019.
- (3) Mr. Aitchison served as Chief Executive Officer and a Director of the Corporation from February 14, 2018 to June 3, 2019. Mr. Aitchison's options expired on June 3, 2019.
- (4) Mr. Reid served as Chief Executive Officer and a Director of the Corporation from April 4, 2017 to June 26, 2019. Mr. Reid's options expired on June 26, 2019.

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2018

Although an aggregate of 344,948 stock options were granted to the aforesaid Named Executive Officers during the year ended December 31, 2018, 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, 2018.

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 February 14, 2018 between the Company and Mr. Ralph Gillcrist former Chief Executive Officer for the Company, Mr. Gillcrist was compensated in accordance with his agreement C\$600,000 which consisted of C\$233,009.71 in cash and C\$366,990.29 cash value in common shares.

Pursuant to an Employment Agreement dated February 14, 2018 between the Company and Mr. Alan Aitchison, the former Chief Operating Officer for the Company, Mr. Aitchison was compensated in accordance with his agreement, C\$412,500 which consisted of C\$160,194.17 in cash and C\$252,305.83 cash value in common shares.

Pursuant to an Employment Agreement dated March 2, 2017 between the Company and Mr. Christopher Reid, the former Chief Financial Officer for the Company, Mr. Reid was compensated C\$173,005 which consisted of C\$33,005 in cash and C\$140,000 cash value in common shares.

DIRECTOR COMPENSATION

During the financial year ended December 31, 2018, the Corporation had 1 director which was also a Named Executive Officer of the Corporation, namely Ralph Gillcrst. 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, 2018. 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 (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Serafino Iacono ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Frank Giustra	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gordon Keep	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jeffrey Scott ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jaime Perez Branger ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Susannah Pierce ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Hernan Martinez ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Francisco Sole ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Serafino Iacono served as a director of the Corporation from April 4, 2017 to July 24, 2018.
- (2) Jaime Perez Branger served as a director of the Corporation from April 4, 2017 to July 24, 2018.
- (3) Susannah Pierce served as a director of the Corporation from May 29, 2017 to June 21, 2018.
- (4) Hernan Martinez served as a director of the Corporation from April 4, 2017 to July 24, 2018.
- (5) Francisco Sole served as a director of the Corporation from April 4, 2017 to July 24, 2018.
- (6) Jeffrey Scott served as a director of the Corporation from May 29, 2017 to June 3, 2019.

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, 2018 or subsequently, up to and including the date of this Information Circular.

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, 2018, for each Director or former Director of the Corporation.

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS TABLE

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Frank Giustra	75,000	8.00	8-Aug-27	Nil ⁽¹⁾	N/A	N/A	N/A

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Gordon Keep	75,000	8.00	8-Aug-27	Nil ⁽¹⁾	N/A	N/A	N/A
	7,500	6.10	22-Aug-26	Nil ⁽¹⁾	N/A	N/A	N/A
Jeffrey Scott ⁽²⁾	75,000	8.00	8-Aug-27	Nil ⁽¹⁾	N/A	N/A	N/A

Note:

- (1) No options are "in the money" as the closing market price of the common shares of the Corporation on the Exchange on December 31, 2018 of C\$0.16 is below the stock option exercise price.
- (2) Mr. Scott's options expired on June 3, 2019.

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2018

No options were granted to directors in the financial year ended December 31, 2018. None of the directors exercised their stock options during the year ended December 31, 2018.

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, 2018. The Corporation completed a share consolidation on the basis of one post-consolidation common share for every ten pre-consolidation common shares on September 4, 2018. 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⁾	1,542,100	\$6.76	879,916
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
TOTALS:	1,542,100	\$6.76	879,916

Note:

- (1) Represents the Stock Option Plan of the Corporation. As at December 31, 2018 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, 2018, being the beginning of the fiscal year of the Corporation ended December 31, 2018, 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, 2018, 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, 2018 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, 2018 (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, 2018 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 five (5). Management is nominating five 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; is a board director on Elevate Social Businesses, International Crisis Group and Thunderbird Entertainment Group.	May 29, 2017	2,481,241
Serafino Iacono Bogota, Colombia Chief Executive Officer and a Director	Executive Chairman of the Board of Gran Colombia Gold Corp. and Chairman of Western Atlas Resources Inc.	June 3, 2019	1,794,950
Gordon Keep British Columbia, Canada Director	CEO of Fiore Management and Advisory Corp. (private financial advisory firm).	July 9, 2017	297,700

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⁾
Federico Restrepo-Solano Bogota, Colombia Director	Mr. Restrepo is a Partner and Corporate Director of Quartz Capital Partners, a strategic advisory firm, and has served as Senior Vice-President of Corporate Affairs with Frontera Energy and its predecessor, Pacific Exploration and Production, President of Promotora del Puerto Integrado-Propuerto S.A., President of the National Federation of Coal Producers (Fenalcarbón), Corporate Affairs Manager for Coalcorp Mining Inc., and Special Advisor on Environmental and Port Affairs for the City of Santa Marta.	June 3, 2019	Nil
Ronald Pantin Cocle, Panama Executive Chairman and a Director	Executive Chairman of CruzSur Energy Corp.	September 3, 2019	Nil

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.*

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), Frank Giustra and Federico Restrepo-Solano. The Board of Directors also has a Compensation and Corporate Governance Committee, the current members of which are Frank Giustra, Gordon Keep and Federico Restrepo-Solano and a Reserves Committee, the current members are Ronald Pantin and Federico Restrepo-Solano.

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.

Mr. Iacono was a director and Mr. Pantin was Chief Executive Officer and a director of Pacific Exploration & Production Corp. ("Pacific"). On April 27, 2016, Pacific commenced proceedings and obtained court protection under the Companies' Creditors Arrangement Act and ancillary proceedings under Chapter 15 of the United States Bankruptcy Code and Colombia Law 1116 (the "Pacific Restructuring Transaction"). The Pacific Restructuring Transaction closed on November 2, 2016 and its common shares were listed for trading on the Toronto Stock Exchange on November 3, 2016 under the ticker symbol "PEN".

Messrs. Iacono and Pantin were directors of US Oil Sands Inc. ("US Oil Sands"). Mr. Iacono was a director from October 2013 until his resignation in June 2017 and Mr. Pantin was a director from October 2013 until his resignation in January 2017. On September 14, 2017, the Court of Queen's Bench, Alberta granted the application of the primary creditor of US Oil Sands to appoint a receiver and manager over all the assets, undertakings and property of US Oil Sands. Such appointment continues as of the date hereof.

Mr. Iacono has served as a director of Pacific Coal Resources Ltd. ("Pacific Coal") (now Caribbean Resources Corporation) since January of 2011. On May 8, 2015, the Ontario Securities Commission issued a management cease trade order on the securities of Pacific Coal due to a failure to file audited financial statements for the year ended December 31, 2014 and interim financial statements. As a result, Pacific Coal was also unable to file the interim financial statements for the three month period ended March 31, 2015 until the year-end financial statements were filed. These statements were not filed due to a delay by Pacific Coal to commence the audit procedures of its annual financial statements. The management cease trade order was lifted on July 3, 2015 after both the year-end and interim financial statements were filed. The Company subsequently changed its name to Caribbean Resources Corporation and was de-listed from the TSX-V on April 4, 2016

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

Management recommends the re-appointment of Ernst & Young LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as auditors for the Company, to hold office until the next Annual General Meeting of the Shareholders and the remuneration to be fixed by the Board of Directors, and the persons named in the enclosed Proxy intend to vote in favour of such re-appointment. Ernst & Young LLP have been auditors of the Company since August 2017.

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 meeting held on August 29, 2018, 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 2,876,600 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.”

Creation of New Control Persons

Background

On May 7, 2019 the Corporation completed a private placement (the "**Private Placement**") of convertible debentures (the "**Convertible Debentures**") in the aggregate principal amount of \$3,350,000. The Convertible Debentures are convertible, at the option of the holders, into units of the Corporation at \$0.15 per unit, with each unit consisting of one common share (a "**Share**") and one share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one additional common share at \$0.15 per share until May 7, 2024.

Frank Giustra

Under the Private Placement, Mr. Frank Giustra, a director of the Corporation acquired \$1,085,000 principal amount of Convertible Debentures. These Convertible Debentures are convertible into 7,233,000 Shares and 7,233,000 Warrants. As of the Record Date, Mr. Giustra has ownership of, or exercises control and direction over 2,481,241 Shares of the Corporation, representing 8.60% of the current issued and outstanding Shares. If Mr. Giustra were to convert all of his Convertible Debentures, he would hold a total of 9,714,241 Shares, representing 26.93% of the then issued and outstanding Shares, assuming no additional Shares are issued by the Corporation. If Mr. Giustra were to then also exercise his Warrants, he would hold a total of 16,947,241 Shares, representing 39.13% of the then issued and outstanding Shares, assuming no additional Shares are issued by the Corporation.

Under the policies of the TSX Venture Exchange, a Control Person is defined as any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect

materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation. The TSX Venture Exchange's policies require that disinterested shareholder approval be obtained where securities issued pursuant to a private placement result, or could result following conversion of convertible securities, in the creation of a new Control Person.

The Corporation is therefore seeking the approval of the disinterested shareholders of the Corporation for the possible future issuances of Shares to Mr. Giustra on the conversion of his Convertible Debentures or on the exercise of his Warrants, to the extent that such issuance could result in Mr. Giustra becoming a new Control Person of the Corporation.

In addition, in the event that Mr. Giustra participates in future equity financings of the Corporation, he may acquire additional shares and warrants so that he would end up holding over 20% of the issued and outstanding shares of the Corporation. Any such future private placements or conversion would be subject to the prior approval of the TSX Venture Exchange.

Disinterested Shareholder Approval

Disinterested shareholder approval, as required by the policies of the TSX Venture Exchange, means shareholder approval obtained by ordinary resolution; provided that, in connection with the approval of the creation of a new Control Person, the votes attached to the Common Shares held by the new Control Person, and any associates or affiliates thereof, are excluded from the calculation of such approval.

Pursuant to the policies of the TSX Venture Exchange, disinterested shareholders will be asked at the Meeting to approve the following resolution:

"BE IT RESOLVED THAT the possibility of Frank Giustra becoming a new Control Person of the Corporation (as such term is defined in the TSX Venture Exchange Corporate Finance Manual) as a result of the issuance of securities by the Corporation to Mr. Giustra pursuant to the conversion of Mr. Giustra's Convertible Debentures or the exercise of any Warrants held by Mr. Giustra, as more particularly described in the management information circular of the Corporation dated September 26, 2019, be and the same is hereby ratified, authorized and approved and, for greater certainty, Mr. Giustra shall hereafter be entitled to acquire further securities of the Corporation notwithstanding that such acquisition would, or could possibly, increase its ownership of common shares to 20% or more of the then issued and outstanding common shares of the Corporation."

In order to be passed, a majority of the votes cast by disinterested shareholders at the Meeting in person or by Proxy must be voted in favour of the resolution.

If disinterested shareholder approval is not obtained at the Meeting, the Corporation will be precluded from issuing an amount of shares to Mr. Giustra greater than 20% or more of the then issued and outstanding common shares of the Corporation. In such case, the Corporation will need to satisfy the payments required under the Convertible Debentures with cash.

The Board recommends to shareholders that they vote in favour of approval of the Creation of new Control Person – Frank Giustra resolution.

Serafino Iacono

Under the Private Placement mentioned above, Mr. Serafino Iacono, a director of the Corporation indirectly acquired \$633,000 principal amount of Convertible Debentures. These Convertible Debentures are convertible into 4,220,000 Shares and 4,220,000 Warrants. As of the Record Date, Mr. Iacono has ownership of, or exercises control and direction over 1,794,950 Shares of the Corporation, representing 6.22% of the current issued and outstanding Shares. If Mr. Iacono were to convert all of his Convertible Debentures, he would hold a total of 6,014,950 Shares, representing 18.19% of the then issued Shares, assuming no additional Shares are issued by the Corporation. If Mr. Iacono were to then also exercise his Warrants, he would hold a total of 10,234,950 Shares, representing 27.45% of the then issued Shares, assuming no additional Shares are issued by the Corporation.

Under the policies of the TSX Venture Exchange, a Control Person is defined as any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation. The TSX Venture Exchange's policies require that disinterested shareholder approval be obtained where securities issued pursuant to a private placement result, or could result following conversion of convertible securities, in the creation of a new Control Person.

The Corporation is therefore seeking the approval of the disinterested shareholders of the Corporation for the possible future issuances of Shares to Mr. Iacono on the conversion of his Convertible Debentures or on the exercise of his Warrants, to the extent that such issuance could result in Mr. Iacono becoming a new Control Person of the Corporation.

In addition, in the event that Mr. Iacono participates in future equity financings of the Corporation, he may acquire additional shares and warrants so that he would end up holding over 20% of the issued and outstanding shares of the Corporation. Any such future private placements or conversion would be subject to the prior approval of the TSX Venture Exchange.

Disinterested Shareholder Approval

Disinterested shareholder approval, as required by the policies of the TSX Venture Exchange, means shareholder approval obtained by ordinary resolution; provided that, in connection with the approval of the creation of a new Control Person, the votes attached to the Common Shares held by the new Control Person, and any associates or affiliates thereof, are excluded from the calculation of such approval.

Pursuant to the policies of the TSX Venture Exchange, disinterested shareholders will be asked at the Meeting to approve the following resolution:

"BE IT RESOLVED THAT the possibility of Serafino Iacono becoming a new Control Person of the Corporation (as such term is defined in the TSX Venture Exchange Corporate Finance Manual) as a result of the issuance of securities by the Corporation to Mr. Iacono pursuant to the conversion of Mr. Iacono's Convertible Debentures or the exercise of any Warrants held by Mr. Iacono, as more particularly described in the management information circular of the Corporation dated September 26, 2019, be and the same is hereby ratified, authorized and approved and, for greater certainty, Mr. Iacono shall hereafter be entitled to acquire further securities of the Corporation notwithstanding that such acquisition would, or could possibly, increase its ownership of common shares to 20% or more of the then issued and outstanding common shares of the Corporation."

In order to be passed, a majority of the votes cast by disinterested shareholders at the Meeting in person or by Proxy must be voted in favour of the resolution.

If disinterested shareholder approval is not obtained at the Meeting, the Corporation will be precluded from issuing an amount of shares to Mr. Iacono greater than 20% or more of the then issued and outstanding common shares of the Corporation. In such case, the Corporation will need to satisfy the payments required under the Convertible Debentures with more cash than would be required if Mr. Iacono were able to convert the outstanding amounts under the Convertible Debentures into Shares.

The Board recommends to shareholders that the vote in favour of the Creation of new Control Person – Serafino Iacono resolution.

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, 2018. 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.

DATED at Vancouver, British Columbia this 26th day of September, 2019.

“Serafino Iacono”

Serafino Iacono
Chief Executive Officer

SCHEDULE "A"
CRUZSUR 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 **CRUZSUR 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, Frank Giustra and Federico Restrepo-Solano. 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.

Frank Giustra is a successful company financier with a track record of building natural resource companies, which includes attracting and building management teams. Mr. Giustra has had an active role in the launch and growth of several major natural resource companies and has extensive experience as a director of several public companies.

Federico Restrepo-Solano has an undergraduate degree from Universidad De Bogotá Jorge Tadeo Lozano and a graduate degree from Universidad del Rosario. Mr. Restrepo is partner and Corporate Director of Qvartz Capital Partners, a strategic advisory firm. Mr. Restrepo has over 25 years of experience in the oil and mining sector.

ITEM 4: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Corporation's financial year ended December 31, 2018 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, 2017 and 2018 is as follows:

	<u>FYE 2018</u>	<u>FYE 2017</u>
Audit fees for the year ended December 31	\$100,000	\$150,000
Audit related fees ⁽¹⁾	\$30,000	\$79,500
Tax fees ⁽²⁾	\$33,500	\$20,000
All other fees (non-tax)	Nil	Nil
Total Fees:	\$163,500	\$249,500

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.*

ITEM 8: EXEMPTION

In respect of the financial year ended December 31, 2018, the Corporation is relying on the exemption set out in section 6.1 of NI 52-110.

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

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, **CRUZSUR 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 Restrepo 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. Serafino Iacono 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 Thunderbird Entertainment Group Inc.
Gordon Keep	Klondike Gold Corp. Northern Dynasty Minerals Ltd. Oceanic Iron Ore Corp. Renaissance Oil Corp. Rusoro Mining Ltd. Sandspring Resources Ltd. Vanadian Resources Ltd.
Serafino Iacono	Gran Colombia Gold Corp. Western Atlas Resources Inc.
Federico Restrepo-Solano	Sandspring Resources 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.