

# LIGHTNING VENTURES INC.

## INFORMATION CIRCULAR

(containing information as of June 16, 2017, unless otherwise stated)

### INTRODUCTION

**This Information Circular is furnished to you in connection with the solicitation of proxies by management of Lightning Ventures Inc. (“we”, “us” or the “Company”) for use at the Annual General and Special Meeting (the “Meeting”) of shareholders of the Company to be held on Friday, July 21, 2017 and at any adjournment of the Meeting.** The Company will conduct its solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

### APPOINTMENT OF PROXY HOLDER

The persons named as **proxy holders** in the enclosed form of proxy are the Company’s directors or officers. **As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

### VOTING BY PROXY

**The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.**

**The enclosed form of proxy gives the persons named as proxy holders discretionary authority regarding amendments or variations to matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Information Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.**

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxy holders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

### RETURN OF PROXY

You must deliver the completed form of proxy to the office of the Company’s registrar and transfer agent, Computershare Investor Services Inc., 3rd floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment.

## **ADVICE TO NON-REGISTERED SHAREHOLDERS**

Only shareholders whose names appear on our records or validly appointed proxy holders are permitted to vote at the Meeting. Most of our shareholders are “non-registered” shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “Nominee”). If you purchased your shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “NOBOs”. Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “OBOs”.

In accordance with the securities regulatory policy, we will have distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular, and the form of proxy directly to NOBOs and to the Nominees for onward distribution to OBOs.

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting materials are accompanied by a request for voting instructions (a “VIF”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIF’s, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the shares which they beneficially own. Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered holder may request a legal proxy as set forth in the VIF, which will grant the non-registered holder or his/her nominee the right to attend and vote at the Meeting. Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

## **REVOCATION OF PROXY**

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- a) signing a proxy bearing a later date; or
- b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company’s registrar and transfer agent or to the Company’s head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of director, and the approval of the Company's 2017 stock option plan, approval of which will be sought at the Meeting. See "Particulars of Matters to be Acted Upon."

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Persons who are registered shareholders of common shares at the close of business on June 16, 2017, are entitled to receive notice of and to attend and vote at the Meeting or any adjournment of the Meeting (see "Voting of Shares and Proxies and Exercise of Discretion by Proxyholders" above).

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of June 16, 2017, the Company had 103,886,928 common shares issued and outstanding.

To the knowledge of the directors and executive officers of the Company, the only person/corporation who holds, directly or indirectly, or exercises control or direction, over more than 10% of the issued and outstanding Common Shares, is as follows:

Name	Number of Voting Securities	Percentage
Domenari Capital LLC <sup>(1)</sup>	35,520,000	34.19%

(1) Donald Rainwater, President & CEO of the Company, is a Managing Partner.

### **Approval of Resolutions**

On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each common share. To approve a motion for an ordinary resolution, a majority of the votes cast by shareholders in person or by proxy who vote in respect of that resolution will be required. To approve a motion for a special resolution, a majority of not less than two-thirds of the votes cast in person or by proxy be those shareholders who vote in respect of that resolution will be required.

## EXECUTIVE COMPENSATION

Under this heading, the Company is including the disclosure required by Form 51-102F6 *Statement of Executive Compensation*.

As at March 31, 2016, the end of the most recently completed financial year of the Company, the Company had three Named Executive Officers, as defined below, Marc Branson, the Company's previous CEO, Tak Tsan Tso, the Company's previous CFO, and Kenneth Tollstam, the Company's current CFO.

The summary compensation table below sets out particulars of compensation paid to the following executive officers for services to the Company during the two most recently completed financial years:

- (a) the individual who served as our chief executive officer ("CEO") or acted in a similar capacity during the most recently completed financial year;
- (b) the individual who served as our chief financial officer ("CFO") or acted in a similar capacity during the most recently completed financial year;
- (c) each of our three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined by 1.3(6) of Form 51-102F6 and

(d) each individual who would be an Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year,

(each of whom is a “Named Executive Officer”).

### **Compensation Discussion and Analysis**

The Board reviews and gives final approvals with respect to compensation paid to the Company’s Named Executive Officers. Because the Company is an early-stage oil and gas company, the Board does not feel that the Company’s size warrants a compensation committee to evaluate compensation.

The Company’s compensation objectives include the following:

- to assist the Company in attracting and retaining highly-qualified individuals;
- to create among directors, officers, consultants and employees a sense of ownership in the Company and to align their interests with those of the shareholders; and
- to ensure competitive compensation that is also financially affordable for the Company.

The compensation program is designed to provide competitive levels of compensation. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive’s level of responsibility. In general, the Company’s Named Executive Officers may receive compensation that is comprised of three components:

- salary, wages or contractor payments;
- stock option grants; and
- bonuses.

The objectives and reasons for this system of compensation are to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The salaries are set on a basis of a review and comparison of salaries paid to executives at similar companies.

Stock option grants are designed to reward the Named Executive Officers for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatile stock market.

Any bonuses paid to the Named Executive Officers are allocated on an individual basis and are based on review by the Board of the work planned during the year and the work achieved during the year, including work related to mineral exploration, administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments.

### ***Option-Based Awards***

The Board believes that eligible persons working with the Company as Named Executive Officers, directors, consultants or employees should have a stake in the Company’s future and that their interests should be aligned with the interests of the shareholders. To this end, the Board determines the overall amount of stock option grants and reviews and recommends to the Board the allocation of such grants to directors, officers, consultants and employees, primarily based on whose decisions and actions can have the greatest impact on the Company’s performance.

These option-based awards are granted under the Company’s stock option plan. The Company considers previous grants of stock options when considering new grants. For information about the Company’s stock option plan, please see “Particulars of Matters to be Acted Upon”.

## Summary Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers for the financial years ended March 31, 2016 and 2015:

<i>Name and Principal Position</i>	<i>Year<sup>(1)</sup></i>	<i>Salary (\$)</i>	<i>Share-based awards (\$)</i>	<i>Option-based awards (\$)<sup>(2)</sup></i>	<i>Non-equity incentive plan compensation (\$)</i>		<i>Pension value (\$)</i>	<i>All other compensation (\$)</i>	<i>Total compensation (\$)</i>
					<i>Annual incentive plans</i>	<i>Long term incentive plans<sup>(3)</sup></i>			
<b>Marc Branson<sup>(4)</sup></b> Former CEO and President	2016	54,949 <sup>(5)</sup>	Nil	13,321	Nil	N/A	Nil	Nil	68,300
	2015	97,857 <sup>(6)</sup>	Nil	24,946	Nil	N/A	Nil	Nil	122,803
<b>Tak Tsan Tso<sup>(7)</sup></b> Former CFO	2016	Nil	Nil	Nil	Nil	N/A	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	N/A	Nil	Nil	Nil
<b>Kenneth Tollstam<sup>(8)</sup></b> CFO	2016	Nil	Nil	Nil	Nil	N/A	Nil	Nil	Nil
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Includes salary paid or accrued during the financial year.
- (2) The value of option-based awards is calculated using a Black-Scholes option pricing model and applying the following key inputs:  

Risk-free rate:	1.07% - 1.64%
Expected dividend yield:	Nil
Expected stock price volatility:	130.01 - 295.68
Expected option life, based on terms of the grants:	1.0 - 5.0 years

Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants. The Company uses an option-pricing model because there is no market for which employee options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an employee might receive if the options were freely traded, nor assume that these amounts are the same as those reported for income tax purposes.
- (3) LTIP or long term incentive plan means any plan that provides compensation intended to motivate performance to occur over a period greater than one financial year, but does not include option or stock appreciate right plans or plans to compensate through restricted shares or restrict share units. The Company does not have a LTIP in place.
- (4) Mr. Branson resigned as President, CEO and a Director of the Company on June 8, 2017.
- (5) Paid \$34,095 to Global Strategy Solutions Inc., a private company wholly owned by Mr. Branson, for consulting fees and \$7,534 to Bridgemark Capital Corp., a private company wholly owed by Mr. Branson, for consulting fees. \$13,320.95 was settled on a shares for debt basis for consulting fees.
- (6) Paid to Global Strategy Solutions Inc., a private company wholly owned by Mr. Branson, for consulting fees and expenses.
- (7) Mr. Tso resigned as CFO on August 25, 2015.
- (8) Mr. Tollstam was appointed CFO on August 25, 2015.

## Incentive Plan Awards

### *Outstanding Option-Based Awards*

The following table sets out all option-based awards outstanding as of March 31, 2016 (no share-based awards are outstanding) to the Named Executive Officers:

Name	Option-based awards			
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Marc Branson	40,000	0.05	May 1, 2019	Nil
	500,000	0.05	Dec 17, 2020	Nil
Tak Tsan Tso	Nil	N/A	N/A	Nil
Kenneth Tollstam	Nil	N/A	N/A	Nil

(1) Calculated using the closing price of the Company's shares on the Canadian Securities Exchange (the "Exchange") at March 31, 2016.

### ***Value Vested or Earned During the Year***

The following table sets out the aggregate dollar value of incentive stock options that would have been realized if the options under the option-based award had been exercised on the vesting date for the Named Executive Officers during the most recently completed financial year ended March 31, 2016:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Marc Branson	Nil	N/A	N/A
Tak Tsan Tso	Nil	N/A	N/A
Kenneth Tollstam	Nil	N/A	N/A

### **Termination and Change of Control Benefits**

The Company has not entered into any plans or arrangements in respect of remuneration received or that may be received by the Named Executive Officers in the Company's most recently completed financial year or current financial year in respect of compensating such officers or directors in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control.

### **Pension Plan Benefits**

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

### **Director Compensation**

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange.

During the most recently completed financial year ended March 31, 2016, the directors who were not Named Executive Officers received the following compensation for services provided to the Company:

Name	Fees earned (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
David Taylor	15,714 <sup>(3)</sup>	Nil	Nil	N/A	N/A	N/A	15,714
Peter Schriber <sup>(4)</sup>	Nil	Nil	Nil	N/A	N/A	N/A	Nil

- (1) Includes fees paid or accrued during the financial year.
- (2) Refer to discussion in footnote (2) in the “Summary of Compensation” table for Named Executive Officers for the method of determining the value of option-based awards.
- (3) Paid to RMDC Holdings Corp., a private company wholly owned by Mr. Taylor.
- (4) Mr. Schriber resigned from the Board of Directors on May 20, 2016.

## **Incentive Plan Awards**

### ***Outstanding Option-Based Awards***

The following table sets out all option-based awards outstanding as of March 31, 2016 (no share-based awards are outstanding) to directors who were not Named Executive Officers:

Name	Option-based awards			
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
David Taylor	200,000	0.05	May 1, 2019	Nil
Peter Schriber	Nil	N/A	N/A	Nil

- (1) Calculated using the closing price of the Company’s shares on the Exchange at March 31, 2016.

### ***Value Vested or Earned During the Year***

The following table sets out the aggregate dollar value of incentive stock options that would have been realized if the options under the option-based award had been exercised on the vesting date for directors who were not Named Executive Officers during the most recently completed financial year ended March 31, 2016:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
David Taylor	Nil	N/A	N/A
Peter Schriber	Nil	N/A	N/A

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out equity compensation plan information as at the end of the financial year ended March 31, 2016:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by securityholders	1,584,000	\$0.05	4,265,042
Equity compensation plans not approved by securityholders	None	N/A	N/A
<b>Total</b>	<b>1,584,000</b>		<b>4,265,042</b>

## **AUDIT COMMITTEE**

The Company is including the disclosure required by Form 52-110F2 of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) under this heading. The Company is a “venture issuer” under NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110.

### **Audit Committee Charter**

The Charter of the Company’s audit committee is included as Schedule “A” to this Information Circular.

### **Composition of the Audit Committee**

As of the date of this Info Circular, the Audit Committee is currently composed of the following three directors: Donald Rainwater, Kelly Pladson and David Taylor. Donald Rainwater is an executive officer of the Company and not considered to be independent. Kelly Pladson and David Taylor are not executive officers and therefore are considered to be independent. All three members are financially literate.

### **Relevant Education and Experience**

All of the members of the Audit Committee are financially literate, in that they have the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto. Additionally, all of the members of the Audit Committee have accounting or related financial experience and are able to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with international financial reporting standards. The Audit Committee met 4 times in the 2016 financial year.

### **External Auditor Service Fees by Category**

#### **Audit Fees and Audit-Related Fees**

The aggregate fees billed/unbilled by the Company’s external auditor for the financial year ended March 31, 2016 for audit and assurance and related services is approximately \$18,000 (2015: \$10,700).

#### **Tax Fees**

The aggregate fees unbilled/billed for tax compliance, tax advice and tax planning services by the Company’s external auditor for the financial year ended March 31, 2016 were \$NIL (2015: NIL).

#### **All Other Fees**

The aggregate fees billed by the Company’s external auditor for the financial year ended March 31, 2016 for review of unaudited interim financial statements, compilation of consolidated financial statements and related services were \$NIL (2015: NIL)

## **Exemption**

The Company is relying on the exemption in section 6.1 of NI 52-110, which exempts issuers whose shares are listed on the Exchange from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

## **CORPORATE GOVERNANCE**

*National Instrument 58-101 Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose their governance practices in accordance with NI 58-101. The Company is a “venture issuer” within the meaning of NI 58-101. A discussion of the Company’s governance practices within the context of NI 58-101 is set out below.

### **Board of Directors**

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship that could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Kelly Pladson and David Taylor are “independent” directors in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with his ability to act within the best interests of the Company, other than the interests and relationships arising from his shareholdings. Donald Rainwater is an executive officer of the Company and is therefore not considered to be “independent.”

The Board of Directors facilitates its exercise of independent supervision over management by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board of Directors believes that sufficient policies and procedures have been implemented to ensure that the directors exercise independent judgment in carrying out his responsibilities. Directors are required to be of sufficient stature and security of employment to express independent views on any matter.

### **Directorship**

The directors of the Company are currently directors of the following other reporting issuers:

Donald Rainwater	None.
Kelly Pladson	None.
David Taylor	Highmark Technologies Corp. MJ Bioscience Corp.

### **Board Mandate**

The Board does not have a written mandate. The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing the Company’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

### **Position Descriptions**

The Board has not developed written position descriptions for the President and CEO of the Company or for the Chair of the Audit Committee. The size and nature of the Company’s business allows each director or officer to understand his role in progressing the Company’s operations.

## **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's business and on the responsibilities of directors. Board meetings may also include presentations by the Company's management to give the directors additional insight into the Company's business. Individual directors are responsible for maintaining their own education, skills and knowledge at an appropriate level. Board members are encouraged to attend educational courses or presentations in relation to the Company's projects or the industry within which the Company operates.

## **Ethical Business Conduct**

The Board of Directors has not, to date, adopted a formal written Code of Ethical Business Conduct. The current limited size of the Company's operations, and the small number of officers and employees allow the Board to monitor, on an ongoing basis, the activities of management and to ensure that the highest standard of ethical conduct is maintained. The Board is aware of the recommendation in National Policy 58-201 *Corporate Governance Guidelines* to adopt a written code of business conduct and ethics and is reviewing different standards that may be appropriate for the Company to adopt.

To date, the Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director must disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The disclosure must be evidenced in writing by being included in the consent resolutions or minutes of the meeting that approved the transaction or in a written disclosure delivered to the Company's records office. Unless the director properly discloses his interest and has the transaction properly approved, he may be liable to account to the Company for any profit he makes as a result of the transaction, unless the court finds that the transaction was fair and reasonable to the Company. Once the appropriate disclosure has been made by the interested director, the transaction must be approved by the directors or by the shareholders by special resolution. An interested director would not be entitled to vote at meetings of directors which evoke any such conflict.

## **Nomination of Directors**

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees to fill vacancies and for the next annual meeting the shareholders. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives and a willingness to serve.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, this policy may be reviewed in the future depending on the circumstances of the Company.

## **Compensation**

The Board periodically reviews the compensation paid to directors and management based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in the industry in North America and the Company's current position as an oil and gas company with limited operating revenue.

The Board does not have a compensation committee and these functions are currently performed by the Board as a whole. However, this policy may be reviewed in the future depending on the circumstances of the Company.

## **Other Board Committees**

The Board of Directors has no other committees other than the Audit Committee.

## **Assessments**

The Board of Directors conducts periodic assessments of its members including individual assessments to determine if the board, its committee and the individual directors are performing efficiently. Based on the Company's size, stage of development and the limited number of individuals on the Board of Directors, the Board considers a formal assessment process to be inappropriate at this time. As the activities of the Company develop, it will consider the establishment of more formal evaluation procedures, including more quantitative measures of performance.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

During the last completed financial year, no director, executive officer, or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of our subsidiaries.

An "informed person" means:

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

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and executive officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

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

### **Election of Directors**

The Company's Board of Directors proposes to nominate the persons named in the table below for election as directors of the Company. Each director elected will hold office until the next annual general meeting of the Company or until his successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the *Business Corporations Act* (British Columbia) (the "BCBCA") or he becomes disqualified to act as a director.

Management of the Company proposes that the number of directors for the Company be determined at three (3) for the ensuing year, subject to such increases as may be permitted by the Articles of the Company.

The following table sets out the names of management’s nominees for election as directors, the jurisdiction in which each is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which each has been a director of the Company, the respective principal occupations or employments during the past five years (if such nominee is not presently a director who was elected to his present term of office by a vote of shareholders) and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular.

<b>Name, Jurisdiction of Residence and Position Held with the Company</b>	<b>Principal Occupation During the Past Five Years<sup>(1)(2)</sup></b>	<b>Director Since</b>	<b>Number of Shares Owned<sup>(1)</sup></b>
<b>Donald Rainwater<sup>(3)</sup></b> San Antonio, Texas, USA <i>President, CEO and Director</i>	President, CEO and Director of the Company; CEO and Director of Lightning Industries, a wholly owned subsidiary of the Company	June 1, 2016	35,520,000 <sup>(4)</sup>
<b>Kelly Pladson<sup>(3)</sup></b> Coquitlam, British Columbia <i>Secretary and Director</i>	Corporate Secretary to various publicly traded companies	June 9, 2017	1,000,000
<b>Keith Anderson</b> Coquitlam, British Columbia	Director and CEO of various publicly traded companies; former Investment Advisor at Canacord Genuity Corp.	N/A	0

- (1) This information as to principal occupation and number of shares owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Unless otherwise stated above, any nominee named above not elected at the last annual general meeting has held the principal occupation or employment indicated for at least five years.
- (3) Member of the Audit Committee.
- (4) Held in the name of Domenari Capital LLC, of which Mr. Rainwater is a Managing Partner.

#### **Appointment and Remuneration of Auditor**

Unless otherwise instructed, the proxies given in this solicitation will be voted for the re-appointment of Charlton & Company, of Vancouver, British Columbia, as auditors for the Company to hold office until the next annual general meeting, at a remuneration to be fixed by the directors.

#### **Incentive Stock Option Plan**

The Company’s Stock Option Plan (the “Option Plan”) is a “rolling” stock option plan, which makes a maximum of 10% of the issued and outstanding Common Shares available for issuance thereunder.

The purpose of the Option Plan is to provide directors, officers and key employees of, and certain other persons who provide services to, the Company with an opportunity to purchase Common Shares of the Company at a specific price, and subsequently benefit from any appreciation in the value of the Common Shares. This provides an incentive for such persons to contribute to the future success of the Company and enhances the ability of the Company to attract and retain skilled and motivated individuals, thereby increasing the value of the Common Shares for the benefit of all Shareholders.

The exercise price of stock options granted under the Option Plan will be determined by the Board and will be priced in accordance with the policies of the Exchange, and will not be less than the closing price of the Common Shares on the Exchange on the date prior to the date of grant less any allowable discounts. All options granted under the Option Plan will have a maximum term as permitted by the Exchange and will be the dates fixed by the Board at the time the options are granted.

The Option Plan provides that it is solely within the discretion of the Board of Directors to determine who should receive options and how many they should receive. The Board may issue a majority of the options to insiders of the Company. However, the Option Plan provides that in no case will the Option Plan or any existing share compensation arrangement of the Company result, at any time, in the issuance to any option holder, within a one year period, of a number of Common Shares exceeding 5% of the Company’s issued and outstanding Common Share capital.

The full text of the Option Plan is available for review by any Shareholder up until the day preceding the Meeting at the Company's office, located at 700-838 W Hastings Street, Vancouver, British Columbia and will also be available at the Meeting.

Upon the approval of the Option Plan by Shareholders, Shareholder approval will not be required or sought on a case-by-case basis for the purpose of the granting of options and the exercise of options under the Option Plan.

At the Meeting, Shareholders will be asked to approve an ordinary resolution approving the Option Plan. The text of the resolution to be considered and, if thought fit, approved at the Meeting is as follows:

“BE IT RESOLVED THAT:

1. Subject to the approval of the Canadian Securities Exchange, the Company's incentive stock option plan, which makes a total of 10% of the issued and outstanding shares of the Company available for issuance thereunder as described in the Company's Information Circular dated June 16, 2017, be and is hereby ratified, confirmed and approved.
2. The Company be and is hereby authorized to grant options pursuant and subject to the terms and conditions of the Option Plan.
3. The Company be and is hereby, at the discretion of the Board, to amend the exercise price of previously granted option agreements, without further approval of the shareholders, all in accordance with the policies of the Canadian Securities Exchange.
4. Any one director or officer of the Company be and is hereby authorized and directed to perform all such acts, deeds and things and execute all such documents and other instruments as may be required to give effect to the true intent of this resolution.”

In order to be effective, the foregoing ordinary resolutions must be approved by a simple majority of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution.

**It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the ordinary resolution authorizing the approval of the Option Plan.**

The Directors of the Company believe the passing of the foregoing ordinary resolution is in the best interests of the Company and recommend that shareholders of the Company vote in favour of the resolution.

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the Option Plan.**

#### **Adoption of New Articles**

The Board believes that the existing Articles of the Company do not allow for maximum efficiency in the Company's operations and do not reflect the current provisions of the BCBCA. For example, the existing Articles of the Company do not permit the Company to change its share structure, except by a special resolution of the shareholders, whereas the BCBCA permits a company to change its share structure by resolution of the directors if so permitted by its Articles. The proposed new form of Articles (the “**New Articles**”) will be substantially similar to the Company's existing Articles.

A copy of the proposed New Articles of the Company will be available for inspection at the Meeting and via email, by calling (604) 726-6749 or emailing [kellypladson@icloud.com](mailto:kellypladson@icloud.com) up to the day before the Meeting.

Shareholders will be asked to consider and if thought fit, approve the adoption of New Articles by special resolution as set forth below:

“BE IT RESOLVED, as a special resolution that:

1. The existing Articles of the Company be cancelled and the new form of Articles made available to shareholders for review before and at the Annual General and Special Meeting to be held on July 21, 2017, be adopted as the Articles of the Company in substitution for, and to the exclusion of the existing Articles;
2. Any one director of the Company, signing alone, be authorized to execute and deliver all such documents and instruments, including the new form of Articles, and to do such further acts, as may be necessary to give full effect to these resolutions or as may be required to carry out the full intent and meaning thereof;
3. Despite that this ordinary resolution has been duly passed by the shareholders of the Company, the Board is authorized and empowered to revoke this resolution at any time before giving effect to the adoption of the new form of Articles and to determine not to proceed without further approval of the shareholders; and
4. It is a condition of this resolution that the alteration to the Articles of the Company referred to in paragraph 1 does not take effect until this resolution is deposited with the records of the Company as prescribed by the *Business Corporations Act* (British Columbia).”

In order to be effective, the foregoing special resolution must be approved by a two-thirds majority of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution.

**It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the special resolution adopting the New Articles.**

The Directors of the Company believe the passing of the foregoing special resolution is in the best interests of the Company and recommend that shareholders of the Company vote in favour of the resolution.

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the adoption of the New Articles.**

#### **Confirmation and Approval of Advance Notice Provisions**

##### *Background*

The Board wishes to adopt advance notice provisions (the “**Advance Notice Provisions**”) with immediate effect, a copy which is attached to this Information Circular as Schedule “B”. In order for the Advance Notice Provisions to be effective, they must be ratified, confirmed and approved by the Company’s shareholders at the Meeting.

##### *Purpose of the Advance Notice Provisions*

The Company’s Board is committed to: (a) facilitating an orderly and efficient annual or, where the need arises, special meeting, process; (b) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (c) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of the Advance Notice Provisions is to provide the Company’s shareholders, Board and management with a clear framework for nominating directors. The Advance Notice Provisions fix a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company in order for any director nominee to be eligible for election at any annual or special meeting of the Company’s shareholders.

##### *Terms of the Advance Notice Provisions*

The following information is intended as a brief description of the Advance Notice Provisions and is qualified in its entirety by the full text of the Advance Notice Provisions, a copy of which is attached to this Information Circular as Schedule “B”.

*The terms of the Advance Notice Provisions are summarized below:*

The Advance Notice Provisions provide that advance notice to the Company must be given in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to: (i) a “proposal” made in accordance with Division 7 of Part 5 of the BCBCA; or (ii) a requisition of the shareholders made in accordance with section 167 of the BCBCA.

Among other things, the Advance Notice Provisions fix a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the secretary of the Company for an effective nomination to occur. No person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days or more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting (which is not also an annual meeting) of shareholders, notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Provisions.

*Confirmation and Approval of Advance Notice Provisions by Shareholders*

At the Meeting, the shareholders of the Company will be asked to approve a motion to include in the Articles of the Company the Advance Notice Provisions such that the Company receive adequate notice of nominations of people to be elected to serve as directors of the Company.

If the Advance Notice Provisions are approved at the Meeting, the Advance Notice Provisions will continue to be effective and in full force and effect in accordance with its terms and conditions beyond the termination of the Meeting. Thereafter, the Advance Notice Provisions will be subject to periodic review by the Board, and will be updated to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

If the Advance Notice Provisions are not approved at the Meeting, the Advance Notice Provisions will terminate and be of no further force or effect from and after the termination of the Meeting.

At the Meeting, the shareholders will be asked to approve the following by ordinary resolution (the “**Advance Notice Provisions Resolution**”):

“BE IT RESOLVED, as an ordinary resolution, that:

1. the Advance Notice Provisions (the “**Advance Notice Provisions**”) attached as Schedule “B” to the Information Circular of the Company dated June 16, 2017 be ratified, confirmed is hereby approved;
2. the Articles of the Company be altered by adding the text substantially as set forth in Schedule “B” to the Information Circular of the Company dated June 16, 2017 to the Articles of the Company;
3. the board of directors (the “**Board**”) of the Company be authorized in its absolute discretion to administer the Advance Notice Provisions and amend or modify the Advance Notice Provisions in accordance with its terms and conditions to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, so as to meet industry standards;
4. the Board reserves the right to abandon the Advance Notice Provisions should they deem it appropriate and in the best interests of the Company to do so;

5. the Company be authorized to revoke this resolution and abandon or terminate the alteration of the Articles of the Company if the Board deems it appropriate and in the best interests of the Company to do so without further confirmation, ratification or approval of its shareholders; and
6. any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required which, in the opinion of such director or officer, may be necessary or appropriate in order to give effect to these resolutions.”

In order to be effective, the foregoing ordinary resolution must be approved by a simple majority of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution.

**It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such Proxies FOR the Advance Notice Provisions Resolution.**

The Board reserves the right to abandon the Advance Notice Provisions Resolution should it deem it appropriate and in the best interests of the Company to do so.

#### **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company’s financial statements and management’s discussion and analysis (“**MD&A**”) for the most recently completed financial year.

The Company will provide to any securityholder upon request, copies of the Company’s financial statements and MD&A for the most recently completed financial year. Please direct your request to the Company at 700-838 W Hastings Street, Vancouver, BC, V6C 0A6 or email [kellypladson@icloud.com](mailto:kellypladson@icloud.com).

The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Vancouver, British Columbia, this 23<sup>rd</sup> day of June, 2017

#### **ON BEHALF OF THE BOARD**

*“Donald Rainwater”*  
President & CEO

**SCHEDULE “A”  
AUDIT COMMITTEE CHARTER**

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company’s audit committee, or its Board in lieu thereof (the “**Audit Committee**”). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

**1. Composition**

- (a) *Number of Members.* The Audit Committee must be comprised of a minimum of three directors of the Company, a majority of whom will be independent. Independence of the board members will be as defined by applicable legislation.
- (b) *Chair.* If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the “**Chair**”) to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) *Financially Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

**2. Meetings**

- (a) *Quorum.* The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (b) *Agenda.* The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.
- (c) *Notice to Auditors.* The Company’s auditors (the “**Auditors**”) will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor’s duties.
- (d) *Minutes.* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

**3. Roles and Responsibilities**

The roles and responsibilities of the Audit Committee include the following:

External Auditor

The Audit Committee will:

- (a) *Selection of the external auditor.* Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company’s accounts, controls and financial statements.
- (b) *Scope of Work.* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor’s review, including the Auditor’s engagement letter.

- (c) Compensation. Recommend to the Board the compensation to be paid to the external auditors.
- (d) Replacement of Auditor. If necessary, recommend the replacement of the Auditor to the Board of Directors.
- (e) Approve Non-Audit Related Services. Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.
- (f) Direct Responsibility for Overseeing Work of Auditors. Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) Resolution of Disputes. Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

#### Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) *Review of Interim Financial Statements.* Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.
- (c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

#### Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) *Internal Control.* Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) *Accounting Policies and Practices.* Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.
- (d) *Litigation.* Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements.

(e) *Other. Discuss* with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

#### Complaints

(a) **Accounting, Auditing and Internal Control Complaints.** The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.

(b) **Employee Complaints.** The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

#### **4. Authority**

(a) *Auditor.* The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.

(b) **To Retain Independent Advisors.** The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

#### **5. Reporting**

The Audit Committee will report to the Board on:

- (a) the Auditor's independence;
- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.

## SCHEDULE “B”

### LIGHTNING VENTURES INC.

(the “Company”)

#### Advance Notice Policy for Nomination of Directors.

- (1) Subject only to the *Business Corporations Act* (British Columbia) and the Company’s Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors at any annual meeting of shareholders, or at any special meeting of shareholders called for the purpose of electing directors as set forth in the Company’s notice of such special meeting, may be made (i) by or at the direction of the board of directors, including pursuant to a notice of meeting, (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* (British Columbia), or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act* (British Columbia) or, (iii) by any shareholder of the Company (a “**Nominating Shareholder**”) (x) who, at the close of business on the date of the giving of the notice provided for below in this Policy and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting, and (y) who complies with the notice procedures set forth in this Policy.
  - (a) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the secretary at the principal executive offices of the Company in accordance with this Policy.
  - (b) To be timely, a Nominating Shareholder’s notice must be received by the secretary of the Company (i) in the case of an annual meeting, not less than 30 days or more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made (the “**Meeting Notice Date**”), the Nominating Shareholder’s notice must be so received not later than the close of business on the 10th day following the Meeting Notice Date; and (ii) in the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which public announcement of the date of the special meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting or special meeting commence a new time period for the giving of a Nominating Shareholder’s notice as described in this Policy.
  - (c) To be in proper written form, a Nominating Shareholder’s notice must set forth: (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of the Company that are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* (British Columbia) and Applicable Securities Laws; and (ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* (British Columbia) and Applicable Securities Laws. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an

independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee. The Nominating Shareholder's notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

- (d) No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Policy; provided, however, that nothing in this Policy shall be deemed to preclude a shareholder from discussing (as distinct from nominating directors) at a meeting of shareholders any matter in respect of which the shareholder would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act* (British Columbia). The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (e) For purposes of this Policy, (i) "**public announcement**" shall mean disclosure in a press release disseminated by a nationally recognized news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and (ii) "**Applicable Securities Laws**" means the applicable securities legislation in each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (f) Notice given to the secretary of the Company pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address aforesaid) or sent by facsimile transmission (provided the receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been on the subsequent day that is a business day.
- (g) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Policy.