CYPRESS HILLS RESOURCE CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 16, 2017

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 3, 2017

CYPRESS HILLS RESOURCE CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Cypress Hills Resource Corp. (the "**Corporation**") will be held at Suite 1703, 595 Burrard Street, Vancouver, British Columbia on Friday, June 16, 2017 at 9:30 a.m. (Vancouver time), for the following:

1. To receive and consider the audited financial statements of the Corporation for the year ended December 31, 2016 together with the auditor's report thereon. See "Financial Statements" in the Circular (as defined below).

2. To fix the number of directors to be elected at the Meeting at four (4). See "Fixing the Number of Directors" in the Circular.

3. To elect the board of directors of the Corporation for the ensuing year. See "Election of Directors" in the Circular.

4. To appoint Davidson & Company LLP, Chartered Professional Accountants, as auditor's of the Corporation for the ensuing year, at a remuneration to be fixed by the board of directors. See "Appointment of Auditor" in the Circular.

5. To consider, and if thought advisable, approve, with or without variation, an ordinary resolution re-approving the Corporation's stock option plan, the full text of which is set forth in Exhibit "A" of the Circular. See "Approval of Stock Option Plan" in the Circular.

6. To consider, and if thought advisable, approve, with or without variation, a special resolution as more particularly set forth in the Circular relating to the approval of the change the name of the Corporation to "Tanner Ventures Inc." or such other name as the Board of Directors may approve and the NEX board of the TSX Venture Exchange may accept. See "Name Change" in the Circular.

7. To consider, and if thought advisable, approve, with or without variation, a special resolution as more particularly set forth in the Circular relating to the approval of an amendment to the Corporation's articles of incorporation to consolidate its issued and outstanding common shares on the basis of one (1) post-consolidation common share for up to a maximum of every five (5) pre-consolidation common shares, the final ratio to be determined by the Board of Directors of the Corporation. See "Consolidation" in the Circular.

8. To consider and, if thought advisable pass, with or without variation, a special resolution (the "**Special Resolution**"), the full text of which is set forth in the Circular, the effect of which will permit the directors of the Corporation to negotiate the and settle the definitive terms of a proposed sale of all or substantially all of the assets of the Corporation (the "**Proposed Transactions**") in accordance with the *Business Corporations Act* (Alberta) (the "**ABCA**");

9. To transact such other business as may properly come before the Meeting or any adjournment(s) or postponement thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the management information circular dated May 3, 2017 prepared for the purposes of the Meeting ("**Circular**"), a copy of which is available at available on its website at www.cypresshillsresource.com and on SEDAR at www.sedar.com). At the Meeting, Shareholders will be asked to approve each of the foregoing items.

Pursuant to Section 191 of the ABCA, registered shareholders of the Corporation are entitled to exercise rights of dissent in respect of the Proposed Transactions and, if the Proposed Transactions become effective, to be paid the fair value for such holder's shares. Shareholders of the Corporation wishing to dissent with respect to the Proposed Transactions must send a written objection to the Corporation, addressed to the Chief Executive Officer of the Corporation at Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1 at or prior to the time of the Meeting in order to be effective. Failure to strictly comply with the requirements set forth in Section 191 of the ABCA may result in the loss of any right of dissent. Persons who are beneficial owners of shares of the Corporation registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered shareholders are entitled to dissent. Accordingly, a beneficial owner of shares of the Corporation desiring to exercise this right must make arrangements for the shares of the Corporation beneficially owned by such person to be registered in his, her or its name prior to the time the written objection to the Special Resolution to approve the Proposed Transactions is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of his, her or its shares to dissent on his, her or its behalf. Please see "*Matters to be Considered at the Meeting – Dissent Rights*" contained in this Circular for a description of a shareholder's right to dissent to the Proposed Transactions.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the "**Board**") requests that all shareholders who will not be attending the Meeting in person read, date, sign and return the accompanying Instrument of Proxy (or Voting Instruction Form, a "**VIF**") in accordance with its instructions. Unregistered shareholders must return their complete VIFs in accordance with the instructions given by their financial institution or other intermediary that sent it to them. Shareholders are reminded to review the Circular before voting. Only shareholders of record at the close of business on May 3, 2017 will be entitled to vote at the Meeting.

DATED as of the 3rd day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Ted J. Fostey*"
Ted J. Fostey
President and Chief Executive Officer

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 accompanying instrument of proxy and return it as soon as possible in the envelope provided for that purpose. In accordance with the by-laws of the Corporation, all proxies, to be valid, must be deposited at the office of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the meeting or any adjournment or postponement thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any late proxy.

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

As permitted by the Notice and Access provisions of the Canadian securities administrators, the Circular is available at www.cypresshillsresource.com *and on SEDAR and has not been mailed to Shareholders. Shareholders may request, without any charge to them, a paper copy of the Circular (and the audited financial statements and related management's discussion and analysis for the Corporation's last financial year and any other documents referred to in the Circular) and further information on Notice and Access by contacting the Corporation as follows:*

E-mail:	***Telecopier:***	***Telephone:***
lee@earlston.ca	*(+1) 604-681-4692*	*(+1) 604-689-1428 (collect calls accepted)*

Mail: Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, Canada

Requests for paper copies of the Circular (and any other related documents) must be received by no later than 12:00 noon (Vancouver time) on May 31, 2017 in order for Shareholders to receive paper copies of such documents and return their completed Proxies or VIFs by the deadline for submission of 9:30 a.m. (Vancouver time) on June 14, 2017.

CYPRESS HILLS RESOURCE CORP.

MANAGEMENT INFORMATION CIRCULAR

GENERAL INFORMATION RESPECTING THE MEETING

Solicitation of Proxies

This management information circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management of Cypress Hills Resource Corp. (the "**Corporation**"), to be used at the annual and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation, to be held on June 16, 2017, at the hour of 9:30 a.m. (Vancouver time) at the offices of the Corporation located at Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1 or at any adjournment thereof for the purposes set out in the notice of meeting (the "**Notice of Meeting**"). References in this Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited by certain officers, directors and regular employees of the Corporation by telephone, electronic mail, telecopier or personally. These individuals will receive no compensation for such solicitation other than their regular fees or salaries, if any. The cost of solicitation by management will be borne directly by the Corporation.

The board of directors of the Corporation (the "**Board**") has fixed the close of business on May 3, 2017 as the record date (the "**Record Date**"), being the date for the determination of the registered holders of Common Shares entitled to receive notice of and vote at the Meeting. Duly completed and executed proxies must be received by Computershare Trust Company of Canada ("**Computershare**"), Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not later than forty eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The enclosed instrument of proxy (the "**Instrument of Proxy**") is solicited by the management of the Corporation. The persons named in the Instrument of Proxy are directors and/or officers of the Corporation (the "**Management Designees**"). As a Shareholder submitting a proxy you have the right to appoint a person (who need not be a Shareholder) to represent you at the Meeting other than the person or persons designated in the Instrument of Proxy furnished by the Corporation. To exercise this right you should insert the name of the desired representative in the blank space provided in the Instrument of Proxy and strike out the other names or submit another appropriate proxy. In order to be effective, the Instrument of Proxy must be mailed so as to be deposited at the office of the Corporation's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province of British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof. Registered Shareholders ("**Registered Shareholders**") may also use the internet at www.investorvote.com to transmit their voting instructions.

Unless otherwise stated, the information contained in this Information Circular is as of May 3, 2017.

Notice-And-Access

The Canadian Securities Administrators have adopted amendments to NI 54-101, which allow for the use of the "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 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.

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 Depositary 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.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to Registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. 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.**

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. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

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 Circular and the accompanying Instrument of Proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

Revocability of Proxy

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

(a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered Shareholder or the registered Shareholder's authorized attorney in writing, or, if the registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia) before the Meeting or the adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or

(b) personally attending the Meeting and voting the registered Shareholder's Common Shares.

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

Exercise of Discretion by Proxy

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

(a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors; and

(b) any amendment to or variation of any matter identified therein.

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

At the time of printing of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who choose to submit a proxy may do so by completing, dating and signing the Instrument of Proxy and returning it to the Corporation's transfer agent, Computershare, by fax at 1 (866) 249-7775, or by mail or by hand to c/o Proxy Department. Registered Shareholders may also use the Internet at www.investorvote.com to transmit their voting instructions.

The proxy must be received at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia) before the Meeting or the adjournment thereof at which the proxy is to be used. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Board at its discretion without notice.

All references to Shareholders in this Circular and the Instrument of Proxy and Notice are to Registered Shareholders, unless specifically stated otherwise.

FORWARD-LOOKING STATEMENTS

This Circular, and the appendices and schedules attached hereto, contain certain statements or disclosures that may constitute forward-looking statements of information ("**Forward-Looking Statements**") under applicable securities laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that management of the Corporation anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking statements. In some cases, forward-looking statements can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate" or other comparable terminology.

Forward-Looking Statements presented in such statements or disclosures may, among other things, relate to: the structure, terms, steps, timing and effects of the Proposed Transactions (as defined herein under the heading *Matters to be Considered at the Meeting – 8. The Proposed Transactions*) including the anticipated benefits resulting from the Proposed Transaction; the review and approval of the Proposed Transaction by the NEX board of the TSX Venture Exchange and/or other regulatory bodies; and the Corporation's business outlook.

Various assumptions or factors are applied in drawing conclusions or making the forecasts or projections set out in Forward-Looking Statements. Those assumptions and factors are based on information currently available to the Corporation, including information obtained from third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Circular in connection with the statements or disclosure containing the Forward-Looking Statements. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- the approval of the Proposed Transactions by Shareholders;
- the receipt of all regulatory approvals and all other third party consents to complete the Proposed Transactions;
- no unforeseen changes in the legislative and operating framework for the business of the Corporation;
- no significant adverse changes in economic conditions that influence the value of the Corporation's oil and gas interests;
- no significant adverse changes in economic conditions that influence the Corporation's financial and reclamation obligations associated with the Corporation's oil and gas interests; and
- realization of the anticipated benefits of the Proposed Transactions.

The Forward-Looking Statements in this Circular are based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Corporation to differ materially from those contemplated (whether expressly or by implication) in the Forward-Looking Statements. Those factors are based on information currently available to the Corporation, including information obtained from third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking statements include, among other things:

- the failure to source and complete the Proposed Transactions and matters ancillary thereto;
- the risks that the Proposed Transactions will not receive all requisite shareholder and applicable regulatory approvals;
- the failure to realize the anticipated benefits of the Proposed Transactions;
- industry conditions and the risks associated with legislative and regulatory developments that may affect costs;
- marketability of Corporation's oil and gas interests;
- valuation of the Corporation's financial and reclamation obligations; and
- effective operation management.

The Forward-Looking Statements contained in this analysis are expressly qualified by this cautionary statement. All Forward-Looking Statements are made as of the date of this Circular. Subject to the Corporation's obligations under applicable securities laws, the Corporation is not under any duty to update any of the Forward-Looking Statements after the date of this Circular to conform such statements to actual results or to changes in the Corporation's expectations.

Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on Forward-Looking Statements or disclosures. The foregoing statements expressly qualify any Forward-Looking Statements contained herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value. As at the date hereof, there are 9,961,965 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one (1) vote on all matters to be acted upon at the Meeting. The record date for the determination of Shareholders entitled to receive notice of the Meeting has been fixed as the close of business on the Record Date. All Shareholders are entitled either to attend and vote at the Meeting in person the Common Shares held by them or, provided a completed and executed proxy has been delivered to the Corporation's transfer agent, Computershare, within the time specified in the attached Notice of Meeting, to attend and vote at the Meeting by proxy, the Common Shares held by them.

Registered holders of Common Shares of record as at the close of business on the Record Date are entitled to vote such Common Shares at the Meeting on the basis of one (1) vote for each Common Share held except to the extent that: (i) such Shareholder transfers his, her or its shares after the close of business on the Record Date; and (ii) such transferee, at least ten (10) days prior to the Meeting, produces properly endorsed share certificates to the secretary or transfer agent of the Corporation or otherwise establishes his, her or its ownership of the Common Shares, in which case the transferee may vote those Common Shares at the Meeting.

The by-laws of the Corporation provide that the quorum for the transaction of business at any meeting of the Shareholders shall consist of at least two (2) persons present in person or by proxy, being Shareholders entitled to vote thereat or a duly appointed proxy holder or representative for a shareholder so entitled and holding or representing by proxy not less than five percent (5%) of the outstanding Common Shares entitled to vote at such meeting.

To the knowledge of the Board and the executive officers of the Corporation based on publicly available records and previously provided information, as at the Record Date, no person, firm or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation except as set forth in the following table:

Name of Shareholder	Number of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly	Percentage of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly[(1)]
Ted J. Fostey Calgary, Alberta	3,411,146	34.24%
Brian E. Bayley Vancouver, British Columbia	1,580,525	15.86%
A. Murray Sinclair Vancouver, British Columbia	1,219,235	12.23%

Note:

(1) Percentage of the Common Shares beneficially owned, controlled or directed is calculated on an aggregate of 9,961,965 Common Shares outstanding as of the date of this Circular.

MATTERS TO BE CONSIDERED AT THE MEETING

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

1. Financial Statements

The audited financial statements of the Corporation for the year ended December 31, 2016, the auditor's report thereon and management's discussion and analysis ("**Financial Statements**") will be tabled at the Meeting. A copy of the Financial Statements are available at the request of Shareholders. No formal action will be taken at the Meeting to approve the Financial Statements. If Shareholders have questions respecting the Financial Statements, the questions will be addressed during the "Other Business" portion of the Meeting.

2. Fixing the Number of Directors

At the Meeting, it will be proposed that four (4) directors be elected to hold office for the next ensuing year, subject to the provisions of the articles of the Corporation relating to subsequent appointments by the Board. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the number of directors to be elected until the next annual meeting of shareholders, subject to the articles of the Corporation relating to subsequent appointments by the Board, at four (4) members**.**

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the fixing of the number of directors is as follows:

"**BE IT HEREBY RESOLVED** as an ordinary resolution of the Corporation that:

1. the number of directors to be elected at the Meeting for the ensuing year or otherwise as authorized by the shareholders of the Corporation be and is hereby fixed at four (4).

2. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders in the Instrument of Proxy and VIF, intend to vote such proxies in favour of a resolution fixing the number of directors to be elected at the Meeting at four (4).

3. Election of Directors

The Corporation currently has four (4) directors, all of whom are being nominated for re-election.

Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote for the election of the persons named in the following table to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his Instrument of Proxy that his Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the ABCA to which the Corporation is subject.

Unless otherwise directed the Management Designees, if named as proxyholders in the Instrument of Proxy, intend to vote such proxies in favour of the election of the nominees identified below as directors of the Corporation.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, his municipality of residence, all positions and offices with the Corporation presently held by him, principal occupation at the present and during the preceding five years, his membership on any Board committee, and the number of voting Common Shares that he has advised are beneficially owned by him, or over which control or direction is exercised, directly or indirectly, as of the date hereof:

Name, Municipality. Province and Country of Residence	Position With the Corporation	Director Since	Principal Occupation for the Past Five Years	Number of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly[1]
Ted J. Fostey Alberta, Canada	President, Chief Executive Officer and Director	May 1, 2003	President of JDL Capital Canada Ltd. (private holding and consulting company).	3,411,146[3]
Brian E. Bayley[2] British Columbia, Canada	Director	March 21, 1996	President of Earlston Management Corp., a private management company since December 1996.	1,580,525
Timothy Collins[2] Colorado, United States of America	Director	January 19, 1998	Owner/Manager of Collins Land & Cattle Company LLC and Collins Mountain Ranch LLC. Previously, Mr. Collins was the President and CEO of Blacksand Energy Inc., President of Blacksand Energy LLC and President of the General Partner for Blacksand Partners LP.	Nil
Michael A. Thackray, Q.C.[2] Alberta, Canada	Director	July 17, 2003	Barrister & Solicitor, practising primarily in the area of oil and gas law as a Senior Partner of McMillan LLP (law firm).	37,550

Notes:

(1) The nominees for director do not hold any stock options to acquire Common Shares as of the date hereof.

(2) Member of the Audit Committee which is required pursuant to the ABCA.

(3) Includes 2,363,895 Common Shares owned by JDL Capital Canada Ltd., a private company wholly-owned by Mr. Fostey.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, to the knowledge of management of the Corporation no proposed director of the Corporation:

i. is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that:

   1. was subject to a cease trade order, or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

   2. was subject to a cease trade order, or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

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

iii. has (including with respect to any personal holding companies), within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

<u>American Natural Energy Corp.</u>

Brian E. Bayley was a director of American Natural Energy Corp. (TSX-V listed) from June 15, 2001 to November 30, 2010 which was issued a cease trading order by the British Columbia Securities Commission in July 2007, Autorité des marchés financiers de Québec in August 2007, Ontario Securities Commission in August, 2007, Alberta Securities Commission in November 2007 and Manitoba Securities Commission in March 2008 for failing to file financial statements and MD&A. The orders were rescinded on October 29, 2008 when it filed the financial statements and MD&A.

<u>Piper Resources Ltd. (Non-listed Reporting Issuer)</u>

Michael A. Thackray was a director of Piper Resources Ltd. ("**Piper"**) from December 4, 2007 until he resigned effective August 14, 2008. On February 17, 2008, Piper was granted protection under the Companies Creditors' Arrangement Act (Canada) (the "**CCAA**") by an order from the Alberta Court of Queen's Bench which stayed its creditors from enforcing their rights until March 17, 2008 (by subsequent Court orders, now June 15, 2008). The CCAA protection was sought and obtained by Piper as a result of the demand by Piper's principal secured creditor for repayment of its loan on or before February 28, 2008. Mr. Thackray agreed to assume a position on Piper's board in full knowledge of the repayment demand and so as to fill a vacancy created upon the resignation of the principal secured creditor's nominee director on Piper's board. Piper is not currently subject to any cease trade order.

The above information has been furnished by the respective proposed directors individually.

Penalties or Sanctions

None of those persons who are proposed directors of the Corporation (or any personal holding companies) 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.

4. Appointment of Auditor

Management of the Corporation intends to nominate Davidson & Company LLP, Chartered Professional Accountants, Vancouver, British Columbia for re-appointment as the auditor of the Corporation at a remuneration to be approved by the Board and to hold such office until the next annual meeting of the Corporation. Davidson & Company LLP has served as auditor of the Corporation since November 14, 2013.

The resolutions appointing Davidson & Company LLP as auditors of the Corporation must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders in the Instrument of Proxy or VIF, intend to vote in favour of a resolution appointing Davidson & Company LLP, Chartered Professional Accountants, as auditor for the Corporation for the next ensuing year.

5. Approval of Stock Option Plan

Pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"), listed issuers are permitted to have "rolling" stock option plans reserving a maximum of 10% of the issued shares of the Corporation at the time of the stock option grant. Pursuant to the policies of the Exchange, such stock option plans must be approved annually by the shareholders of the listed issuer.

The stock option plan of the Corporation (the "**Stock Option Plan**") is considered to be a "rolling" stock option plan and, pursuant to the policies of the Exchange, the Stock Option Plan must be approved annually by the Shareholders. That approval is being sought at the Meeting and accordingly the Shareholders will be asked to consider and, if thought appropriate, approve an ordinary resolution approving the Stock Option Plan for the ensuing year. A copy of the Stock Option Plan is attached to this Circular as Exhibit "A".

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares ("**Options**"), provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Such Options will be exercisable for a period of up to 10 years from the date of grant, pursuant to the policies of the Exchange. In connection with the foregoing, the number of Common Shares reserved for issuance to any one person in any twelve month period will not exceed five percent (5%) of the issued and outstanding Common Shares unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements. In addition: (i) the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares; and (ii) the number of Common Shares reserved for issuance to persons providing investor relations activities will not exceed two percent (2%) of the issued and outstanding Common Shares. Options must be exercised within a reasonable period following cessation of the optionee's position with the Corporation, provided that if the cessation was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option.

The exercise price of the Options shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the "Discounted Market Price" (as such term is defined in Exchange policies). Subject to any vesting restrictions imposed by the Exchange, 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.

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

"**BE IT RESOLVED** as an ordinary resolution of shareholders of the Corporation that:

1. the stock option plan (the "**Stock Option Plan**") of the Corporation, in substantially the form as attached as Exhibit "A" to the management information circular of the Corporation dated May 3, 2017, is hereby ratified and approved as the stock option plan of the Corporation;

2. the Stock Option Plan may be amended by the board of directors, in its sole discretion, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval from the shareholders of the Corporation;

3. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast at the Meeting by Shareholders voting in person or by proxy. **Unless otherwise directed, the Management Designees, if named as proxyholders in the Instrument of Proxy or VIF, intend to vote in favour of the Stock Option Plan for the ensuing year.**

6. Name Change

At the Meeting, the Shareholders will be asked to approve the change of the Corporation's name to "Tanner Ventures Inc." or such other name as the Board may approve and the NEX board of the Exchange may accept (the "**Name Change**"). The Board has determined that a corporate name change may be necessary to more accurately reflect the Corporation's future business, once determined. Even if approved by the Shareholders, the Board may decide not to proceed with the Name Change.

The following is the text of the Name Change resolution which will be put forward for approval at the Meeting:

"**BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

(a) the Corporation's articles of incorporation be amended to change the name of the Corporation to "Tanner Ventures Inc." or such other name as the Corporation's board of directors may approve and the NEX board of the TSX Venture Exchange may accept;

(b) any one director or officer of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all documents and instruments and to take such other actions as such individual may determine to be necessary or desirable to implement this special resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions; and

(c) the Corporation's board of directors may, in its sole discretion, revoke this special resolution before it is acted upon without further approval of the shareholders of the Corporation."

In order to be passed, the foregoing resolution must be approved by not less than 66⅔% of the votes cast by Shareholders who vote in person or by proxy at the Meeting.

Unless otherwise directed, the Management Designees, if named as proxyholders in the Instrument of Proxy or VIF, intend to vote in favour of this special resolution.

7. Consolidation

At the Meeting, Shareholders will be asked to approve the consolidation of the Common Shares on the basis of one (1) new common share of the Corporation for up to a maximum of every five (5) Common Shares held (the "**Consolidation**"). For clarity, any reference in this section (or the Circular) to Common Shares is a reference to common shares of the Corporation on a pre-Consolidated basis and any reference to common shares is a reference to common shares of the Corporation on a post-Consolidated basis.

Currently there are 9,961,965 Common Shares issued and outstanding. Upon the Consolidation becoming effective, if completed based on the maximum proposed ratio of five (5) into (1), there will be approximately 1,992,393 common shares in the capital of the Corporation issued and outstanding. The ratio of (post-Consolidation) common shares of the Corporation issued in exchange for (pre-Consolidation) Common Shares will be determined by the Board. Any fractional common shares of the Corporation arising upon the Consolidation will be converted into one whole common share. Even if approved by the Shareholders, the Board may decide not to proceed with the Consolidation.

The Consolidation will not materially affect any Shareholders' percentage ownership in the Corporation, although such ownership will be represented by a smaller number of post-Consolidation Common Shares. The Consolidation will lead to an increase in the number of Shareholders who will hold "odd lots"; that is, a number of shares not evenly divisible into board lots (a board lot is 100, 500, or 1,000 shares, depending on the price of the shares). As a general rule, the cost to Shareholders transferring an odd lot of Common Shares is somewhat higher than the cost of transferring a "board lot". Nonetheless, the Board believes the Consolidation is in the best interest of all Shareholders despite the potential increased cost to Shareholders in transferring odd lots of post-Consolidation Common Shares.

The Board has concluded that the Consolidation is in the best interests of the Shareholders as it will better position the Corporation to obtain financing and pursue acquisition opportunities.

The Consolidation is conditional upon the Corporation obtaining final approval of the NEX board of the Exchange. In order to receive approval from the NEX Board of the Exchange, the Corporation must submit certain documentation including a new CUSIP number for the post-Consolidation Common Shares, a new form of share certificate and confirmation that the Corporation will meet the requirements of the NEX board of the Exchange relating to distribution. The Corporation expects to meet these requirements but, in the event that it does not meet them or receive final approval of the NEX board of the Exchange, the Corporation would not proceed with the Consolidation. The Consolidation resolution authorizes the Board not to proceed with the Consolidation, without further approval of the Shareholders, at any time.

If the Consolidation is approved, the Corporation will issue a press release announcing its implementation. At that time, registered Shareholders will be required to surrender their share certificates representing (pre-Consolidation) Common Shares in exchange for new certificates representing (post-Consolidation) common shares of the Corporation. To facilitate that exchange, a letter of transmittal will be sent to registered Shareholders. Following the return of a properly completed and executed letter of transmittal, together with the original share certificate for the (pre-consolidation) Common Shares, the certificates for the appropriate number of (post-Consolidation) common shares will be issued. Shareholders who do not hold their Common Shares in their own name, such as Shareholders holding Common Shares in a brokerage account, will not need to submit a letter of transmittal. Such Shareholders should contact their broker or agent if they have any questions concerning the Consolidation.

The following is the text of the Consolidation resolution which will be put forward for approval at the Meeting:

"**BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

1. the Corporation's authorized share structure be altered by consolidating all of the issued and outstanding common shares in the capital of the Corporation on the basis of one (1) new common share of the Corporation for up to a maximum of every five (5) old common shares of the Corporation, the final ratio to be determined by the board of directors of the Corporation, and the articles of incorporation of the Corporation be amended accordingly;

2. no fractional Common Shares shall be issued in connection with the Consolidation. Where the Consolidation would otherwise result in a shareholder of the Corporation being entitled to a fractional Common Share, the number of post-Consolidation Common Shares issued to such Shareholder shall be rounded up to the next greater whole number of Common Shares;

3. any one director or officer of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all documents and instruments and to take such other actions as such individual may determine to be necessary or desirable to implement this special resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions; and

4. the Corporation's board of directors may, in its sole discretion, revoke this special resolution before it is acted upon without further approval of the shareholders of the Corporation."

The requisite regulatory approvals for the Consolidation, including the approvals of the NEX board of the Exchange, will not be sought by the Corporation until after the Board decides to implement the Consolidation resolution. There can be no assurance that the applicable NEX board of the Exchange approvals will be obtained.

In order to be passed, the foregoing resolution must be approved by not less than 66⅔% of the votes cast by Shareholders who vote in person or by proxy at the Meeting.

Unless otherwise directed, the Management Designees, if named as proxyholders in the Instrument of Proxy or VIF, intend to vote in favour of this special resolution.

8. The Proposed Transactions

As part of the Board's commitment to its shareholders, it continues to pursue business opportunities. Due to the current economic downturn in the oil and gas sector, it has become apparent that in order to attract a wider audience of potential investors and opportunities outside of the oil and gas sector, it will be necessary to reduce its financial and reclamation obligations associated with its remaining oil and gas property interests. The Corporation has initiated discussions with some of its creditors which, if successful, may result in a settlement of its financial obligations, which include accounts payable in the amount of $94,292 and decommissioning liabilities in the amount of $57,739, as more particularly described in the Corporation's consolidated financial statements for the years ended December 31, 2016 and 2015, in exchange for certain of its property interests and other consideration (the "**Proposed Transactions**"). It is not expected that the value of all of the Corporation's oil and gas assets, if sold, would likely result in proceeds greater than the existing liabilities of the Corporation. By accomplishing this, the Board hopes to be in a better position to obtain financing and attract new business opportunities.

In order to settle the above mentioned financial obligations, the Corporation may be required to sell property interests which constitute a sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business. Such sale of Section 190 of the ABCA requires that under these circumstances the Proposed Transactions must be approved by at least 66⅔% of the votes cast by shareholders present in person or represented by proxy at the Meeting.

For greater certainty, the Proposed Transactions resolution authorizes the Board, without further notice to, or the approval of the shareholders, to negotiate and proceed with a Proposed Transactions.

Dissent Rights

Registered shareholders have the right to dissent with respect to the Proposed Transactions resolution and, if the Proposed Transactions are completed, to be paid by the Corporation the fair value of all of their Common Shares in accordance with the procedures established under Section 191 of the ABCA, which has been reproduced in Appendix "D" to this Information Circular.

Section 191 of the ABCA requires that a registered shareholder who has validly exercised its dissent rights (a **"Dissenting Shareholder"**) pursuant to section 191 of the ABCA in respect of the Proposed Transactions resolution (the "**Dissent Rights**") and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such

Dissenting Shareholder, send to the Corporation a written objection to the Proposed Transactions resolution, at or prior to the commencement of the Meeting or any adjournment thereof. A vote against the Proposed Transactions resolution, an abstention from voting thereon or the execution or exercise of a proxy does not constitute a written objection. A shareholder will not be entitled to Dissent Rights in respect of Common Shares held by him or her if such shareholder votes (or instructs his or her proxy holder to vote) any Common Shares in favour of the Proposed Transactions resolution.

Beneficial Shareholders who wish to dissent should be aware that only registered shareholders are entitled to dissent. Accordingly, a Beneficial Shareholder desiring to exercise his, her or its right to dissent must make arrangements for the Common Shares beneficially owned by such person to be re-registered in his, her or its name prior to the time the written objection to the Proposed Transactions resolution is required to be received by the Corporation, or, alternatively, make arrangements for the registered holder of his, her or its Common Shares to dissent on his, her or its behalf. See Exhibit "C" to this Circular for the full text of Section 191 of the ABCA.

Under the ABCA, an application by the Corporation or by a Dissenting Shareholder, if he or she has sent a valid objection to the Corporation, may be made to the Court of Queen's Bench of Alberta (the "**Alberta Court**") by way of an originating notice, after the approval of the Proposed Transactions resolution, to fix the fair value of Dissenting Shareholder's Common Shares. The fair value is to be determined as of the close of business on the last business day before the date on which the Proposed Transactions resolution was adopted. If an application is made to the Alberta Court, the Corporation shall, unless the Alberta Court otherwise orders, send to each Dissenting Shareholder at least ten (10) days before the date on which the application is returnable, if the Corporation is the applicant, or within ten (10) days after the Corporation is served with a copy of the originating notice if the Dissenting Shareholder is the applicant, a written offer to pay an amount considered by the Board to be the fair value of the Dissenting Shareholder's Common Shares. Every such offer is to be made on the same terms to each Dissenting Shareholder and contain or be accompanied by a statement showing how the fair value of the Common Shares was determined.

Upon the occurrence of the earliest of: (i) the effective date of the Proposed Transactions; (ii) an agreement between a Dissenting Shareholder and either the Corporation as to the payment to be made for the Dissenting Shareholder's Common Shares; or (iii) a pronouncement of the Alberta Court fixing the fair value of the Dissenting Shareholders' Common Shares, a Dissenting Shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value for his, her or its Common Shares in the amount agreed to between the Corporation, and the Dissenting Shareholder, or in the amount fixed by the Alberta Court, as the case may be. Until one of these events occurs, a Dissenting Shareholder may withdraw his or her dissent notice, or the Corporation may rescind the Proposed Transactions resolution and, in either event, the dissent and appraisal proceedings in respect of such Dissenting Shareholder shall be discontinued.

In order to be effective, a written notice of objection to the Proposed Transactions resolution must be received by the CEO of the Corporation, at Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, prior to the commencement of the Meeting, or at the Meeting. The foregoing is only a summary of the dissent provisions of the ABCA, which are technical and complex, and failure to comply strictly with the provisions of the ABCA may prejudice the exercise of the right of dissent. Any shareholder considering the exercise of the right of dissent should seek his or her own legal advice, including with respect to the tax consequences of exercising the right of dissent which are not described herein.

Recommendation of the Proposed Transactions resolution

The Board has carefully reviewed and considered the financial and market position of the Corporation. Based on the foregoing and after considering, among other things, the reasons set forth above the Board determined that pursuing and completing the Proposed Transactions is fair to shareholders and in the best interests of the Corporation and the shareholders, and recommends that shareholders vote in favour of the Proposed Transactions resolution.

Proposed Transactions resolution

The following is the text of the Special Resolution which will be put forward for approval at the Meeting:

"**BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

1. the consummation, including all matters related to the sourcing, negotiation and completion of the Proposed Transactions, as defined in the management information circular (the "**Circular**") of Cypress Hills Resource Corp. (the "**Corporation**") dated May 3, 2017, which may constitute the effective sale or exchange of all or substantially all of the assets of the Corporation, all as more particularly described in Circular, be and is hereby authorized and approved;

2. any one director or officer of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all documents and instruments and to take such other actions as such individual may determine to be necessary or desirable to implement this special resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions; and

3. the Corporation's board of directors may, in its sole discretion, revoke this special resolution before it is acted upon without further approval of the shareholders of the Corporation."

The requisite regulatory approvals for the Proposed Transactions, including the approvals of the NEX board of the Exchange, will not be sought by the Corporation until after the Board decides to implement the Proposed Transactions resolution. There can be no assurance that the applicable regulatory approvals will be obtained.

In order to be passed, the foregoing resolution must be approved by not less than 66⅔% of the votes cast by Shareholders who vote in person or by proxy at the Meeting.

Unless otherwise directed, the Management Designees, if named as proxyholders in the Instrument of Proxy or VIF, intend to vote in favour of this special resolution.

OTHER MATTERS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the Instrument of Proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Compensation Objectives and Process

The Board is responsible for reviewing and setting executive and director compensation. The Board, in arriving at its compensation decisions, considers the long term interest of the Corporation and its stakeholders, and its historical and current stage of development.

The Corporation is actively seeking opportunities to acquire or participate in new assets or businesses, and the Board has decided that until the Corporation completes an acquisition (an "**Acquisition**"), no compensation will be provided to the Corporation's directors or officers, other than by way of stock options issued pursuant to the Stock Option Plan. The objective and purpose of any stock option reward is to encourage the Corporation's officers and directors to find an Acquisition that is in the best interests of the Shareholders. However, in the future, the Board may decide that, prior to completing an Acquisition, the Corporation should pay compensation to its directors or executive officers other than solely by way of stock options.

No compensation whatsoever was paid or granted to the directors and officers of the Corporation during the most recently completed financial year.

Risks of Compensation Policies and Practices

The Corporation's compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Board noted the following facts that discourage the Corporation's executives from taking unnecessary or excessive risk:

- the Corporation's operating strategy and related compensation philosophy;
- the effective balance, in each case, between cash and equity mix, near-term and long-term focus, corporate and individual performance, and financial and non-financial performance; and
- the Corporation's approach to performance evaluation and compensation provides greater rewards to an executive officer achieving both near-term and long-term agreed upon objectives.

Based on this review, and given that no compensation whatsoever was paid or granted to the directors and officers of the Corporation during the most recently completed financial year, the Board believes that the Corporation's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

Role of Executive Officers in Compensation Decisions

With respect to the grant of Options, the Chief Executive Officer recommends to the Board the individual equity incentive awards for each executive officer and director. The Board then takes these recommendations into consideration when making final decisions on compensation for those executive officers. The Board does not use formulas for each grant, but is restricted by the policies of the Exchange and the Stock Option Plan in how many Options it may grant. Options under the Stock Option Plan are awarded based upon the level of responsibility and contribution of the individuals towards the Corporation's goals and objectives. See *"Incentive plan Awards – The Stock Option Plan*" below, for a detailed description of the Stock Option Plan. Previous grants of Options to a particular individual will be taken into account when considering future grants of Options to that particular individual. At this time, none of the directors or executive officers of the Corporation have been awarded any Options.

Financial Instruments

The Corporation has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

Elements of Compensation

The executive compensation program is comprised of three principal components: base salaries, a bonus plan and a stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives.

Base Salaries

The Corporation completed a re-organization and financing in 2013 and continues to look for a new investment opportunities. In May 2014, the Corporation was transferred to the NEX board of the TSX Venture Exchange. Until such time as a new investment opportunity is identified and a transaction completed, it was decided that it was in the best interest of the Corporation to discontinue the payment of salaries. Ted Fostey, President and Chief Executive Officer, terminated his contract in January 2013 and receives no compensation from the Corporation at this time. John Downes, Chief Financial Officer, also does not receive any compensation from the Corporation at this time.

Historically, executive officers were paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The payment of base salaries is an important component of the Corporation's compensation program and serves to attract and retain qualified individuals. The base salaries for the executive officers are reviewed annually by the Board and are determined by considering the contributions made by the executive officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities and publicly available salary data. Salaries of the executive officers are not determined based on benchmarks or a specific formula.

Bonus Plan

The Board approves bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. Bonuses also serve as a retention incentive for executive officers so that they remain in the employ of the Corporation. The payment of bonuses is consistent with the overall objective of the Corporation to reward performance. Bonuses were not awarded for 2016.

Compensation Governance

The policies and practices adopted by the Board to determine the compensation of the Corporation's executive officers and directors is described under "*Compensation of Executive Officers and Directors – Compensation Discussion and Analysis*".

The Board has determined that due to the size and stage of development of the Corporation, all compensation matters would be reviewed by the Board and the Board has the authority to retain independent advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities.

The Board reviews succession plans for key management positions within the Corporation, human resources policies and plans and the performance and development of the Chief Executive Officer. The Board reviews and recommends the compensation philosophy, guidelines and plans for the Corporation's employees and executives. In consultation with the Chief Executive Officer, the Board also approves the Corporation's compensation plans, including stock options, incentives, bonuses and benefit plans, for the executive team including the Chief Executive Officer.

Benefit, Contribution, Pension, Retirement, Deferred Compensation and Actuarial Plans

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers (as defined below) or directors of the Corporation.

Share-Based and Non-Equity Incentive Plan Compensation

The Corporation has not at any time granted any share-based awards nor has it provided any awards pursuant to a non-equity incentive plan.

Termination and Change of Control Benefits

The Corporation does not have in place any employment contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer (as defined below) at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in an Named Executive Officers' responsibilities.

Compensation of Consultants or Advisors

During the year, the Board did not retain an independent compensation consultant or advisor to assist in determining the compensation for the Corporation's directors and executive officers.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth the information required under *Form 51-102F6V-Statement of Executive Compensation-Venture Issuers* (the "**Form 51-102F6V**"), regarding all compensation paid, payable, granted or otherwise provided during the two most recently completed financial years of the Corporation, to all persons acting as directors or as "**Named Executive Officers**", as this expression is defined in Form 51-102F6V, for the last two financial years ended December 31, 2016 and December 31, 2015.

"**Named Executive Officer**" or "**NEO**" means each of the following individuals:

(a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year;

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year;

The following table provides compensation information for the past two financial years in accordance with Form 51-102F6V in respect of Ted J. Fostey, President and Chief Executive Officer and John Downes, current Chief Financial Officer, being the Named Executive Officers of the Corporation, and the directors. As at the date hereof, Mr. Fostey and Mr. Downes have not received any salary, share-based awards, non-equity incentive plan compensation, pension value or other compensation other than option-based awards.

TABLE OF COMPENSATION, EXCLUDING COMPENSATION SECURITIES							
Name and Position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Ted J. Fostey President, CEO and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
John Downes Chief Financial Officer	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Brian E. Bayley Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Timothy Collins Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Michael Thackray Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any Named Executive Officers or directors by the Corporation in the financial year ended December 31, 2016 for services provided or to be provided, directly or indirectly, to the Corporation, as disclosed in the following table:

COMPENSATION SECURITIES							
Name and position	**Type of compensation security**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
Ted J. Fostey President, CEO and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
John Downes Chief Financial Officer	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Brian E. Bayley Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Timothy Collins Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Michael Thackray Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

No compensation securities were exercised by the Named Executive Officers and the directors during the financial year ended December 31, 2016, as disclosed in the following table:

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEO'S							
Name and position	**Type of compensation security**	**Number of underlying securities exercised**	**Exercise price per security ($)**	**Date of exercise**	**Closing price per security on date of exercise ($)**	**Difference between exercise price and closing price on date of exercise ($)**	**Total value on exercise date ($)**
Ted J. Fostey President, CEO and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Downes Chief Financial Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brian E. Bayley Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Timothy Collins Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Michael Thackray Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Incentive Plan Awards

The Stock Option Plan

The Corporation established the Stock Option Plan for its directors, officers, employees, and consultants, a copy of which is attached hereto as Exhibit "A." The number of authorized but unissued Common Shares that may be subject to options granted to optionees under the Stock Option Plan shall not exceed 10% of the Common Shares issued and outstanding at the date of grant. Rolling 10% stock option plans such as the Stock Option Plan require annual shareholder approval.

The purpose of the Stock Option Plan is to provide directors, officers, employees and consultants of the Corporation with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation provides an incentive to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all Shareholders and increasing the ability of the Corporation to attract and retain persons of experience by aligning the interests of executives and employees with the growth and profitability of the Corporation. The longer-term focus of the Stock Option Plan complements and balances the short-term elements of the compensation program of the Corporation.

The Stock Option Plan is administered by the Board and all decisions and interpretations of the Board respecting the Stock Option Plan or stock options granted thereunder shall be conclusive and binding on the Corporation and on the optionees. The Board may, at any time and from time to time, grant options under the Stock Option Plan on terms and conditions to be determined by the Board from time to time, subject to the conditions contained in the Stock Option Plan and subject to the policies of the Exchange.

The exercise price of the stock options shall be fixed by the Board at the date of grant, provided that such price shall not be less than that permitted by any stock exchange upon which the Common Shares are then listed and posted for trading. The maximum for which stock options may be exercisable is five years, but such term may be shortened by the Board in any stock option agreement, and all stock options will be subject to early termination in accordance with the provisions of the Plan relating to the cessation of the optionee as a director, officer, employee or consultant, either due to termination of employment or due to death or permanent disability. The aggregate number of Common Shares reserved for issuance pursuant to stock options granted to any one individual in any 12 month period may not exceed five percent of the issued and outstanding Common Shares at the date of grant. The aggregate number of Common Shares reserved for issuance pursuant to stock options granted to any one consultant or granted to employees conducting investor relations activities in any 12 month period may not exceed two percent of the issued and outstanding Common Shares at the date of grant. In addition, the issuance to any one insider and such insider's associates pursuant to the Stock Option Plan and other share compensation arrangements within a 12 month period may not exceed five percent of the outstanding Common Shares at the date of grant.

During the year ended December 31, 2016, the Corporation did not grant any options under the Stock Option Plan pursuant to which Common Shares are issuable; and (ii) there remains for issuance 996,196 Common Shares under the Stock Option Plan, representing 10% of the currently outstanding Common Shares.

Option-Based Awards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Chief Executive Officer from time to time. Option awards are determined based on the factors described above under the heading "Stock Option Plan".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Corporation's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

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 herein)
Equity Compensation plans approved by securityholders	Nil	N/A	996,196
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil	NA	996,196

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or proposed director of the Corporation or any associate of the foregoing is, or at any time since the beginning of the Corporation's most recently completed financial year has been, indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, the Corporation is not aware of any material transaction involving any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any of informed person or proposed director.

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.

For the purposes of the above, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the company other than voting securities held by the person or Corporation as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

CORPORATE SERVICES AGREEMENT

The Corporation has entered into a corporate services agreement dated effective June 1, 2013 (the "**Corporate Services Agreement**") with Earlston Management Corp. ("**Earlston Management**"), whereby Earlston Management provides to the Corporation various administrative and related corporate services.

Earlston Management is a private company owned by Earlston Investments Corp., a British Columbia corporation. None of the persons who were directors or executive officers of the Corporation or a subsidiary of the Corporation at any time during the Corporation's last financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in Earlston Management or Earlston Investments Corp., other than Brian E. Bayley, a director of the Corporation, who is also a director and officer of Earlston Management and a director and shareholder of Earlston Investments Corp. and John Downes, Chief Financial Officer of the Corporation, who is also an officer of Earlston Management and Earlston Investments Corp.

The term of the Corporate Services Agreement commenced on June 1, 2013 and will be in force for two years from the date thereof, with automatic renewal on an annual basis, unless notice is given by either party prior to sixty days of the annual anniversary date of the Corporate Services Agreement, and is subject to earlier termination in certain circumstances, which include: (i) written notice to the other party of termination if the other party (the "Defaulting Party") is in default of any covenant, condition or requirement under the Corporate Services Agreement and the Defaulting Party has not remedied such default within ten business days of receipt of notice of such default; (ii) by written notice to the other party if the other party becomes insolvent, is unable to discharge its obligations as they become due, makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed against it; or (iii) by two months' written notice to the other party.

Under the terms of the Corporate Services Agreement, the Corporation paid to Earlston Management a fee of $1,500 per month. The Corporate Services Agreement provides a mechanism for Earlston Management to change its fee in the event that services required by the Corporation differ than those provided for currently under the Corporate Services Agreement. Pursuant to the Corporate Services Agreement, Earlston Management is reimbursed for all reasonable expenses incurred in the performance of its services.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), sets out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers).*

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSX-V for effective corporate governance, including National Policy 58-201 – *Corporate Governance Guidelines*. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Board of Directors

The Board is currently composed of four members of which the Board considers Brian E. Bayley, Timothy Collins and Michael Thackray independent as such term is defined by NI 58-101. The Board considers that Ted J. Fostey, President and Chief Executive Officer, is not independent as he is an executive officer of the Corporation. The Board approves all significant decisions that affect the Corporation before they are implemented and the Board supervises their implementation and reviews the results.

The Board is actively involved in the Corporation's strategic planning process. The Board discusses and reviews all materials relating to strategic and operating plans with management. The Board is responsible for reviewing and approving strategic and operating plans and budgets. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board is also responsible for selecting the President and appointing senior management and for monitoring their performance. The Board delegates to management responsibility for, among other things, meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation's business, evaluating new business opportunities and complying with applicable regulatory requirements.

The Board periodically reviews the Corporation's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems. The Board also monitors the Corporation's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

Other Public Company Directorships

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

Name of Director	Name of Reporting Issuer	Exchange
Brian E. Bayley	American Vanadium Corp.	TSXV
	Eurasian Minerals Inc.	TSXV
	Kramer Capital Corp.	NEX
	Legend Gold Corp.	TSXV
	TransAlantic Petroleum Corp.	TSX

Orientation and Continuing Education of Board Members

The Corporation does not currently have any formal orientation and education programs for new directors as the changes in Board membership have been limited. The Board briefs all new directors on the corporate policies of the Corporation and other relevant corporate and business information. Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars. If there is a change in the number of directors required by the Corporation, this policy will be reviewed.

Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board consults regularly with legal, accounting and auditing advisors to ensure compliance with all applicable legal, accounting and other applicable regulatory requirements. The Board has an Audit Committee Charter regarding the collection and dissemination of accounting information, and a Whistleblower Policy with respect to reporting accounting and auditing irregularities. The Board believes that the Corporation has in place corporate governance practices that are both effective and appropriate to the Corporation's size and its business operations. Because of its size and composition, the Board does not find it necessary to appoint many committees or to have in place many formal processes in order to ensure effective corporate governance. For these reasons the Board has not adopted a formal Code of Conduct.

Nomination of Directors

The Board as a whole remains responsible for nominating new members of the Board and assessing members of the Board on an on-going basis. If it becomes necessary, a nomination committee will be created which in turn will develop relevant criteria for suitable candidates including the independence of the individual, financial acumen and availability to devote sufficient time to the duties of the Board. The Board encourages all directors to participate in considering the need for and in identifying and recruiting new candidates for the Board.

Compensation of Directors and Officers

The Board has the responsibility to review compensation matters and review appropriate levels of compensation for all of the directors and all officers of the Corporation, including the Chief Executive Officer. To determine compensation payable, the Board reviews compensation paid to directors and Chief Executive Officers of companies of similar size and stage of development and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the independent Directors review the performance of the Chief Executive Officer in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives. See the discussions under the headings *"Compensation of Executive Officers and Directors – Compensation Discussion and Analysis"*, *"– Compensation Governance"* and *"Director and Named Executive Officer Compensation, Excluding Compensation Securities"*, which sections are incorporated by reference herein

Other Board Committees

Other than the Audit Committee, the Board does not have any other committees. For further information regarding the Audit Committee, see the description under the heading "*Audit Committee Disclosure*".

Assessments

To date, given the small size of the Board, the Board has not found it necessary to institute any formal process in order to satisfy itself that the Board, its committees and its individual directors are performing effectively.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Charter

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting processes of the Corporation and annual external audits of the consolidated financial statements. The Audit Committee has formally set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures. See Exhibit "B" hereto for a copy of the Audit Committee Charter of the Corporation.

Composition of the Audit Committee

The Audit Committee currently consists of Brian E. Bayley, Timothy Collins and Michael A. Thackray, Q.C. Brian E. Bayley is the Chair of the Audit Committee. All members of the Audit Committee have been determined to be independent as of the date hereof and all members are considered to be financially literate.

Relevant Education and Experience of Audit Committee Members

Brian E. Bayley

Mr. Bayley serves as the President and a director of Earlston Management Corp., a private management company. Previously, Mr. Bayley was a director and Resource Lending Advisor for Sprott Resource Lending Corp. (formerly Quest Capital Corp.), a TSX and NYSE Amex listed resource lending corporation. He has held active senior management positions in both private and public natural resource companies and has over 30 years of public issuer experience, both as an officer and a director. Mr. Bayley holds an MBA from Queen's University. He is also a director and officer of several other public companies (see "*Corporate Governance Disclosure*").

Timothy Collins

Mr. Collins is currently owner/manager of Collins Land & Cattle Company LLC and Collins Mountain Ranch LLC. Mr. Collins was previously the President and Chief Executive Officer of Blacksand Energy Inc., President of Blacksand Energy LLC and President of the General Partner for Blacksand Partners LP. He has held senior management positions in both private and public oil and gas companies for over 40 years and has over 10 years of public issuer experience, both as an officer and a director.

Michael A. Thackray, QC

Mr. Thackray is a senior partner with McMillan LLP, a law firm in which his practice includes representing public and private companies, all aspects of oil and gas law and corporate, commercial and securities transactions. He also has over 15 years of public issuer experience.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee will review and pre-approve any engagements for non-audit services to be provided by the external auditor, together with estimated fees. The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The following table discloses the approximate aggregate fees paid by the Corporation to the external auditors of the Corporation in each of the last two financial years of the Corporation for audit fees.

Financial Year Ended	Audit fees[(1)]	Audit related fees[(2)]	Tax fees[(3)]	All other fees[(4)]
December 31, 2016	$18,870	Nil	$2,000	Nil
December 31, 2015	$24,097	Nil	$4,725	Nil

Notes:

(1) The aggregate fees billed for audit services.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the 'Audit Fees' column.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.

(4) The aggregate fees billed for professional services other than those listed in the other three columns.

Exemption

As a "venture issuer" (as such term is defined under NI 51-102 – *Continuous Disclosure Obligations*), the Corporation is relying upon the exemption provided for in section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com under the Corporation's profile. Additional financial information is provided in the Corporation's audited consolidated financial statements for the financial year ended December 31, 2016, a copy of which, together with MD&A thereon, can be found on SEDAR and the Corporation's website at www.cypresshillsresource.com. To request copies of the Corporation's financial statements, MD&A, Circular and any document to be approved at the Meeting, Shareholders may contact the Corporate Secretary of the Corporation as follows:

E-mail:	*Telecopier:*	*Telephone:*
lee@earlston.ca	*(+1) 604-681-4692*	*(+1) 604-689-1428 (collect calls accepted)*

Mail: Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, Canada

EXHIBIT "A"

STOCK OPTION PLAN
CYPRESS HILLS RESOURCE CORP.

I. INTERPRETATION

1. Definitions In this Plan the following words and phrases shall have the following meanings, namely:

(a) **"**Board**"** means the board of directors of the Company or, if the Board so elects, a committee (which may consist of only one person) appointed by the Board from its members to administer the Plan**.**

(b) **"**Company**"** means Cypress Hills Resource Corp**.**

(c) **"**Consultant**"** means an individual (or a Company or partnership (a "Consultant Company") of which the individual is an employee, shareholder or partner) who:

(i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or a subsidiary of the Company other than in relation to a distribution of the Company's securities;

(ii) provides the services under a written contract between the Consultant or Consultant Company and the Company or subsidiary;

(iii) in the Company's reasonable opinion, spends or will spend a significant amount of time and attention on the business and affairs of the Company or a subsidiary of the Company; and

(iv) has a relationship with the Company or a subsidiary of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

(d) **"**Director**"** means a director, senior officer or Management Company Employee of an Issuer, or of an unlisted Company seeking a listing on the Exchange, or a director, senior officer or Management Company Employees of an Issuer's or an unlisted Company's subsidiaries.

(e) **"**Disinterested Shareholder**"** means a holder of Shares that is not an Insider nor an associate (as defined in the *Securities Act* (British Columbia)) of an Insider.

(f) **"**Employee**"** means:

(i) an individual who is considered an employee of the Issuer or its subsidiary under the Income Tax Act (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);

(ii) an individual who works full-time for an Issuer or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source; or

(iii) an individual who works for an Issuer or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source

(g) **"**Exchange**"** means the TSX Venture Exchange or any other stock exchange on which the Shares are listed for trading**.**

(h) **"**Insider**"** means an insider of the Company as defined in the *Securities Act* (British Columbia).

(i) **"**Market Price**"** means the price at which the last recorded sale of a board lot of Shares took place on the Exchange during the trading day immediately preceding the date of granting the option or, if there was no such sale, on the preceding trading day during which there was such a sale. It is the intention of this Plan that Market Price is the Company's best estimate made in good faith of the fair market value of the Shares at the time of granting of the option.

(j) **"**Management Company Employee**"** means an individual employed by a Company providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a person engaged in investor relations activities.

(k) **"**Officer**"** means a senior officer of the Company (as defined in the *Securities Act* (British Columbia)) or any of its subsidiaries**.**

(l) **"**Plan**"** means this stock option plan as from time to time amended**.**

(m) **"**Shares**"** means common shares of the Company.

2. Gender Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

II. PURPOSE OF PLAN

1. Purpose The purpose of this Plan is to attract and retain Employees, Consultants, Officers and Directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

III. GRANTING OF OPTIONS

1. Administration This Plan shall be administered by the Board.

2. Grant by Resolution The Board may determine by resolution those Employees, Consultants, Officers and Directors to whom options should be granted under the Plan and grant to them such options as the Board determines to be appropriate. As a condition precedent to the grant of an option, the Company and optionee must be able to represent to the Exchange as of the date of grant that the optionee is a bona fide Executive, Employee or Consultant of the Company or any Subsidiary.

3. Terms of Option The Board shall determine and specify in its resolution the number of Shares that should be placed under option to each such Employee, Consultant, Officer or Director, the price per Share to be paid for such Shares upon the exercise of each such option, and the period during which such option may be exercised.

4. Written Agreement Every option granted under this Plan shall be evidenced by a written agreement between the Company and the optionee and where not expressly set out in the agreement the provisions of such agreement shall conform to and be governed by this Plan. If there is any inconsistency between the terms of the agreement and this Plan the terms of this Plan shall govern.

IV. CONDITIONS GOVERNING THE GRANTING & EXERCISING OF OPTIONS

1. Different Exercise Periods, Prices and Number In granting an option under this Plan the Board may specify, in its absolute discretion, a particular time period or periods during which the option may be

exercised and designate the exercise price and number of Shares in respect of which the option may be exercised during each such time period.

2. Exercise Price The exercise price of an option granted under this Plan shall not be less than the Market Price at the time of granting the option. If the optionee is subject to the tax laws of the United States of America and owns (as determined in accordance with such laws) greater than 10% of the Shares at the time of granting of the option the exercise price shall be at least 110% of the Market Price. In any event, no options shall be granted which are exercisable at a price of less than Cdn$ 0.10 per Share.

3. Number of Shares The number of Shares reserved for issuance to an optionee pursuant to an option granted under this Plan, together with all other options granted to the optionee in a 12 month period, shall not exceed, at the time of granting of the option, 5% of the outstanding Shares (2% of the issued Shares if the optionee is a Consultant) but if the optionee is engaged in providing investor relations services to the Company the aggregate number of Shares reserved for issuance to all such optionees providing such investor relations services shall not exceed 2% of the issued Shares in any 12 month period.

4. Vesting of Options if Optionee is Providing Investor Relations Services If the optionee is a Consultant providing investor relations services to the Company the option must vest in stages over of not less than 12 months with no more than one quarter of the option vesting in any three month period.

5. Vesting of Options if Plan Exceeds 10% Not Applicable.

6. Exercise of Options if Specified Value Exceeds US$ 100,000 If the optionee is an Employee subject to the tax laws of the United States of America that part of any option entitling the optionee to purchase Shares having a value of US$ 100,000 or less shall be treated as an "Incentive Stock Option" under United States Internal Revenue Code so that the optionee may defer the payment of tax on such Shares until the year in which such Shares are disposed of by the optionee. For the purposes hereof value is determined by multiplying the number of shares which are subject to the option times the Market Price (at the time of granting of the options). That part of any option on Shares having a value in excess of US$ 100,000 shall be treated as a non-qualifying option for the purposes of the Code and shall not entitle the optionee to such tax deferral.

7. Expiry Date Unless sooner terminated, the duration of an option shall not exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX Venture Exchange, the maximum term may not exceed 10 years if the Company is classified as a "Tier 1" issuer by the TSX Venture Exchange, and the maximum term may not exceed 5 years if the Company is classified as a "Tier 2" issuer by the TSX Venture Exchange.

8. Extension of Expiry of Time During Blackout Periods Notwithstanding the provisions contained herein for the expiry of options, and subject to the rules of the Exchange, in the event that the expiry date of an option occurs during a blackout period that is formally self-imposed by the Company pursuant to its policies ("**Blackout Period**"), the expiry date of such option shall be automatically extended for a period of 10 business days following the end of the Blackout Period provided that the Blackout period was imposed as a result of the bona fide existence of undisclosed Material Information and the Blackout Period expires upon the general disclosure of the undisclosed Material information..

9. Death of Optionee In the event of the death of an optionee, the option previously granted to him or her shall be exercisable only within one (1) year after such death and then only:

   (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and

   (b) if and to the extent that such Participant was entitled to exercise the option at the date of his death.

10. Termination of Optionee (Voluntary) If an optionee voluntarily ceases to be a Director, Officer, Consultant, Employee or Management Company Employee any option granted under this Plan to the optionee must terminate:

(a) within one (1) year after the optionee ceased to be the last of a Director, Officer, Consultant, Employee or Management Company Employee;

(b) on the 30th day after the optionee ceased to be an Employee or Consultant if the optionee was engaged in providing investor relations services for the Company; or

(c) on the earlier of the 90th day and the third month after the optionee ceased to be an Employee or Officer if the optionee is subject to the tax laws of the United States of America.

11. Termination of Optionee (Involuntary or for Cause) If an optionee ceases to be any of a Director, Officer, Consultant, Employee or Management Company Employee whether through removal as a director, dismissal as an employee or officer for cause or termination as consultant for breach of their consulting agreement then, notwithstanding the optionee continuing to fall within another of such categories, any option granted under this Plan to the optionee shall terminate immediately on such removal, dismissal or termination and shall not be exercisable by the optionee.

12. Vesting on Change of Control If there is a Change of Control of the Company while any stock options granted under this Plan are outstanding such options, subject to the Exchange's approval, shall vest immediately and be fully exercisable notwithstanding the terms thereof. For the purposes hereof "Change of Control" shall mean:

(a) any transaction or series of related transactions as a result of which any person, entity or group acquires ownership, before or after the date of the Plan, of at least 20% of the voting shares of the Company and they or their representatives become a majority of the Board of Directors or assume control or direction over the management or day-to-day operations of the Company; or

(b) an amalgamation, merger, consolidation or other reorganization of the Company with another entity as a result of which the Company ceases to exist or be publicly traded and the management or Board of Directors of the Company do not comprise substantially all of the management or a majority of the board of directors, respectively, of the resulting entity.

13. Assignment No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to them under this Plan to a Company wholly-owned by them.

14. Restriction on Resale of Shares Issued All Shares issued upon the exercise of an option shall be subject to a four month hold period from the time the option was granted during which period they cannot be sold and, in accordance with the Exchange's policies, the certificates representing such Shares shall be legended accordingly.

15. Notice Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company.

16. Payment Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an optionee on exercise of an option shall be fully paid for in cash at the time of their purchase.

V. RESERVATION OF SHARES FOR OPTIONS

1. Sufficient Authorized Shares to be Reserved Whenever the constating documents of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

2. Maximum Number of Shares to be Reserved Under Plan The aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall be 10% of the outstanding Shares less any Shares subject to issuance pursuant to outstanding options granted before the establishment of this Plan.

3. Maximum Number of Shares Reserved for Insiders Unless the Disinterested Shareholders have approved this Plan at a meeting of holders of Shares, under no circumstances shall options granted under this Plan, together with all of the Company's other previously granted stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result, at any time, in:

   (a) the number of Shares reserved for issuance pursuant to stock options granted to Insiders exceeding 10% of the Shares outstanding at the time of granting; or

   (b) the issuance to Insiders, within a one year period, of Shares totalling in excess of 10% of the Shares outstanding at the time of granting.

VI. CHANGES IN SHARES

1. Share Consolidation or Subdivision If the Shares are at any time subdivided or consolidated, the number of Shares reserved for option under this Plan shall be similarly increased or decreased and the price payable for any Shares that are then subject to option shall be decreased or increased proportionately, as the case may require, so that upon exercising each option the same proportionate shareholdings at the same aggregate purchase price shall be acquired after such subdivision or consolidation as would have been acquired before.

2. Stock Dividend If the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.

VII. EXCHANGE'S RULES & POLICIES APPLY

1. Exchange's Rules and Policies Apply This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having authority and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. If there is an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

VIII. AMENDMENT OF PLAN & OPTIONS

1. Board May Amend Plan or Options The Board, by resolution, may amend or terminate this Plan or options granted under this Plan, but no such amendment or termination, except with the written consent of the optionees concerned, shall affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.

2. Shareholder Approval of Reduction of Exercise Price Any reduction of the exercise price of options granted under this Plan to Insiders shall be subject to approval of Disinterested Shareholders at a meeting of holders of Shares.

3. Exchange Approval Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such amendments have been accepted by the Exchange.

IX. EFFECT OF PLAN ON OTHER COMPENSATION PLANS

1. Other Plans Not Affected This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Consultants and Employees.

X. OPTIONEE'S RIGHTS AS A SHAREHOLDER

1. No Rights Until Option Exercised An optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to him upon exercise of an option.

XI. EFFECTIVE DATE & TERMINATION OF PLAN

1. Effective Date This Plan shall become effective upon the later of the acceptance for filing of this Plan by the Exchange and the approval of this Plan at a meeting of the holders of Shares. Options may be granted under this Plan, but not exercised, prior to the receipt of such approvals. Thereafter this Plan shall be approved annually by the holders of the Shares. If such annual approval is not obtained options may no longer be granted under this Plan.

Termination This Plan shall terminate only upon a resolution to that effect being passed by the Board. Any options granted under this Plan shall continue to be exercisable according to their terms after the termination of this Plan.

EXHIBIT "B"

CHARTER FOR
THE AUDIT COMMITTEE
OFTHE BOARD OF DIRECTORS
OF CYPRESS HILLS RESOURCE CORP.

The Audit Committee Charter

I. MANDATE

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

1. The quality and integrity of the Company's financial statements and other financial information;

2. The compliance of such statements and information with legal and regulatory requirements;

3. The qualifications and independence of the Company's independent external auditor (the "**Auditor**"); and

4. The performance of the Company's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

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

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

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

C. Appointment and Removal

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

D. Chair

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

E. Sub-Committees

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

F. Meetings

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

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

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

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

III. DUTIES

1. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section 1 of this Charter.

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

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

B. Powers and Responsibilities

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

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with Independence Standards Board Standard 1.

2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.

3. Require the Auditor to report directly to the Committee.

4. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor.

7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor unless such non-audit services:

   (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;

   (b) were not recognized by the Company at the time of the engagement to be non-audit services; and

   (c) are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Company

8. Establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

   (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

12. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

    (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.

    (b) The management inquiry letter provided by the Auditor and the Company's response to that letter.

    (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

14. Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

15. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

16. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

17. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

18. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

19. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.

20. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.

21. Make regular reports to the Board.

22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

23. Annually review the Committee's own performance.

24. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.

25. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.

C. Limitation of Audit Committee's Role

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

EXHIBIT "C"

DISSENT RIGHTS

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Shareholder's right To dissent

191 (1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights, as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.