



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

**TO BE HELD ON**

**JUNE 14, 2017**

**MANAGEMENT INFORMATION CIRCULAR**

**MAY 5, 2017**

# IKKUMA RESOURCES CORP.

Suite 2700, 605 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the annual and special meeting (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of Ikkuma Resources Corp. (the “**Corporation**”) will be held in the Card Room at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta on Wednesday, June 14, 2017 at 9:00 a.m. (Calgary time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2016 and the report of the auditors thereon;
2. to fix the number of directors to be elected at the Meeting at six (6);
3. to elect the board of directors of the Corporation (the “**Board**”) for the ensuing year;
4. to appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Corporation for the ensuing year, at a remuneration to be fixed by the Board;
5. to consider, and, if deemed advisable, to approve, with or without variation, an ordinary resolution, the full text of which is set forth in the accompanying management information circular (“**Information Circular**”) prepared for the purposes of the Meeting, approving the Corporation’s stock option plan; and
6. to transact such other business as may be properly brought before the Meeting or any adjournment or adjournments thereof.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Information Circular accompanying this Notice of Meeting. Only shareholders of record at the close of business on May 5, 2017 are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat.

**DATED** at the City of Calgary, in the Province of Alberta this 5<sup>th</sup> day of May, 2017.

### BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Tim de Freitas*”  
President and CEO

### IMPORTANT

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. In order to be effective, a proxy must be forwarded so as to reach or be deposited with Alliance Trust Company at Suite 1010, 407 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 2Y3; or by facsimile: (403) 237-6181, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof. Shareholders may also use the internet site at [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/) to transmit their voting instructions.

# **IKKUMA RESOURCES CORP.**

## **MANAGEMENT INFORMATION CIRCULAR ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 14, 2017**

This management information circular (“**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Ikkuma Resources Corp. (“**Ikkuma**” or the “**Corporation**”) for use at the annual and special meeting of the holders of common shares (the “**Common Shares**”) of the Corporation to be in the Card Room at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta on the 14<sup>th</sup> day of June, 2017 at 9:00 a.m. (Calgary time) (the “**Meeting**”), or at any adjournment thereof, for the purposes set forth in the Notice of Meeting. The information contained herein is given as of the 5<sup>th</sup> day of May, 2017 except where otherwise indicated. There is enclosed herewith an Instrument of Proxy for use at the Meeting. Each shareholder who is entitled to attend at meetings of shareholders is encouraged to participate in the Meeting and shareholders are urged to vote in person or by proxy on matters to be considered.

### **PERSONS MAKING THE SOLICITATION**

This solicitation is made on behalf of the management of the Corporation. The cost incurred in the preparation and mailing of both the Instrument of Proxy and this Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication by directors, officers and employees of the Corporation who will not be directly compensated therefor. Any third party costs thereof will be borne by the Corporation.

### **APPOINTMENT AND REVOCATION OF PROXIES**

In order to be effective, a proxy must be forwarded so as to reach or be deposited with Alliance Trust Company (“**Alliance**”) at Suite 1010, 407 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 2Y3; or by facsimile: (403) 237-6181, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof. Shareholders may also use the internet site at [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/) to transmit their voting instructions. A proxy must be executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. A proxy is valid only at the Meeting in respect of which it is given or any adjournment of the Meeting.

**Each shareholder submitting a proxy has the right to appoint a person to represent him or it at the Meeting other than the persons designated in the Instrument of Proxy furnished by the Corporation.** The shareholder may exercise this right by striking out the names of the persons so designated and inserting the name of the desired representative in the blank space provided, or by completing another form of proxy and in either case depositing the proxy with Alliance at the place and within the time specified above for the deposit of proxies.

**An instrument of proxy may be revoked by the person giving it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person by depositing an instrument in writing executed by the shareholder or its attorney authorized in writing with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.** 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 its attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized, and deposited with Alliance at the place specified above for the deposit of proxies and at any time up to and including the last business day preceding the Meeting, or any adjournment thereof.

## NOTICE-AND-ACCESS

The Canadian Securities Administrators have adopted amendments to National Instrument 54-101–*Communications with Beneficial Owners of Securities of a Reporting Issuer*, which allow for the use of a “notice-and-access” regime for the delivery of meeting materials.

Under the notice-and-access regime, reporting issuers are permitted to deliver the meeting materials by posting them on SEDAR as well as a website other than SEDAR and sending a notice package to each shareholder receiving the meeting materials under this regime. The notice package must include: (i) the relevant form of proxy or voting instruction form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the meeting materials; and (iv) a plain-language explanation of how the notice-and-access system operates and how the meeting materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to shareholders electronically. This notice package must be mailed to shareholders from whom consent to electronic delivery has not been received.

The Corporation has elected to send its meeting materials to Beneficial Shareholders (as defined herein) using the notice-and-access regime. Accordingly, the Corporation will send the above-mentioned notice package to Beneficial Shareholders which includes instructions on how to access the Corporation’s meeting materials online and how to request a paper copy of these materials. Distribution of the Corporation’s meeting materials pursuant to the notice-and-access regime has the potential to substantially reduce printing and mailing costs.

Notwithstanding the notice-and-access regime, the *Business Corporations Act* (Alberta) (“**ABCA**”) requires the Corporation to deliver a paper copy of the meeting materials to a registered shareholder unless such shareholder provides written consent to electronic delivery. In order to ensure compliance with the ABCA, registered shareholders who have not previously consented to electronic delivery will be mailed a copy of the meeting materials this year, together with a mail card soliciting a registered shareholders consent to electronic delivery in future years.

## EXERCISE OF DISCRETION

The Common Shares represented by the enclosed Instrument of Proxy will be voted or withheld from voting in accordance with the instructions of the shareholder. **The persons appointed under the enclosed Instrument of Proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. If any such matters should come before the Meeting, it is the intention of the persons named in the enclosed Instrument of Proxy to vote such proxy in accordance with their best judgment unless the shareholder has specified to the contrary or that Common Shares are to be withheld from voting. At the time of printing this Information Circular, management of the Corporation is not aware of any such amendment, variation or other matter.**

**Unless otherwise specified, proxies in the accompanying form will be voted: (i) in favour of fixing the number of directors to be elected at the Meeting at six (6); (ii) in favour of the individual election of the nominees, hereinafter set forth, as directors of the Corporation (provided that in the event that a nominee is unable to serve as a director, the persons designated in the accompanying Instrument of Proxy reserve the right to vote for other nominees in their discretion unless the shareholder has specified in the accompanying form that such shareholder’s Common Shares are to be withheld from voting on the election of directors); (iii) in favour of the appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Corporation; and (iv) in favour of the approval of the Corporation’s stock option plan.**

## ADVICE TO BENEFICIAL SHAREHOLDERS

**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 herein as “**Beneficial Shareholders**”) are advised that only proxies from shareholders of record can be recognized and voted 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 of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity.

There are two kinds of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own (called “**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of securities they own knowing who they are (called “**NOBOs**” for Non-Objecting Beneficial Owners).

The Corporation has decided to take advantage of those provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) that permit it to directly deliver proxy-related materials to NOBOs of the Corporation who have not waived the right to receive such materials. As a result, NOBOs of the Corporation can expect to receive a form of proxy from the Corporation’s registrar and transfer agent, Alliance. These proxies are to be completed and returned to Alliance following the instructions provided in the form. Alliance will tabulate the results of the proxies received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the proxies received by it. Should a NOBO of the Corporation wish to vote at the Meeting in person, the NOBO must, as set forth in the form of proxy, print their name in the Appointee box and return it to Alliance. This will grant the NOBO the right to attend the Meeting and vote in person. NOBOs of the Corporation that wish to change their vote must, in sufficient time in advance of the Meeting, contact Alliance to change their vote. These securityholder materials are being sent to registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from OBOs in advance of the Meeting. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by OBOs in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). The Corporation does not know the names of the OBOs. As a result, OBOs will not be recognized at the Meeting for the purposes of voting their Common Shares in person or by proxy, without following the procedures set out by their broker or its agent. Broadridge typically mails the proxy-related materials to the OBOs along with a scannable voting instruction form (“**VIF**”). The OBO is requested to complete and return their voting instructions to them as directed. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a VIF cannot use that VIF to vote Common Shares directly at the Meeting as the Beneficial Shareholder’s voting instructions must be returned, as directed, well in advance of the Meeting in order to have

the Common Shares voted. Beneficial Shareholders may revoke their VIFs in accordance with the procedure established by their broker or its agent. Management of the Corporation does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and in the case of an OBO, the OBO will not receive the Meeting materials unless the OBO’s intermediary assumes the cost of delivery.

If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance. All references to shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to shareholders of record, unless specifically stated otherwise.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The close of business on May 5, 2017 is the record date for the determination of shareholders who are entitled to notice of, and to attend and vote at, the Meeting (the “**Record Date**”). Only those shareholders of record on the Record Date are entitled to notice of, and to attend and vote at the Meeting. Any transferee or person acquiring Common Shares after the Record Date may, on proof of ownership of Common Shares, demand of Alliance not later than 10 days before the Meeting that his or its name be included in the list of persons entitled to attend and vote at the Meeting. As at the Record Date, the Corporation had 94,243,766 Common Shares outstanding. Each Common Share confers upon the holder thereof the right to one vote.

At least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled and representing in the aggregate not less than ten percent (10%) of the outstanding shares of the Corporation carrying voting rights at the Meeting shall constitute quorum for the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to all of the outstanding Common Shares as at the date of this Information Circular, other than as set forth below.

<b>Name of Shareholder and Municipality of Residence</b>	<b>Number of Common Shares, Owned, Controlled or Directed<sup>(1)</sup></b>	<b>Percentage of Outstanding Common Shares</b>
Royal Capital Management Corp.	11,157,900 Common Shares	11.8%

**Note:**

(1) The information set forth in the above table is based on publicly available information.

### **STATEMENT OF EXECUTIVE COMPENSATION**

Set out below is the Statement of Executive Compensation for Ikkuma for the financial year ended December 31, 2016, which is presented in accordance with National Instrument Form 51-102F6V (“**NI 51-102F6V**”).

The Corporation’s executive compensation program is available to the “**Named Executive Officers**” or “**NEOs**” of the Corporation which is defined by applicable securities legislation to mean each of the following individuals, namely: (i) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (the “**CEO**”), including an individual performing functions similar to a chief executive officer; (ii) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (the “**CFO**”), including an individual performing functions similar to a chief financial officer; (iii) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (i) and (ii) at the end of the most recently completed financial year whose total compensation was more than

\$150,000, as determined in accordance with subsection 1.3(f) of National 51-102F6V for that financial year; and (iv) each individual who would be a named executive officer under paragraph (iii) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

### Compensation, Excluding Compensation Securities

The following table provides compensation information for the financial years ended December 31, 2016, and 2015 in respect of the Named Executive Officers, being Tim de Freitas, President and CEO, Carrie Yuill, Vice President, Finance and CFO and Yvonne McLeod, Senior VP Engineering and the directors of the Corporation.

**Table of Compensation Excluding Compensation Securities**

<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)<sup>(1)</sup></b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)<sup>(2)</sup></b>	<b>Value of all other compensation (\$)<sup>(3)</sup></b>	<b>Total Compensation (\$)</b>
<b>Tim de Freitas<sup>(4)</sup></b>	2016	223,250	9,792	Nil	Nil	14,099	247,141
President, CEO and a director	2015	231,083	9,792	Nil	Nil	15,549	256,424
<b>Carrie Yuill</b>	2016	186,667	8,333	Nil	Nil	5,333	200,333
Vice President, Finance and CFO	2015	189,999	8,333	Nil	Nil	12,700	211,032
<b>Yvonne McLeod</b>	2016	205,333	9,167	Nil	Nil	3,667	218,167
Senior VP Engineering	2015	212,667	9,167	Nil	Nil	10,633	232,467
<b>David G. Anderson<sup>(5)</sup></b>	2016	Nil	Nil	Nil	Nil	Nil	Nil
Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Robert J. Dales</b>	2016	Nil	Nil	Nil	Nil	Nil	Nil
Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Charle Gamba</b>	2016	Nil	Nil	Nil	Nil	Nil	Nil
Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>William C. Guinan</b>	2016	Nil	Nil	Nil	Nil	Nil	Nil
Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Michael Kohut</b>	2016	Nil	Nil	Nil	Nil	Nil	Nil
Director	2015	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Does not include bonus payments for 2014 which were approved by the Board of Directors in December 2014 and which were paid on January 15, 2015.
- (2) None of the Named Executive Officers or directors received perquisites that are not generally available to all employees that in aggregate are greater than: (i) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less; (ii) 10% of the NEO or director's salary for the financial year, if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000; or (iii) \$50,000, if the NEO or director's total salary for the financial year is \$500,000 or greater.
- (3) Includes amounts paid by the Corporation as matching contributions under the Share Purchase Plan (as defined herein).
- (4) All compensation paid to Tim de Freitas was in respect of his position as an officer of the Corporation.
- (5) David G. Anderson was appointed as a director of the Corporation on July 28, 2015.

All Named Executive Officers are employees of the Corporation and no external management company employed or retained one or more individuals acting as a Named Executive Officer or director of the Corporation where the Corporation has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the Corporation, directly or indirectly.

## Stock Options and Other Compensation Securities

The following table provides information regarding all compensation securities granted or issued to each NEO and director of the Corporation for the financial year ended December 31, 2016.

<b>Compensation Securities</b>						
<b>Name and position<sup>(1)</sup></b>	<b>Type of Compensation Security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Expiry Date</b>
<b>Tim de Freitas<sup>(2)</sup></b> President, CEO and a director	N/A	Nil	N/A	N/A	N/A	N/A
<b>Carrie Yuill</b> Vice President, Finance and CFO	N/A	Nil	N/A	N/A	N/A	N/A
<b>Yvonne McLeod</b> Senior VP Engineering	N/A	Nil	N/A	N/A	N/A	N/A
<b>David G. Anderson</b> Director	N/A	Nil	N/A	N/A	N/A	N/A
<b>Robert J. Dales</b> Director	N/A	Nil	N/A	N/A	N/A	N/A
<b>Charle Gamba</b> Director	N/A	Nil	N/A	N/A	N/A	N/A
<b>William C. Guinan</b> Director	N/A	Nil	N/A	N/A	N/A	N/A
<b>Michael Kohut</b> Director	N/A	Nil	N/A	N/A	N/A	N/A

**Notes:**

- (1) As at December 31, 2016, Tim de Freitas held 75,000 Options, each of Carrie Yuill and Yvonne McLeod held 60,000 Options and each of Robert J. Dales, Charle Gamba, William C. Guinan and Michael Kohut held 25,000 Options. Each Option was granted on December 17, 2014, is exercisable to purchase one Common Share at an exercise price of \$1.19 per share and expires on December 17, 2019. One third of the Options granted vest on each of the first, second and third anniversaries of the date of grant.
- (2) All compensation paid to Tim de Freitas was in respect of his position as an officer of the Corporation.



The following table provides information regarding all compensation securities exercised by each NEO and director of the Corporation during the financial year ended December 31, 2016.

**Exercise of Compensation Securities by Directors and NEOs**

<u>Name and position</u>	<u>Type of Compensation Security</u>	<u>Number of underlying securities exercised</u>	<u>Exercise price per security (\$)</u>	<u>Date of exercise</u>	<u>Closing price per security on date of exercise (\$)</u>	<u>Difference between exercise price and closing price on the date of exercise (\$)</u>	<u>Total value on exercise date (\$)</u>
<b>Tim de Freitas</b> President, CEO and a director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Carrie Yuill</b> Vice President, Finance and CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Yvonne McLeod</b> Senior VP Engineering	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>David G. Anderson</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Robert J. Dales</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Charle Gamba</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>William C. Guinan</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Michael Kohut</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

**Stock Option Plan and Other Incentive Plans**

The Corporation adopted an amended and restated stock option plan (the “**Option Plan**”), a copy of which is attached hereto as Schedule B, on May 5, 2015, which was initially approved by the shareholders on June 10, 2015. The Option Plan provides that the Board may from time to time, in its discretion, and in accordance with the requirements of the TSXV, grant to directors, officers, employees or consultants of Corporation or its subsidiaries, non-transferable options (“**Options**”), provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. In connection with the foregoing, subject to TSXV policies, the number of Common Shares reserved for issuance to any one person under Options granted in any twelve month period will not exceed five percent (5%) of the issued and outstanding Common Shares determined at the date of grant, or two percent (2%) in the case of an optionee who is a consultant. In addition, no more than an aggregate of two percent (2%) of the issued and outstanding Common Shares determined at the date of grant may be granted to employees conducting investor relations activities. If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, any Options granted to such optionee shall terminate on the 30<sup>th</sup> day following the optionee’s ceasing to be a director, officer, employee or consultant, as the case may be, and in all cases must expire no later than the expiry date of such Options; however, such Options may be exercised by an optionee who has ceased to be a director, officer, employee or consultant only if the optionee was entitled to exercise the Options at the date of such cessation pursuant to the terms of the optionee’s stock option agreement. In the

event of the death of an optionee, the Option previously granted to such optionee shall be exercisable within one (1) year following the date of the death of the optionee or prior to the expiry date of such Option.

The exercise price and term of the Options shall be determined by the Board at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the TSXV. The Option Plan prohibits the Corporation from granting Options with a term longer than 10 years at any time that the Corporation is listed on the TSXV. Subject to any vesting restrictions imposed by the TSXV, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. Notwithstanding anything else contained in the Option Plan, if the expiry date for an Option occurs during any period during which a policy of the Corporation prevents an insider of the Corporation from trading in the Common Shares (a “**Blackout Period**”) applicable to the relevant Optionee, or within 10 business days after the expiry of a Blackout Period applicable to the relevant Optionee, then the expiration date for that Option shall be the date that is the 10<sup>th</sup> business day after the expiry date of the Blackout Period.

Pursuant to the policies of the TSXV, listed issuers are permitted to have “rolling” stock option plans reserving a maximum of 10% of the issued shares of the listed issuer at the time of the stock option grant (“**Rolling Plan**”). The Option Plan is considered to be a Rolling Plan. The policies of the TSXV require that Rolling Plans be approved annually by the shareholders of listed issuers. That approval is being sought at the Meeting and accordingly shareholders will be asked to consider, and, if deemed advisable, to approve, with or without variation, an ordinary resolution approving the Option Plan for the ensuing year. See “*Matters To Be Acted Upon at the Meeting – Approval of the Stock Option Plan*”.

#### **Employment, Consulting and Management Agreements**

The Corporation does not have any agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Corporation that were: (a) performed by a NEO or director of the Corporation; or (b) performed by any other party which provided services that are typically provided by a NEO or a director of the Corporation.

#### **Oversight and Description of Director and Named Executive Officer Compensation**

The objectives of the Corporation’s executive compensation policy are to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation’s strategic objectives and to align the interests of executive officers with the long-term interests of the shareholders of the Corporation. These objectives are designed to ensure that the Corporation rewards the Named Executive Officers where they have contributed to the prosperity and growth of the Corporation.

The Corporation’s executive compensation program is administered by the Compensation Committee (the “**Compensation Committee**”) of the Board. The Compensation Committee’s mandate includes reviewing and recommending to the Board: (i) executive compensation policies, practices and overall compensation philosophy; (ii) total compensation packages for all officers, employees and consultants of the Corporation; (iii) bonus and stock options; and (iv) major changes in the Corporation’s benefit plans. The Compensation Committee’s mandate also includes reviewing the adequacy and form of directors’ compensation to ensure it realistically reflects the responsibilities and risks of membership on the Board.

The Compensation Committee is currently comprised of three directors, David Anderson (Chair), Robert J. Dales and William C. Guinan, each of whom are independent. Each member of the Compensation Committee has direct experience that is relevant to his responsibilities as a member of the Compensation Committee. Mr. Anderson is currently the President and Chief Executive Officer of Winsome Capital Inc., a private venture capital firm. Mr. Dales holds an MBA and he has extensive public issuer experience, both as an officer and as a director. Mr. Guinan is a partner with Borden Lander Gervais LLP, holds an MBA and has extensive public issuer experience, both as an officer and as a director.

The Compensation Committee reviews and makes recommendations to the Board, at least once annually regarding compensation to be provided to the directors, officers, employees and consultants of the Corporation and in doing so, receives input from the President and CEO of the Corporation in respect of all officers other than the CEO. The Board is also responsible for monitoring and assessing the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value. Compensation for all officers, including the CEO is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contribution of the individuals involved and the overall performance of the Corporation.

Because the President and CEO is also a member of the Board, the Board meets in the absence of the President and CEO and the other non-independent members of the Board to discuss the recommendations made by the Compensation Committee for executive compensation, including the recommendation for the President and CEO's compensation.

The directors of the Corporation are not currently paid any fees but may be awarded Options.

#### *Principal Components of Compensation Program*

The Corporation's executive compensation program consists of a combination of the following significant elements: (i) base salary; (ii) participation in the Option Plan (as hereinafter defined) and (iii) participation in the Share Purchase Plan (as hereinafter defined). The Compensation Committee and the Board have considered, but have not yet implemented a formal bonus plan. The Compensation Committee and the Board may, from time to time, in their discretion, approve bonus payments to reward employees, including the Named Executive Officers. These elements contain both short-term incentives, comprised of cash payments provided by way of base salaries, and the payment of bonuses as may be determined in the discretion of the Compensation Committee and the Board, as well as long-term incentives, comprised of equity-based incentives, being those provided under the Option Plan and the Share Purchase Plan. Extended health care, dental and insurance benefits and the right to participate in the Share Purchase Plan are provided to all employees, including the Named Executive Officers. The process for determining perquisites and approval of benefits for the Named Executive Officers is, firstly, to implement perquisites and benefits which are comparable to those usually offered by other corporations of a similar type and size to the Corporation and secondly, to make those perquisites and benefits available to each Named Executive Officer, equally. The Corporation does not provide any pension or retirement benefits to its Named Executive Officers.

The Corporation chooses to pay each element of its executive compensation program in order to maintain its competitive position in the marketplace. The amount for each element of the Corporation's executive compensation program is determined based upon compensation levels provided by the Corporation's competitors as well as upon the discretion of the Board, where applicable, as described below.

Each element of the Corporation's executive compensation program is intended to contribute to an overall total compensation package which is designed to provide both short-term and long-term financial incentives to the Named Executive Officers and to thereby assist the Corporation to successfully implement its strategic plans. The Compensation Committee will annually assesses how each element fits into the overall total compensation package and will make recommendations to the Board relating thereto from time to time.

#### Base Salaries

Salaries for executive officers, including the Named Executive Officers, are reviewed annually based on corporate and personal performance and on individual levels of responsibility. Salaries of executive officers are not determined based on benchmarks or a specific formula. The Compensation Committee submits its recommendation to the Board as to the salary of the President and CEO and each of the other Named Executive Officers of the Corporation.

### Stock Option Plan

Options are granted to provide an incentive to the directors, officers, employees and consultants of the Corporation to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. The Corporation awards Options to its directors, officers, employees and consultants based upon the recommendation of the Compensation Committee, which recommendation was based upon the Compensation Committee's review of a proposal from the CEO. Previous grants of Options are taken into account when considering new grants.

### Employee Share Purchase Plan

Effective as of October 1, 2014, the Corporation implemented an Employee Share Purchase Plan ("**Share Purchase Plan**") in which all employees of the Corporation, including the Named Executive Officers, are eligible to participate. The purpose of the Share Purchase Plan is to make available to the Corporation's employees a means of acquiring, through regular payroll deductions and the Corporation's matching contribution, Common Shares so that participating employees, including the Named Executive Officers, can have an opportunity to benefit from the growth in the value of the Corporation. All employees who become participants in the Share Purchase Plan contribute, on a monthly basis, an amount up to 8% of the amount of their regular salary for such monthly period. At the end of each monthly period, the Corporation contributes an amount to the Share Purchase Plan equal to the participating employee's contribution. All contributions to the Share Purchase Plan are deposited with a trustee to purchase, through normal market purchases, Common Shares for participating employees. The Corporation's portion of the contributions vests immediately at the time of payment by the Corporation.

### Discretionary Bonus

The Corporation does not have a formal bonus plan but may award discretionary bonuses. The award for a bonus is determined, in all cases, by the Compensation Committee and then recommended to the Board for final approval and is not based on specific performance goals or similar conditions. The discretionary bonus plan is structured to drive and reward current year results as well as to provide incentive for future performance.

### **Pension Disclosure**

The Corporation does not have a pension plan or any other plan that provides for payments or benefits at, following or in connection with retirement.

## Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information as at December 31, 2016 with respect to the Corporation's compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by securityholders <sup>(1)</sup>	840,600	\$1.18	8,583,776
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	840,600	\$1.18	8,583,776

**Note:**

(1) The Option Plan provides that the aggregate number of Common Shares reserved for issuance pursuant to the Option Plan shall not exceed 10% of the aggregate number of issued and outstanding Common Shares.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, proposed nominee for election as a director of the Corporation, executive officer, employee or former executive officer, director or employee of the Corporation, or any associate of any such director, officer or employee is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation, nor, at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## AUDIT COMMITTEE

The Audit Committee of the Board (the "**Audit Committee**") is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the shareholders, the relationship between the Corporation and the external auditor.

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires that if management of a venture issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting the audit committee be included in its management information circular.

The prescribed Audit Committee disclosure for the Corporation is that contained in Form 52-110F2 which is attached to NI 52-110 ("**Form 52-110F2 Disclosure**"). Set out below is a description of the Audit Committee, relative to the Form 52-110F2 Disclosure.

### 1. The Audit Committee's Charter

The Corporation must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The Audit Committee Charter is attached as Schedule A hereto.

## 2. Composition of the Audit Committee

As of the date hereof, the Audit Committee is comprised of:

<b>Name of Director</b>	<b>Independent<sup>(1)</sup> (Yes/No)</b>	<b>Financially Literate (Yes/No)</b>
Michael Kohut (Chair)	Yes	Yes
David G. Anderson	Yes	Yes
Robert J. Dales	Yes	Yes

**Note:**

(1) As defined in NI 52-110.

## 3. Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. Michael Kohut is currently the Chief Financial Officer of Trilogy Energy Corp. Mr. Kohut also serves as a member of the audit committee for Big Rock Brewery Inc. David G. Anderson is currently the President and Chief Executive Officer of Winsome Capital Inc., a private venture capital firm. Robert J. Dales holds an MBA. Mr. Dales also has over 22 years of public issuer experience, both as an officer and as a director.

Each director has: (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (b) the ability to assess the general application of those principles in connection with the estimates, accruals and reserves; (c) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

## 4. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

## 5. Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on an exemption from Section 2.4 of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (securities regulatory authority exemption).

## 6. Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors, and approve in advance the provision of services other than audit services and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized to approve in advance any non-audit services, including tax advisory and compliance services, provided by the external auditors.

## 7. External Auditor Service Fees (By Category)

<b>Financial Year Ending December 31</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees<sup>(1)</sup></b>
2016	\$110,000	\$51,000	\$6,000	\$25,000
2015	\$110,000	\$51,000	\$5,360	Nil

**Note:**

- (1) "All Other Fees" consist of fees for products and services other than those described under the heading of "Audit Fees," "Audit-Related Fees" and "Tax Fees" above. During 2016, such fees related to services provided in connection with the Corporation's private placement of Common Shares issued on a "flow-through" basis, including attendance at due diligence meetings.

## CORPORATE GOVERNANCE

National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 52-101") requires that if management of a venture issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F2 which is attached to NI 58-101 ("**Form 58-101F2 Disclosure**"). Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F2 Disclosure.

### 1. Board of Directors

As of the date hereof, the Board is comprised of six directors, of whom five are currently considered independent directors.

Pursuant to the policies of the TSXV, the Corporation is required to have a Board of no fewer than three directors, at least two of which are independent. In addition, at least one-fourth of the members of the Board are required to be resident Canadians.

In determining whether a Board member is independent or not, the Corporation follows the meaning of independence as set out at Section 1.4 of NI 52-110. As disclosed above, the Board is comprised of a majority of independent directors. The independent judgement of the Board in carrying out its responsibilities is the responsibility of all directors. The Board facilitates independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board has free access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers.

Each of David G. Anderson, Robert J. Dales, Charle Gamba, William C. Guinan and Michael Kohut are independent directors. Tim de Freitas is not independent because he occupies the position of President and CEO of the Corporation.

#### *Board Mandate*

The Board has approved a formal written mandate in its Corporate Governance Manual (as hereinafter defined). The primary responsibilities of the Board are: (a) to maximize long term shareholder value; (b) to approve the strategic plan of the Corporation; (c) to ensure that processes, controls and systems are in place for the management of the business and affairs of the Corporation and to address applicable legal and regulatory compliance matters; (d) to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Corporation; (e) to ensure that the Corporation meets its obligations on an ongoing basis and operates in a safe and reliable manner; and (f) to monitor the performance of the management of the Corporation to ensure that it meets its duties and responsibilities to the shareholders. The Board operates by delegating certain of its authorities to management

and by reserving certain powers to itself. Subject to the articles and by-laws of the Corporation and the ABCA, the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

The Board has developed written position descriptions for the Chairman of the Board and the CEO of the Corporation as well as for the chairs of the committees of the Board. Each director who serves on a Board committee is responsible for carrying out the mandate outlined in that committee's charter.

## 2. Directorships

The following table identifies directors that are presently also directors of other issuers that are reporting issuers (or the equivalent), as at the date hereof:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Exchange</u>
David G. Anderson	Dixie Energy Ltd., the administrator for Dixie Energy Trust	N/A
Robert J. Dales	Kelt Exploration Ltd.	TSX
Charle Gamba	Canacol Energy Ltd. Horizon Petroleum PLC	TSX TSXV
William C. Guinan	Brassneck Capital Corp. CERF Incorporated Kelt Exploration Ltd.	TSXV TSXV TSX
Michael Kohut	Big Rock Brewery Inc.	TSX

## 3. Orientation and Continuing Education

While the Corporation does not currently have a formal orientation and education program for new directors, the Corporation expects to provide such orientation and education on an informal basis. New directors will be provided with a corporate governance manual (the "**Corporate Governance Manual**") that outlines the corporate governance policies of the Corporation. These include a Code of Business Conduct and Ethics (the "**Code**"), a Disclosure Policy, a Whistleblowing Policy, charters for each of the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Reserves Committee of the Board (the "**Reserves Committee**") and position descriptions for the chairs of the committees of the Board. The Corporate Governance Manual is updated as the Corporation's business, governance documents and policies change. Directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

## 4. Ethical Business Conduct

The Board has adopted the Code, which states the standard of conduct expected from every director, officer, employee, consultant and contractor of the Corporation. In addition to the Code, the Board has also adopted a Whistleblowing Policy wherein interested parties, such as an employee, are provided with the mechanism by which they may raise concerns with respect to a possible violation of the Corporation's disclosure standards in a confidential, anonymous process. The Board also encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Corporate Governance Manual and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere.

Under the ABCA, directors and officers are required to disclose any direct or indirect interest in any material contract or material transaction or proposed material contract or proposed material transaction and, except in a few limited cases, not vote on any resolution to approve any such contract or transaction.



## 5. **Nomination of Directors**

The Corporate Governance Committee is responsible for considering and recommending nominees for election as directors and recommending members and chairs of Board committees. In addition, the Corporate Governance Committee will accept the suggestions of the officers and directors of the Corporation in carrying out this function. The Corporate Governance Committee is comprised of three directors, none of whom are full-time employees of the Corporation or any of its affiliates.

## 6. **Compensation**

A discussion of the policies and practices of the Corporation in determining compensation is set forth above under the heading “*Statement of Executive Compensation - Compensation Discussion and Analysis*”.

## 7. **Other Board Committees**

Other than the Audit Committee and the Compensation Committee, the Corporation has established a Corporate Governance Committee and a Reserves Committee.

### *Corporate Governance Committee*

The Board has a strong commitment to effective corporate governance. The Corporate Governance Committee’s primary responsibilities are twofold. First, the Corporate Governance Committee is responsible for proposing to the full Board new nominees to the Board and for assessing directors on an ongoing basis. Second, the Corporate Governance Committee is responsible for the Corporation’s response to and implementation of the guidelines set forth from time to time, by any applicable regulatory authorities (the “**Guidelines**”). The specific functions of the Corporate Governance Committee in carrying out these two areas of responsibility are: (1) Nominating and Assessment: (a) to consider and recommend candidates to fill new positions on the Board created by either expansion or vacancies that occur by resignation, retirement or for any other reason; (b) to review candidates recommended by shareholders; (c) to conduct inquiries into the backgrounds and qualifications of possible candidates; (d) to recommend the director nominees for approval by the Board and the shareholders; (e) to consider questions of possible conflicts of interest of Board members; (f) to recommend members and Chairs of the Committees; (g) to review the performance of directors and the performance of the Board; (h) to establish director retirement policies; and (i) to establish and implement an orientation and education program for new members of the Board; and (2) Corporate Governance: (a) to consider and review the Corporation’s corporate governance principles and process and to compare the same to the Guidelines; (b) to propose changes to the Board necessary to respond to or comply with the Guidelines; and (c) to review the Corporation’s disclosure of its corporate governance program and compliance with the Guidelines in the management proxy circular for each annual general meeting.

### *Reserves Committee*

The Reserves Committee is responsible for assisting the Board in its oversight of the reliability and integrity of the reporting and evaluations in respect of the oil and gas activities of Ikkuma in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The Reserves Committee reports to the Board and its responsibilities are: (a) to discuss and review with management of the Corporation the selection of an independent engineer for undertaking each reserves evaluation of the Corporation as the same may be required from time to time; (b) to consider and review the impact of changing independent engineering firms; (c) to receive the engineering report and consider the principal assumptions upon which it is based; (d) to consider and review management’s input into the independent engineering report and the key assumptions used; (e) to review the appropriateness of and update the Corporation’s environmental policies, management systems and programs annually and report to the Board thereon, with appropriate recommendations; (f) to ensure that the Corporation has the necessary tools to measure its environmental performance and compliance with applicable regulatory standards; (g) to review the environmental performance and, whenever relevant, any

non-compliance situation of the Corporation, to recommend the required corrective measures; (h) to ensure that environmental risk management procedures and emergency response measures are in place, periodically updated and distributed within the Corporation. The Reserves Committee will review the appropriateness of these procedures and measures and make appropriate recommendations; and (i) to report to the Board on the Corporation's environmental policies, programs and situations and make appropriate recommendations. Such report shall contain sufficient information, indicating the nature and object of each of the Reserves Committee's recommendations, to ensure an efficient follow-up.

## 8. Assessments

The Corporate Governance Committee is responsible by its terms of reference to review the performance of the directors and the performance of the Board. While no formal evaluation has been conducted to date, the Corporate Governance Committee will rely on informal evaluation of the effectiveness through both formal and information communications with Board members and through participation with other Board members on committees and matters relating to the Board. The Corporate Governance Committee may consider more formal evaluation processes in the future.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Financial Statements and Auditors' Report

At the Meeting, shareholders will receive the financial statements of the Corporation for the year ended December 31, 2016 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

### 2. Fixing Number of Directors to be Elected at the Meeting

At the Meeting, shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).

**Unless otherwise directed, it is the intention of the persons designated in the accompanying Instrument of Proxy to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).** In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at six (6) must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

### 3. Election of Directors

At the Meeting, it is proposed that six (6) directors be elected to hold office until the next annual meeting or until their successors are elected or appointed. There are presently six (6) directors of the Corporation, the term of each of which expires at the Meeting.

**Unless otherwise directed, it is the intention of the persons designated in the accompanying Instrument of Proxy to vote in favour of the election as directors of the six (6) nominees hereinafter set forth.** Management has no reason to believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the accompanying Instrument of Proxy reserve the right to vote for other nominees in their discretion unless the shareholder has specified in the accompanying Instrument of Proxy that such shareholder's Common Shares are to be withheld from voting on the election of directors. In order to be effective, the ordinary resolution in respect of the election of each nominee director must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, their province and country of residence, their principal occupation, the period served as a director and the number of voting Common Shares that each proposed nominee beneficially owns, or exercises control or direction over, directly or indirectly, as of the Record Date. The information as to Common Shares owned beneficially, not being within the knowledge of the Corporation, has been provided by each nominee.

<b>Name and Province and Country of Residence</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(1)</sup></b>	<b>Director Since</b>	<b>Principal Occupation</b>
<b>David G. Anderson</b> <sup>(2)(3)</sup> Alberta, Canada	Nil	July 2015	President and CEO of Winsome Capital Inc. since 1993. Director, Chief Executive Officer and Chief Financial Officer of EmberClear Corp. from May 2003 to June 2016. President of Dixie Energy Ltd. from June 2012 to January 2014.
<b>Robert J. Dales</b> <sup>(2)(3)(5)</sup> Alberta, Canada	663,616	May 2014	President of Valhalla Ventures Inc., a private investment corporation from January 1999 to the present. President, Drako Capital Corp., a corporation engaged in oil and gas exploration and production from January 2010 to 2012. President, Desco Resources Inc., a capital pool company, from July 2009 to July 2010.
<b>Tim de Freitas</b> <sup>(5)</sup> Alberta, Canada	644,986	May 2014	President and CEO of the Corporation since May 2014. Prior thereto, Vice President, Exploration and Chief Operating Officer of Manito Energy Inc. from inception in 2005 until October 2013.
<b>Charle Gamba</b> <sup>(4)(5)</sup> Bogotá, Colombia	266,667 <sup>(6)</sup>	May 2014	President and CEO of Canacol Energy Ltd. since 2008. Prior thereto, Vice President of Exploration for Occidental Oil & Gas Company based in Bogota, Colombia.
<b>William C. Guinan</b> <sup>(3)(4)</sup> Alberta, Canada	466,667	May 2014	Partner, Borden Ladner Gervais LLP, a law firm.
<b>Michael Kohut</b> <sup>(2)(4)</sup> Alberta, Canada	333,333	May 2014	Chief Financial Officer of Trilogy Energy Corp. since June 2006.

**Notes:**

- (1) In addition to the Common Shares beneficially owned, controlled or directed, directly or indirectly, the nominees for director hold an aggregate 175,000 Options and 2,086,667 common share purchase warrants.
- (2) Member of the Audit Committee. The Corporation is required to have an audit committee pursuant to the ABCA.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Member of the Reserves Committee.
- (6) 266,667 Common Shares are held in the name of Inversions Rancho Hermosos SA, a company controlled by Mr. Gamba.

*Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

Other than as set forth below, none of those persons who are proposed directors of the Corporation is, or has been within the past 10 years, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or after such persons ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade order, an order similar to a cease trade 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,

which resulted from an event that occurred while acting in such capacity. In addition, none of those persons who are proposed directors of the Corporation is, or has been within the past 10 years, a director or executive officer of any company, including the Corporation, that, while such 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. None of the persons who are proposed directors of the Corporation have, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets. None of those persons who are proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Mr. Anderson was at all relevant times, the Chief Executive Officer and a director of EmberClear Corp. (“**EmberClear**”). Each of the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission (collectively, the “**Commissions**”) issued a cease trade order against EmberClear on October 30 2014, November 5, 2014 and November 5, 2014, respectively, as a result of EmberClear not having filed its annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended June 30, 2014. As a result of such cease trade orders, the TSXV halted trading of EmberClear’s common shares (the “**EmberClear Shares**”). The cease trade orders were subsequently revoked on January 3, 2015, January 12, 2015 and January 13, 2015, respectively and the EmberClear Shares resumed trading on February 3, 2015 on the TSXV. Subsequently, the Commissions issued further cease trade orders on November 3, 2015, November 4, 2015 and November 6, 2015, respectively, as a result of EmberClear not having filed its annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended June 30, 2015. As a result of such cease trade orders, the TSXV halted trading of the EmberClear Shares and subsequently listing of EmberClear Shares was transferred to the NEX on February 9, 2016. On June 24, 2016, the Court of Queen’s Bench of Alberta approved a proposal under the *Bankruptcy and Insolvency Act* (the “**Proposal**”) upon application of Emberclear’s trustee, Ernst & Young Inc. The Proposal allowed EmberClear to wind up its operations and transfer assets to Houston based Ember Partners LP, an entity organized by EmberClear’s previous management.

Mr. Gamba was formerly a director of Solimar Energy Limited (“**Solimar**”) from September 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management’s discussion and analysis for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

Mr. Michael Kohut was a director of Great Prairie Energy Services Inc. (“**Great Prairie**”) on January 22, 2016 when it applied for and obtained an order from the Court of Queen’s Bench of Alberta under the *Companies’ Creditors Arrangement Act*. Mr. Kohut resigned as a director of Great Prairie on January 22, 2016.

#### **4. Appointment of Auditors**

KPMG LLP, Chartered Professional Accountants, of Calgary, Alberta are the auditors of the Corporation and were appointed as the auditors of the Corporation on July 2, 2014.

At the Meeting, shareholders will be asked to pass an ordinary resolution appointing KPMG LLP, Chartered Professional Accountants, to serve as auditors of the Corporation to hold office until the close of the next

annual meeting of shareholders or until such firm is removed from office or resigns as provided by law, at a remuneration to be fixed by the Board.

**Unless otherwise directed, it is the intention of the persons designated in the accompanying Instrument of Proxy to vote in favour of the ordinary resolution to appoint the firm of KPMG LLP, Chartered Professional Accountants, to serve as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders or until such firm is removed from office or resigns as provided by law, at a remuneration to be fixed by the Board.** In order to be effective, the ordinary resolution in respect of the appointment of auditors must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

## 5. Approval of the Stock Option Plan

Pursuant to the policies of the TSXV, listed issuers are permitted to have “rolling” stock option plans reserving a maximum of 10% of the issued shares of the listed issuer at the time of the stock option grant (“**Rolling Plan**”). The Option Plan is considered to be a Rolling Plan. The policies of the TSXV require that Rolling Plans be approved annually by the shareholders of listed issuers. That approval is being sought at the Meeting and accordingly shareholders will be asked to consider, and, if deemed advisable, to approve, with or without variation, an ordinary resolution approving the Option Plan for the ensuing year. For a discussion of the other terms of the Option Plan, see “*Statement of Executive Compensation – Compensation Discussion and Analysis – Principal Components of Compensation Program – Stock Option Plan*”.

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the Option Plan is as follows:

**“BE IT HEREBY RESOLVED** as an ordinary resolution of the shareholders of Ikkuma Resources Corp. (the “**Corporation**”) that:

1. the stock option plan (the “**Option Plan**”) of the Corporation, substantially in the form attached as Schedule B to the management information circular of the Corporation dated May 5, 2017, be and is hereby approved and adopted as the stock option plan of the Corporation;
2. the form of Option Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation; and
3. any officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute, deliver and file all such documents and to take all such other action(s) as may be deemed necessary or desirable for the implementation of this resolution and any matters contemplated thereby.”

**Unless otherwise directed, it is the intention of the persons designated in the accompanying Instrument of Proxy to vote in favour of the ordinary resolution to approve the Option Plan.** In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the Corporation’s directors or executive officers or companies or persons that beneficially own or control or direct, directly or indirectly, or a combination of both, more than 10% of the Common Shares, a director or executive officer of such 10% holder, or any of their respective associates and affiliates, or any proposed nominee for election as a director of the Corporation, has any material interest in any transaction with the Corporation since the commencement of the Corporation’s last financial year or in any proposed

transaction which has materially affected or would materially affect the Corporation which has not been previously disclosed.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

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

No director or executive officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, or any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, except as described in this Information Circular under the heading “*Matters to be Acted Upon at the Meeting – Election of Directors*”.

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

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying Instrument of Proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

#### **ADDITIONAL INFORMATION**

Additional financial information is provided in the Corporation’s audited financial statements and management’s discussion and analysis for the financial year ended December 31, 2016.

Any request for these documents can be made by contacting the Vice President, Finance and Chief Financial Officer of Ikkuma Resources Corp. at Suite 2700, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3H5 and/or fax (403) 261-5902. Information relating to the Corporation can also be obtained on SEDAR under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

## SCHEDULE A

### IKKUMA RESOURCES CORP.

#### AUDIT COMMITTEE CHARTER

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##### I. The Board of Directors' Mandate for the Audit Committee

- A. The Board of Directors ("**Board**") has responsibility for the stewardship of Ikkuma Resources Corp. (the "**Corporation**"). To discharge that responsibility, the Board is obligated by the *Business Corporations Act* (Alberta) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Public financial reporting and disclosure by the Corporation are fundamental to the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure is to gain reasonable assurance of the following:

- 1) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirement of governments, regulatory agencies and stock exchanges, if applicable, relating to financial reporting and disclosure;
- 2) that the accounting principles, significant judgements and disclosures which underlie or are incorporated in the Corporation's financial statements are appropriate in the prevailing circumstances;
- 3) that the Corporation's quarterly and annual financial statements are accurate within a reasonable level of materiality and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles; and
- 4) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public, to the extent required by applicable securities laws, in a timely manner in accordance with corporate and securities law and with stock exchange regulations, if applicable.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reliably met unless the following activities (the "**Fundamental Activities**") are, in all material respects, conducted effectively:

- (a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions and consistent with internal financial controls implemented by companies of similar size and peer group as the Corporation;
- (b) the internal financial controls are regularly assessed for effectiveness and efficiency consistent with assessments performed by companies of similar size and peer group as the Corporation;

- (c) the Corporation's quarterly and annual financial statements are properly prepared by management to comply with International Financial Reporting Standards ("**IFRS**");
- (d) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure and to conform to applicable corporate and securities law, the Board has established the Audit Committee (the "**Committee**") of the Board.

**B. *Composition of Committee***

- 1) The Committee shall be appointed annually by the Board and consist of at least three members from among the directors of the Corporation, each of whom shall be an independent director (as determined under applicable laws). Officers of the Corporation, who are also directors, may not serve as members of the Committee;
- 2) The Board shall designate the Chairman of the Committee; and
- 3) In the event of a vacancy arising in the Committee or a loss of independence of any member, the Committee will fill the vacancy within six months or by the following annual shareholders' meeting if sooner.

**C. *Reliance on Experts***

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- 1) financial statements of the Corporation represented to him by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and
- 2) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

**D. *Limitations on Committee's Duties***

In contributing to the Committee's discharging of its duties under Terms of Reference, each member of the Corporation shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to endeavor to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

**II. *Audit Committee Terms of Reference***

The Committee's Terms of Reference outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. Terms of Reference reflect the following:

- Operating Principles;



- Operating Procedures;
- Specific Responsibilities and Duties.

**A. *Operating Principles***

The Committee shall fulfill its responsibilities within the context of the following principles:

**1) Committee Values**

The Committee expects the management of the Corporation to operate in compliance with corporate policies; reflecting laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

**2) Communications**

The Committee and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee Chairmen, the external auditors, and other key Committee advisors or Corporation staff members as applicable.

**3) Financial Literacy**

All Committee Members should be sufficiently versed in financial matters to read and understand the Corporation's financial statements and also to understand the Corporation's accounting practices and policies and the major judgements involved in preparing the financial statements.

**4) Annual Audit Committee Work Plan**

The Committee, in consultation with management and the external auditors, shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in these Terms of Reference. In addition, the Committee, in consultation with management and the external auditors, shall participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The work plan will be focused primarily on the annual and interim financial statements of the Corporation; however, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the Committee's Terms of Reference.

**5) Meeting Agenda**

Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditors.

**6) Committee Expectations and Information Needs**

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.

7) **External Resources**

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise, including independent counsel.

8) **In Camera Meetings**

At the discretion of the Committee, the members of the Committee shall meet in private session with the external auditors. In addition, at the discretion of the Committee, the members of the Committee shall meet in private with the management of the Corporation, without the auditors being present at such meeting.

9) **Reporting to the Board**

The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.

10) **Committee Self Assessment**

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

11) **The External Auditors**

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall report directly to and be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

**B. *Operating Procedures***

- 1) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two members of the Committee or at the request of the external auditors.
- 2) A quorum shall be a majority of the members.
- 3) Unless the Committee otherwise specifies, the Secretary (or his or her deputy) of the Corporation shall act as Secretary of all meetings of the Committee.
- 4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- 5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

**C. *Specific Responsibilities and Duties***

To fulfill its responsibilities and duties, the Committee shall:

**1) Financial Reporting**

- (a) Review, prior to public release, the Corporation's annual and quarterly financial statements with management and the external auditors with a view to gaining reasonable assurance that the statements *(i)* are accurate within reasonable levels of materiality, *(ii)* complete, *(iii)* represent fairly the Corporation's financial position and performance in accordance with IFRS. The Committee shall report thereon to the Board before such financial statements are approved by the Board;
- (b) Receive from the external auditors reports of their review of the annual and quarterly financial statements and any management letters issued to the management of the Corporation;
- (c) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- (d) Review, prior to public release, to the extent required pursuant to applicable securities laws, and, if appropriate, recommend approval to the Board, of news releases, to the extent required pursuant to applicable securities laws, and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;
- (e) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents that may be issued by the Corporation; and
- (f) Review and validate procedures for the receipt, retention and resolution of complaints received by the Corporation from any party regarding accounting, auditing or internal controls. For greater certainty, the Committee's responsibilities in this area will not include complaints about minor operational issues. (Examples of minor operational issues include late payment of invoices, minor disputes over accounts owing or receivable, revenue and expense allocations and other similar items characteristic of the normal daily operations of the accounting department of an oil and gas company.)

**2) Accounting Policies**

- (a) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgements, including changes or variations thereto.
- (b) Obtain reasonable assurance that they are in compliance with IFRS from management and external auditors and report thereon to the Board.
- (c) Review with management and the external auditors the apparent degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgements and provisions along with quality of financial reporting.
- (d) Participate, if requested, in the resolution of disagreements, between management and the external auditors.

- (e) Review with management the categorization of flow-through expenditures and the qualification of such expenditures to satisfy the Corporation's existing obligations.

3) **Risk and Uncertainty**

- (a) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:
  - (i) reviewing with management the Corporation's tolerance for financial risks;
  - (ii) reviewing with management its assessment of the significant financial risks facing the Corporation;
  - (iii) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks;
  - (iv) reviewing with management its plans, processes and programs to manage and control such risks;
- (b) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- (c) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
- (d) Review the adequacy of insurance coverages maintained by the Corporation;
- (e) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal 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 these matters have been disclosed in the financial statements.

4) **Financial Controls and Control Deviations**

- (a) Review the plans of the external auditors to gain reasonable assurance that the evaluation and testing of applicable internal financial controls is comprehensive, coordinated and cost-effective;
- (b) Receive regular reports from management and the external auditors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto;
- (c) Institute a procedure that will permit any employee, including management employees, to bring to the attention of the Chairman of the Committee, under conditions of confidentiality, concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgement, through existing reporting structures in the Corporation;

- (d) Review, and periodically assess the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements.

5) **Compliance with Laws and Regulations**

- (a) Review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
  - (i) tax and financial reporting laws and regulations;
  - (ii) legal withholding requirements;
  - (iii) other laws and regulations which expose directors to liability;
- (b) Review the filing status of the Corporation's tax returns, flow-through share renunciation filings and those of its subsidiaries.

6) **Relationship with External Auditors**

- (a) Recommend to the Board the nomination of the external auditors;
- (b) Approve the remuneration and the terms of engagement of the external auditors as set forth in the Engagement Letter;
- (c) Review the performance of the external auditors annually or more frequently as required;
- (d) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (e) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (f) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ;
- (g) Meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (h) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee; and
- (i) Establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the

judgement of the external auditors, merit the Committee's attention. In particular, the external auditors will advise the Committee as to disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved.

7) **Other Responsibilities**

- (a) Approve annually the reasonableness of the expenses of the Chairman of the Board and the Chief Executive Officer;
- (b) After consultation with the Chief Financial Officer and the external auditors, consider at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- (c) Approve in advance non-audit services, including tax advisory and compliance services, provided by the external auditors. However, the Committee can establish a threshold amount for fees for non-audit services to be provided by the external auditors without advance approval of the Committee. The nature of such services and the associated cost will be provided to the Committee at the next following meeting.
- (d) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- (e) Perform such other functions as may from time to time be assigned to the Committee by the Board;
- (f) Review and update the Terms of Reference on a regular basis for approval by the Board; and
- (g) The Committee will review disclosures regarding the organization and duties of the Committee to be included in any public document, including quarterly and annual reports to shareholders, information circulars and annual information forms.

## SCHEDULE B

### IKKUMA RESOURCES CORP.

#### STOCK OPTION PLAN

(Amended and Restated)

1. Purpose

The purpose of the Plan is to provide an incentive to the directors, officers, employees and consultants of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

2. Definitions and Interpretation

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) “**Blackout Period**” means any period during which a policy of the Corporation prevents an insider of the Corporation from trading in the Common Shares;
- (b) “**Board of Directors**” means the Board of Directors of the Corporation;
- (c) “**Common Shares**” means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (d) “**Corporation**” means Ikkuma Resources Corp. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (e) “**Exchange**” means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) “**Exchange Policies**” means, collectively, Policy 4.4 of the Exchange entitled “Incentive Stock Options”, Policy 1.1 of the Exchange entitled “Interpretation” and any other policies set forth in the Corporate Finance Manual of the Exchange applicable to incentive stock options;
- (g) “**Option**” means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (h) “**Option Period**” means the period determined by the Board of Directors during which an Optionee may exercise an Option not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;

- (i) **“Optionee”** means a person who is a director, officer, employee or consultant of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan; and
- (j) **“Plan”** shall mean the Corporation’s incentive stock option plan as embodied herein and as from time to time amended.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policies, including without limitation “Consultant”, “Discounted Market Price”, “Employee”, “Insider”, “Investor Relations Activities”, “Management Company Employee”, “Tier I Issuer” and “Tier 2 Issuer”.

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

### 3. Administration

The Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan, subject to the approval of the Exchange (including shareholder approval if required by the Exchange). Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of the Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

### 4. Eligibility

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon the approval of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Pursuant to Exchange Policies, the Corporation shall represent that the Optionee is a *bona fide* Employee, Consultant or Management Company Employee in respect of Options granted to such Optionee.

### 5. Participation

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee’s relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.



Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or employee of or a consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect of Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

6. Common Shares Subject to Options

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed ten percent (10%) of the issued and outstanding Common Shares on a non-diluted basis, and such number shall increase or decrease as the number of issued and outstanding Common Shares changes.

Subject to Exchange Policies, the aggregate number of Common Shares reserved for issuance to any one (1) Optionee under Options granted in any 12 month period shall not exceed five percent (5%) of the issued and outstanding Common Shares determined at the date of grant, or two percent (2%) of the issued and outstanding Common Shares determined at the date of grant in the case of an Optionee who is a Consultant. In addition, no more than an aggregate of two percent (2%) of the issued and outstanding Common Shares determined at the date of grant may be granted to Employees conducting Investor Relations Activities.

Appropriate adjustments shall be made as set forth in Section 14 hereof in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unexercised Common Shares subject thereto shall again be available for the purpose of the Plan.

Under no circumstances shall the Corporation be obliged to issue any fractional Common Shares upon the exercise of an Option. To the extent that an Optionee would otherwise have been entitled to receive, on the exercise or partial exercise of an Option, a fraction of a Common Share, the Option shall be cancelled with respect to such fraction.

Notwithstanding anything else contained herein, if the Expiry Date (as defined below) for an Option occurs during a Blackout Period applicable to the relevant Optionee, or within 10 business days after the expiry of a Blackout Period applicable to the relevant Optionee, then the expiration date for that Option shall be the date that is the 10<sup>th</sup> business day after the expiry date of the Blackout Period (the “**Blackout Expiry Term**”). The Blackout Expiry Term for an Option may not be amended by the Board of Directors without the approval of the Exchange or the shareholders of the Corporation, if applicable, in accordance with Section 16 of the Plan.

7. Option Agreement

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the “**Stock Option Agreement**”). The Stock Option

Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of the Exchange or any other regulatory body having jurisdiction over the Corporation.

#### 8. Option Period and Exercise Price

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which date shall be no later than the expiry of the Option Period (the “**Expiry Date**”), subject to earlier termination as provided in Sections 10, 11 and 16 hereof.

Subject to Exchange Policies and any limitations imposed by any other regulatory authority having jurisdiction over the Corporation, the exercise price of an Option granted under the Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares. In the event that the Corporation proposes to reduce the exercise price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the reduction of the exercise price, if required by the rules and policies of the Exchange then in effect.

#### 9. Exercise of Options

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the Expiry Date, subject to Sections 10, 11 and 16 hereof, the withholding obligations set forth below and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted as set out in the Stock Option Agreement. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised.

Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Common Shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under this Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon exercise of an Option so withheld.

10. Ceasing to be a Director, Officer, Employee or Consultant

If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, any Options granted to such Optionee shall terminate on the 30<sup>th</sup> day following the Optionee's ceasing to be a director, officer, employee or consultant, as the case may be, and in all cases must expire no later than the Expiry Date; however, such Options may be exercised by an Optionee who has ceased to be a director, officer, employee or consultant only if the Optionee was entitled to exercise the Options at the date of such cessation pursuant to the terms of the Optionee's Stock Option Agreement.

11. Death of Optionee

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the Expiry Date, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death pursuant to the terms of the Optionee's Stock Option Agreement.

12. Optionee's Rights Not Transferable

No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except pursuant to Section 11 hereof, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of the Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

13. Change of Control

The Corporation shall have the power, in the event of:

- (a) the sale by the Corporation of all of the assets of the Corporation or substantially all of the assets of the Corporation;
- (b) the acquisition by any person (whether from the Corporation or from any other person) of Common Shares or other securities of the Corporation having rights of purchase, conversion or exchange into common Shares, which together with securities of the Corporation held by such person, together with a person acting jointly or in concert (as defined in the *Securities Act* (Alberta)) with such person, exceeds 51% of the issued and outstanding Common Shares (on a non-diluted basis) (assuming the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of Common Shares, such person or persons would be entitled to);
- (c) the amalgamation or merger or other business combination of the Corporation with or into any one or more corporations (other than: (an amalgamation or merger or other

business combination of the Corporation with or into any subsidiary of the Corporation; or (b) an amalgamation or merger or other business combination of the Corporation unanimously recommended by the Board of Directors provided that the former holders of Common Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated or merged company having attached thereto not less than 51% of the votes attached to all shares of such amalgamated or merged company);

- (d) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board of Directors as directors of the Corporation, who are not included in the slate for election as directors proposed to the Corporation's shareholders by management of the Corporation;
- (e) a liquidation, dissolution or winding up of the Corporation;
- (f) the completion of any transaction, including without limitation, a plan of arrangement, or the first of series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (a), (b), (c), (d) or (e) above; or
- (g) a determination by the Board of Directors that there has been a change, whether by way of a change in the holding of the Common Shares, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation,

(each, a "**Change of Control**") to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of the Change of Control transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of the Change of Control transaction.

#### 14. Anti-Dilution of the Option

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;
- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or

merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereon he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

15. Costs

The Corporation shall pay all costs of administering the Plan.

16. Termination and Amendment

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any other regulatory authority having jurisdiction over the Corporation, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such other regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 16(a) hereof, subject to the approval of the Exchange or any other regulatory authority having jurisdiction over the Corporation, and the approval of the shareholders of the Corporation if required by the Exchange or such other regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.
- (c) The Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

17. Applicable Law

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

18. Prior Plans

On the effective date (as defined in Section 19 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) the Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to the Plan.

19. Effective Date

This Plan shall become effective as of and from, and the effective date of the Plan shall be, the date of shareholder approval for the Plan, if such approval is required by the Exchange, subject to final Exchange approval for the Plan, or the date of final Exchange approval for the Plan if the Exchange does not require shareholder approval for the Plan.