



3MV ENERGY CORP.

**NOTICE AND MANAGEMENT INFORMATION CIRCULAR FOR THE
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

TO BE HELD ON

July 16, 2014

June 13, 2014

3MV ENERGY CORP.
1150, 444 – 5TH AVENUE S.W.
CALGARY, ALBERTA T2P 2T8

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the “**Meeting**”) of the holders of common shares (“**Shares**”) of 3MV Energy Corp. (the “**Corporation**”) will be held at the offices of the Corporation located at 1150, 444 – 5th Avenue S.W., Calgary, Alberta, T2P 2T8, at 3:00 p.m. (Calgary time) on July 16, 2014, for the following purposes:

1. to receive the Corporation’s audited financial statements for the year ended December 31, 2013 together with the auditor’s report thereon;
2. to elect directors;
3. to appoint the auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the auditor’s remuneration;
4. to re-approve the Stock Option Plan of the Corporation; and
5. to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is June 13, 2014 (the “Record Date”). Shareholders of the Corporation whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a shareholder transfers the ownership of any of his shares after such date and the transferee of those shares establishes that he owns the shares and requests, not later than ten (10) days before the Meeting, to be included in the list of shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

A registered shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, execute and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays in the Province of Alberta) preceding the time of the Meeting or any adjournment thereof.

The persons named in the enclosed form of proxy are each a director and/or officer of the Corporation. Every shareholder has the right to appoint a person or company (who need not be a shareholder) to represent the shareholder at the Meeting other than the persons designated in the enclosed form of proxy. If the shareholder wishes to appoint a person or company other than the persons whose names are designated in the form of proxy, they may do so by inserting the name of the shareholder’s chosen proxyholder in the space provided in the form of proxy.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

DATED at the City of Calgary, in the Province of Alberta, this 13th day of June, 2014.

**BY ORDER OF THE BOARD OF
DIRECTORS**

“Dallas C. Duce”

Dallas C. Duce
Interim Chief Executive Officer

3MV ENERGY CORP.
1150, 444 – 5th Ave SW.
CALGARY, ALBERTA T2P 2T8

MANAGEMENT INFORMATION CIRCULAR

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JULY 16, 2014**

This management information circular (this “**Circular**”) is being furnished in connection with the solicitation, by management of 3MV Energy Corp. (the “**Corporation**”), of proxies for the annual and special meeting of shareholders (the “**Shareholders**”) of the Corporation (the “**Meeting**”) to be held on July 16, 2014 at the offices of the Corporation located at 1150, 444 – 5th Avenue S.W., Calgary, Alberta, T2P 2T8, at 3:00 p.m. (Calgary time) and at any adjournment thereof for the purposes set forth in the enclosed notice of meeting (the “**Notice**”).

Unless otherwise indicated, the information contained in this Circular is given as at June 13, 2014.

Unless otherwise indicated, all references to “dollars” or “\$” means Canadian dollars.

SOLICITATION OF PROXIES

Although, it is expected that management’s solicitation of proxies for the Meeting will be made primarily by mail, proxies may be solicited by directors, officers and employees of the Corporation may also solicit proxies personally or by telephone, fax, email or other similar means of communication. **This solicitation of proxies for the Meeting is being made by or on behalf of the directors and management of the Corporation and the Corporation will bear the costs of this solicitation of proxies for the Meeting.**

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with the transfer agent, investment dealers, intermediaries, custodians, depositories and depository participants and other nominees to forward solicitation materials to the beneficial owners of the common shares (the “**Shares**”) of the Corporation. The Corporation will provide, without any cost to such person, upon request to the Chief Financial Officer of the Corporation, additional copies of the foregoing documents for this purpose.

REGISTERED SHAREHOLDERS VOTING BY PROXY

Enclosed with this Circular is a form of proxy. The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **Every Shareholder of the Corporation has the right to appoint a person (who need not be a shareholder of the Corporation) other than the persons already named in the enclosed form of proxy to represent such shareholder of the Corporation at the Meeting by striking out the printed names of such persons and inserting the name of such other person in the blank space provided therein for that purpose.** In order to be valid, a proxy must be received by Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6, no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays in the Province of Alberta) preceding the time of the Meeting or, in the event of an adjournment or postponement of the Meeting, no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays in Alberta) before the time for holding the adjourned or postponed Meeting.

Shareholders may also elect to vote electronically in respect of any matter to be acted upon at the Meeting. Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. To vote electronically, registered shareholders are asked to go to the website shown on the form of proxy and follow the instructions on the screen. Please note that each shareholder exercising the electronic voting option will need to refer to the control number indicated on their proxy form to identify themselves in the electronic voting system. Shareholders should also refer to the instructions on the proxy form for information regarding the deadline for voting shares electronically. If a Shareholder votes electronically he or she is asked not to return the paper form of proxy by mail.

In order to be effective, a form of proxy must be executed by a shareholder exactly as his or her name appears on the register of shareholders of the Corporation. Additional execution instructions are set out in the notes to the form of proxy. The proxy must also be dated where indicated. If the date is not completed, the proxy will be deemed to be dated on the day on which it was mailed to shareholders.

The management representatives designated in the enclosed form of proxy will vote the Shares in respect of which they are appointed proxy in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **In the absence of such direction, such Shares will be voted by the management representatives named in such form of proxy in favour of each of the matters referred to in the Notice and will be voted by such representatives on all other matters which may come before the Meeting in their discretion.**

THE ENCLOSED FORM OF PROXY, WHEN PROPERLY SIGNED, CONFERS DISCRETIONARY VOTING AUTHORITY ON THOSE PERSONS DESIGNATED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.

At the time of printing of this Circular, management of the Corporation know of no such amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice and this Circular. **However, if any matters which are not now known to management of the Corporation should properly come before the Meeting, the Shares represented by proxies in favour of the Management Nominees will be voted on such matters in accordance with the best judgement of the Management Nominee.**

ADVICE TO NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Corporation, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, in many cases, Shares beneficially owned by a person (a “**Non-Registered Shareholder**”) are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Shareholder deals in respect of the Shares (Intermediaries include, among others, banks, trust companies, investment dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Notice, this Circular and its form of proxy (collectively, the “**Meeting Materials**”) to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form which must be completed and returned by the Non-Registered Shareholder in accordance with the directions printed on the form (in some cases, the completion of the voting instruction form by telephone, facsimile or over the Internet is permitted) or
- (b) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Olympia Trust Company, 2300, 125 – 9th Avenue S.E., Calgary, Alberta, T2G 0P6.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered.**

REVOCATION OF PROXIES

A registered shareholder of the Corporation who has submitted a proxy may revoke it by:

- (a) depositing an instrument in writing signed by the registered shareholder or by an attorney authorized in writing or, if the registered shareholder is a corporation, by a duly authorized officer or attorney, either:
 - (i) at the registered office of the Corporation, located at 25 Adelaide Street East, Suite 1900, Toronto, Ontario, M5C 3A1, at any time up to and including the last business day preceding the day of the Meeting; or
 - (ii) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting;
- (b) transmitting, by telephonic or electronic means, a revocation that complies with (i) or (ii) above and that is signed by electronic signature provided that the means of electronic signature permit a reliable determination that the document was created or communicated by or on behalf of the registered shareholder or the attorney, as the case may be; or

- (c) in any other manner permitted by law.

A Non-Registered Shareholder who has submitted voting instructions to an Intermediary should contact their Intermediary for information with respect to revoking their voting instructions.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year or any associate of any such director or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting, except as disclosed in this Circular.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Shares. Each Share entitles the holder of record to notice of and one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors nor are there cumulative or similar voting rights attached to the Shares of the Corporation.

The directors of the Corporation have fixed June 13, 2014 as the record date (the “**Record Date**”) for determination of the persons entitled to receive notice of the Meeting. Shareholders of record as of the Record Date are entitled to vote their Shares except to the extent that they have transferred the ownership of any of their Shares after the Record Date, and the transferees of those Shares produce properly endorsed share certificates or otherwise establish that they own the Shares, and demand, not later than ten (10) days before the Meeting, that their name be included in the shareholder list before the Meeting, in which case the transferees are entitled to vote their Shares at the Meeting.

As of the date of this Circular, 51,217,402 Shares were issued and outstanding.

To the knowledge of the directors and officers of the Corporation, as of the date of this Circular, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting shares of the Corporation carrying more than ten percent (10%) of the voting rights attached to all shares of the Corporation, except as set out in the table below:

| Name | Number of Shares Beneficially Held | Percentage of Outstanding Shares |
|--|------------------------------------|----------------------------------|
| Dallas C. Duce ⁽¹⁾ Estevan, Saskatchewan | 22,716,496 | 43.87% |

Note:

- (1) Directly as to 606,930 Shares and indirectly through 101155151 Saskatchewan Ltd. (“**101155151**”) as to 67,556 Shares and Audax Investments Ltd. (“**Audax**”) as to 22,042,000 Shares. Each of 101155151 and Audax are controlled by Mr. Duce.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation’s directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting relating to: (a) receiving the audited financial statements for the year ended December 31, 2013 (b) the election of directors for the ensuing year (c) appointment of auditors and (d) the re-approval of the Corporation’s stock option plan.

Audited Financial Statements

The Corporation's financial statements for the fiscal year ended December 31, 2013 and the report of the auditors thereon have been filed on www.sedar.com and have been sent to registered and beneficial shareholders who have requested copies thereof using the request form accompanying this Circular and will be submitted to the meeting of shareholders. Receipt at the Meeting of the auditors' report and the Corporation's financial statements for this fiscal period will not constitute approval or disapproval of any matters referred to therein.

Election of Directors

The Board has adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes "Withheld" than votes "For" will submit his or her resignation promptly following the Meeting. The compensation committee (the "**Compensation Committee**") will consider the offer of resignation and, except in extraordinary circumstances, will be expected to recommend that the Board accept the resignation, if applicable. The Board may: (1) leave a vacancy on the Board until the Corporation's next annual meeting (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders or (3) call a special meeting of shareholders to consider new Board nominee(s) to the vacant position(s).

Pursuant to the Corporation's constating documents, the board of directors of the Corporation (the "**Board**" or "**Board of Directors**") may be comprised of a minimum of one (1) director and a maximum of ten (10) directors to be elected annually. The Shareholders will be asked to elect five (5) directors at the Meeting. Each director elected will hold office until the close of the next annual meeting of the Shareholders or until his successor is appointed or elected.

The following table and the notes thereto set out the names of each nominee for election as a director of the Corporation as well as their province of residence, principal occupation, business or employment, the year they first became a director of the Corporation and the approximate number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof.

| Name, Position, Province of Residence | Principal Occupation | Date Elected or Appointed Director | Shares Owned or Controlled ⁽¹⁾ |
|--|---|------------------------------------|---|
| Ronald B. Baba ⁽²⁾⁽⁴⁾ Alberta, Canada <i>Director</i> | Partner with the law firm Niblock & Company LLP since September 1976. | January 30, 2012 | 581,118 ⁽⁵⁾ |
| Jim Boyle ⁽³⁾ Ontario, Canada <i>Chairman and Director</i> | Partner with the law firm Boyle & Co. LLP since June 2003. | May 16, 2012 | 709,198 ⁽⁶⁾ |
| Dallas C. Duce ⁽²⁾⁽³⁾⁽⁴⁾ Saskatchewan, Canada <i>Interim CEO and Director</i> | Owner and Operator of Duce Oil Ltd. from 1974 to 2010; Owner and Operator of Duce Electric Ltd. since 1975; President of Duce Developments Ltd. since 1986; President of Willett Manufacturing Ltd. since 1986. | January 30, 2012 | 22,716,496 ⁽⁷⁾ |

| Name, Position, Province of Residence | Principal Occupation | Date Elected or Appointed Director | Shares Owned or Controlled ⁽¹⁾ |
|---|--|------------------------------------|---|
| Donald O. Fairholm ⁽³⁾⁽⁴⁾ British Columbia, Canada <i>Director</i> | President and Owner of Fairholm and Company, Chartered Accountants, since September 1979. | January 30, 2012 | 20,290 |
| Alex Francoeur ⁽²⁾ Alberta, Canada <i>Director</i> | Professional geologist since November 2003; President of Serpa Petroleum Consulting Ltd., a private consulting firm, since 1996. | January 30, 2012 | 100,000 ⁽⁸⁾ |

Notes:

- (1) Information as to Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors and does not include Shares that may be acquired upon exercise of stock options. See “*Statement of Executive Compensation*”.
- (2) Member of the Reserves Committee of which Alex Francoeur is the Chairman.
- (3) Member of the Compensation and Corporate Governance Committee of which Dallas Duce is the Chairman.
- (4) Member of the Audit Committee of which Donald Fairholm is the Chairman.
- (5) Directly as to 554,091 Shares and indirectly through Caravan Group Inc., a corporation in which Mr. Baba has a 50% ownership, as to 27,027 Shares.
- (6) Directly as to 50,338 Shares and indirectly through Boyle & Co. LLP as to 658,860 Shares.
- (7) Directly as to 606,930 Shares and indirectly through 101155151 as to 67,556 Shares and Audax as to 22,042,000 Shares.
- (8) Indirectly through Serpa Ventures Ltd., a company controlled by Mr. Francoeur, as to 100,000 Shares.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management does not contemplate that any of the nominees will be unable to serve as a director of the Corporation for the ensuing year, however, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR OF THE CORPORATION FOR ANY REASON AT OR PRIOR TO THE MEETING OR ANY ADJOURNMENT THEREOF, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR THE ELECTION OF ANY PERSON OR PERSONS IN PLACE OF ANY NOMINEES UNABLE TO SERVE AT THE DISCRETION OF THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY.**

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within ten (10) years before the date of this Circular:

- (a) a director, chief executive officer or chief financial officer of any company (including the Corporation) that,
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order 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, or

- (b) a director or executive officer of any company (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
- (c) 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 the assets of the proposed director.

To the knowledge of the Corporation, no director or proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditors

KPMG, LLP, Chartered Accountants (“**KPMG**”), were first appointed as auditors for the Corporation on March 20, 2012. Prior to the appointment of KPMG, Collins Barrow Toronto LLP acted as the Corporation’s auditor.

Shareholders are being asked to re-appoint KPMG, to act as auditors of the Corporation until the next annual meeting of shareholders. **PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPOINTMENT OF KPMG, AS AUDITORS OF THE CORPORATION TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE APPOINTMENT OF KPMG.**

Re-Approval of Stock Option Plan

At the Corporation’s last annual and special meeting, held July 26, 2012, the shareholders approved the Corporation’s current stock option plan (the “**Plan**”). Pursuant to the policies of the TSX Venture Exchange (the “**Exchange**”), the shareholders will be asked at the Meeting to vote on a resolution to re-approve the Plan for the ensuing year.

The Plan provides that the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Shares. The Plan provides for a floating maximum limit of 10% of the outstanding Shares, as permitted by the policies of the Exchange.

The number of Shares reserved for any one person may not exceed 5% of the outstanding Shares. The Board of Directors determines the price per Share and the number of Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the Exchange. The price per Share set by the Board of Directors is subject to minimum pricing restrictions set by the Exchange.

Options may be exercisable for up to a maximum ten years from the date of grant, subject to the discretion of the Board of Directors to grant options that are exercisable for a shorter period. Options under the Plan are non-assignable. Options must be exercised within ninety (90) days of termination of employment or position with the Corporation, or such other period established by the Board of Directors. Provided that upon death or disability of an optionee, the option must be exercised within one year, subject to the expiry date.

Management of the Corporation believes that it would be in the best interest of the Corporation to re-approve the Plan to encourage the interest of directors, officers, employees and consultants of the Corporation and its affiliates in the growth and development of the Corporation and its affiliates by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Corporation.

A complete copy of the Plan is attached as Schedule “A” to this Circular. The Plan is subject to approval by the Exchange and subject to approval by the shareholders of the Corporation, as required by the rules of the Exchange.

Management recommends the re-approval of the Plan. To be effective, the Plan must be approved by not less than a majority of the votes cast by the holders of Shares present in person, or represented by proxy, at the Meeting. **UNLESS OTHERWISE INDICATED, THE PERSONS DESIGNATED AS PROXY HOLDERS IN THE ACCOMPANYING FORM OF PROXY WILL VOTE THE SHARES REPRESENTED BY SUCH FORM OF PROXY, PROPERLY EXECUTED, FOR THE RE-APPROVAL OF THE PLAN.**

STATEMENT OF EXECUTIVE COMPENSATION

Interpretation

National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”) defines “Executive Officer” to mean, for a reporting issuer, an individual who is,

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

Form 51-102F6 - *Statement of Executive Compensation* (in respect of financial years ending on or after December 31, 2008) (“**Form 51-102F6**”) further defines the following:

- (a) “CEO” means each individual who acted as chief executive officer of the Corporation or acted in a similar capacity, for any part of the most recently completed financial year;

- (b) “CFO” means each individual who acted as chief financial officer of the Corporation or acted in a similar capacity for any part of the most recently completed financial year;
- (c) “Named Executive Officers” or “NEOs” means the following individuals:
- (i) CEO;
 - (ii) CFO;
 - (iii) each of the Corporation’s three most highly compensated executive officers, other than the CEO and CFO at the end of the most recently completed financial year and whose total compensation exceeds \$150,000; and
 - (iv) each individual who would be a NEO under (iii) except that the individual was neither an executive officer of the Corporation nor acting in a similar capacity at the end of the most recently completed financial year end.

Named Executive Officers

During the financial year ended December 31, 2013, the following individuals acted as Named Executive Officers of the Corporation:

- William (Billy) M. Abbey, Vice President, Finance and CFO;
- Curtis Schoenfeld until his resignation on May 15, 2013.
- Dallas C. Duce, who became Interim CEO and replaced Curtis Schoenfeld as President and CEO on May 15, 2013

Compensation Discussion and Analysis

Based on the recommendations of the Compensation Committee, the directors of the Corporation as a whole are responsible for determining the compensation paid to the executive officers and directors of the Corporation.

The philosophy of the Compensation Committee is to determine compensation for the Corporation’s executive officers relative to the performance of the Corporation in executing on its objectives. The services of the Corporation’s NEOs at the end of the most recently completed financial year were provided to the Corporation pursuant to employment agreements, if any, which provide for the fixed compensation to be paid to the aforementioned NEOs. The NEOs are also eligible to receive performance-based incentive compensation. Other officers may receive both fixed compensation and performance-based variable incentive compensation, which together represents total direct compensation (“**Total Direct Compensation**”).

The Compensation Committee’s assessment of corporate performance is based on a number of qualitative and quantitative factors including execution of on-going projects and transactions, safety, operational performance and progress on key growth initiatives. The NEOs do not automatically receive any particular award based on the Compensation Committee’s determination of the overall performance of the Corporation, but rather the determination establishes the background for the Compensation Committee’s subsequent review of the NEOs’ individual performance.

The Compensation Committee of the Board of Directors is currently comprised of Jim Boyle, Dallas C. Duce and Donald O. Fairholm. Mr. Fairholm is the sole independent member of the Compensation Committee within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Neither Mr. Boyle nor Mr. Duce receives compensation from the Corporation in their capacity as Chairman and Interim CEO of the Corporation, respectively.

Objectives of the Compensation Program

The objectives of the compensation program of the Corporation (the “**Compensation Program**”) are:

- to reward individual contributions in light of overall business results;
- to align the interests of the executives with the interests of the shareholders; and
- to attract and retain executives who can help the Corporation achieve its objectives.

Purpose of the Compensation Program

The Compensation Program is designed to reward the performance and achievements of the Corporation and the Named Executive Officers for the prior financial year.

Elements of Compensation

Total Direct Compensation represents the combined value of fixed compensation and performance-based variable incentive compensation and is comprised of: base salary, short-term incentive in the form of an annual cash bonus, and long-term incentives in the form of stock options.

The allocation of Total Direct Compensation value to these different compensation elements is not based on a formula, but rather is intended to reflect the Compensation Committee’s discretionary assessment of an executive officer’s past contribution and ability to contribute to future short and long-term business results.

Base Salary

The base salary of each NEO is reviewed annually and is the fixed portion of each Named Executive Officer’s Total Direct Compensation and is designed to provide income certainty and to attract and retain executives.

Short-term Incentives

The short-term incentive is intended to reward each executive officer for their individual contribution and performance of personal objectives in the context of overall annual corporate performance. The cash bonus is designed to motivate executives annually to achieve personal business objectives, to be accountable for their relative contribution to the Corporation’s performance, as well as to attract and retain executives. In 2013, there were no short-term incentives granted by the Corporation.

Long-term Incentives

Long-term incentive compensation is provided through the granting of stock options. This incentive arrangement is designed to motivate executives to achieve longer-term sustainable business results, align their interests with those of the shareholders and to attract and retain executives. Participants benefit only if the market value of the Shares at the time of stock option exercise is greater than the exercise price of the stock options at the time of grant.

Determination of Compensation

Rather than strictly applying formulas and weightings to forward-looking performance objectives, which may lead to unintended consequences for compensation purposes, the Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations. For this reason, the Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for NEOs.

The Compensation Committee's comprehensive assessment of the overall business performance of the Corporation, including corporate performance against objectives (both quantitative and qualitative), business circumstances and, where appropriate, relative performance against peers, provides the context for individual executive officer evaluations for all direct compensation awards.

The Board does not feel it is necessary to assess the effectiveness of individual Board members. Each Board member has considerable experience in the management of public companies and this is sufficient to meet the needs of the Corporation. On an annual basis, however, the Board assesses the contributions of each of the individual directors, and of the Board as a whole, in order to determine whether each is functioning effectively.

Stock Options

Stock Option Granting Process

Generally, stock option grants are determined on an ad hoc basis. The CEO makes recommendations to the Compensation Committee regarding individual stock option awards for all recipients, other than the CEO and the Board of Directors. The Compensation Committee makes recommendations to the Board regarding stock options for the CEO and the Board of Directors. The Compensation Committee deliberates without the CEO and considers relevant market data and other information in order to determine the CEO's stock option grant recommendation to the Board.

The Compensation Committee reviews the appropriateness of the stock option grant recommendations from the CEO for all eligible employees and accepts or adjusts these recommendations. The Compensation Committee is responsible for approving all individual stock option grants, including grants that are awarded outside the annual compensation deliberation process for such things as promotions or new hires. The Compensation Committee is also responsible for recommending to the Board for its approval any stock option grants for executive officers.

The Compensation Committee approves or recommends compensation awards, including stock option grants, which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual.

Stock Option Plan Amendments

The Board has the authority to discontinue the stock option plan at any time without shareholder approval. Management does not have a right to amend, suspend or discontinue the stock option plan. The stock option plan also provides that certain amendments be approved by the shareholders of the Corporation as provided by the rules of the TSX Venture Exchange ("TSXV").

Other Compensation

Executive officers may receive other benefits that the Corporation believes are reasonable and consistent with its overall executive compensation program. These benefits, which are based on competitive market practices, support the attraction and retention of executive officers. The principal benefit offered is a group health and dental plan.

Risks associated with Compensation Policies and Practices

The Board of Directors of the Corporation and the Compensation Committee have structured the Corporation's compensation policies to minimize compensation risk through the utilization of the following principles in setting the compensation for senior executives:

- (1) Bonus plans include a cap on the maximum total bonus;
- (2) For each participant, a significant portion of the bonus relates to the Corporation's overall profitability;
- (3) The requirement for over-achievement of the budget in order to achieve the maximum bonus;
- (4) Performance targets for the CEO which include activities focused on increasing the likelihood of the Corporation's success in future years; and
- (5) The use of comparables to ensure that compensation of senior executives is reasonable in the context of similar companies.

Financial Instruments

The Corporation does not have a policy which prohibits NEOs and directors of the Corporation from personally 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 a NEO or director.

Compensation Decisions Made For 2013 and 2014

On February 28, 2013, the Corporation granted 4,300,000 stock options to officer, directors and employees and directors at an exercise price of \$0.25 per Share.

On August 23, 2013, the Corporation granted 450,000 stock options to employees at an exercise price of \$0.15 per Shares.

On August 29, 2013, the Corporation granted 1,500,000 stock options to non-management directors at an exercise price of \$0.15 per Shares, subject to shareholder approval, which were subsequently ungranted with the consent of the proposed optionees.

Further information regarding the Corporation's corporate financial and business performance can be found in Management's Discussion and Analysis for the year ended December 31, 2013 filed on SEDAR (www.sedar.com).

Summary Compensation Table

The following table sets forth the total annual and long-term equity and non-equity compensation for each NEO, along with any other compensation awarded to each NEO, for services rendered in all capacities to the Corporation for the fiscal year ended December 31, 2013. As permitted under amended Form 51-102F6 under NI 51-102, information has only been provided with respect to the three (3) most recent fiscal years of the Corporation. For information related to the compensation payable to the Corporation's NEOs prior to the three (3) most recent fiscal years of the Corporation, please refer to the Corporation's information circulars in respect of each such year, copies of which are available on SEDAR at www.sedar.com. The Corporation does not have any pension plans, long-term non-equity incentive plans or deferred compensation plans. In addition, the Corporation does not currently have any plans or arrangements in place that provide for share-based awards.

| Name and Principal Position | Year | Salary (\$) | Share-based awards (\$) | Option-based awards ⁽¹⁾ (\$) | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation (\$) ⁽²⁾ | Total compensation (\$) |
|--|------|-------------|-------------------------|---|---|---------------------------|--------------------|--|-------------------------|
| | | | | | Annual incentive plans | Long-term incentive plans | | | |
| William (Billy) M. Abbey, Vice-President, Finance and CFO | 2013 | \$136,000 | Nil | \$53,926 | Nil | Nil | Nil | \$12,000 ⁽³⁾ | \$201,926 |
| | 2012 | \$136,000 | Nil | \$65,760 | Nil | Nil | Nil | \$12,000 ⁽³⁾ | \$213,760 |
| Curtis Schoenfeld, ⁽⁴⁾ Former President and CEO | 2013 | \$67,500 | Nil | \$33,643 | Nil | Nil | Nil | Nil | \$101,143 |
| | 2012 | \$105,000 | Nil | Nil | Nil | Nil | Nil | Nil | \$105,000 |
| Dallas C. Duce President and CEO ⁽⁵⁾ | 2013 | Nil | Nil | \$252,323 | Nil | Nil | Nil | Nil | \$252,323 |

Notes:

- (1) Based on the grant date fair value of the applicable awards. The fair value of the Options granted to each current Named Executive Officer of the Corporation for the year ended December 31, 2013, was estimated on the date of the grant using the Black Scholes option pricing model with the following assumptions:
 - a. The Options issued to William (Billy) Abbey were calculated with a dividend yield of zero percent, expected volatility of 86 percent, a weighted average risk-free interest rate of 1.25 percent, a weighted average exercise price of \$0.18 and an expected life of 5.0 years, resulting in a value per option of \$0.12. The Options issued to Mr. Abbey vest equally over a three-year period commencing one year from the date of grant. The options are currently "out of the money" and no options have been exercised to date.
 - b. The Options issued to Curtis Schoenfeld were calculated with a dividend yield of zero percent, expected volatility of 86 percent, a risk-free interest rate of 1.08 percent, an exercise price of \$0.25 and an expected life of 5.0 years, resulting in a value per option of \$0.17. The Options issued vest equally over a three-year period commencing one year from the date of grant and expired 90 days following Mr. Schoenfeld's resignation. No options were exercised before there expiry.
 - c. The Options issued to Dallas C. Duce were calculated with a dividend yield of zero percent, expected volatility of 86 percent, a risk-free interest rate of 1.08 percent, an exercise price of \$0.25 and an expected life of 5.0 years, resulting in a value per option of \$0.17. The Options issued to Dallas C. Duce vested immediately on the date of grant. The options are currently "out of the money" and no options have been exercised to date.
- (2) The value of perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total annual salary and bonus for the NEOs.
- (3) Mr. Abbey is entitled to a monthly vehicle allowance of \$1,000 per month.

- (4) Mr. Schoenfeld was appointed as President and Chief Executive Officer of the Corporation on May 24, 2012 and resigned on May 15, 2013.
- (5) Mr. Duce was appointed President and Chief Executive Officer of the Corporation on May 15, 2013.

Each of the NEOs is employed by the Corporation pursuant to an employment contract which sets out the NEO's base salary and target bonus entitlements.

Incentive Plan Awards – NEOs

Outstanding Option-based and Share-based awards as at December 31, 2013

The following table sets out for each Named Executive Officers all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2013:

| NEO Name | Option-based Awards | | | | Share-based Awards | | |
|----------------------------------|---|--------------------------------------|--|---|--|--|--|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options ⁽¹⁾ (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| William (Billy) M. Abbey | 111,485 51,375 125,000 325,000 | \$1.85 \$1.90 \$0.25 \$0.15 | Dec 21, 2016 Feb 13, 2017 Feb 28, 2018 Aug 23, 2018 | Nil Nil Nil Nil | Nil | Nil | Nil |
| Curtis Schoenfeld ⁽²⁾ | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Dallas C. Duce | 1,500,000 | \$0.25 | Feb 28, 2018 | Nil | Nil | Nil | Nil |

Notes:

- (1) Based on the Corporation's closing share price of \$0.06 on December 31, 2013.
- (2) All of Mr. Schoenfeld issued stock options expired 90 days after his resignation.

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2013

The following table sets out for each Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2013 and the value of non-equity incentive plan compensation earning during the year ended December 31, 2013:

| Name | Option-based awards – Value vested during the year ⁽¹⁾ (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|--------------------------|--|--|--|
| William (Billy) M. Abbey | Nil | Nil | Nil |
| Curtis Schoenfeld | Nil | Nil | Nil |
| Dallas C. Duce | Nil | Nil | Nil |

Note:

- (1) All options which vested during the year vested on dates at which time the market price of the shares was less than or equal to the exercise price of the options.

Pension Plan Benefits

The Corporation does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.

Employment Agreement, Termination and Change of Control Benefits

The Corporation entered into an employment agreement (the “**Abbey Employment Agreement**”) dated December 31, 2011 with William (Billy) M. Abbey. Pursuant to the Abbey Employment Agreement, Mr. Abbey agreed to act in the capacity of Vice President, Finance and Chief Financial Officer of the Corporation. The Abbey Employment Agreement provides for a salary of \$11,333 per month for acting such capacity plus the reimbursement for parking, all reasonable fees and dues for professional associations or memberships as well as all out of pocket expenses incurred in connection with Mr. Abbey’s duties to the Corporation. Mr. Abbey will also be eligible to participate in any employee benefit plan, program or arrangement salary shall be reviewed annually by, and may be increased at the sole discretion of, the Board. The term of the agreement shall be for an indefinite period commencing on the date of the Abbey Employment Agreement.

The Abbey Employment Agreement has a “change of control” provision which may be triggered in certain circumstances, including, but not limited to, the following:

- (a) the acquisition of:
 - (i) shares of the Corporation, and/or
 - (ii) securities convertible into, exercisable for or carrying the right to purchase shares of the Corporation (“**Convertible Securities**”),

as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the Canada Business Corporations Act with any such person, group of persons or any of such persons (collectively “**Acquirors**”), beneficially own shares of the Corporation or convertible securities such that, assuming only the conversion or exercise of Convertible Securities beneficially owned by the Acquirors, the Acquirors would beneficially own shares which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the Corporation which may be cast to elect directors of the Corporation; or

- (b) approval by the shareholders of the Corporation of:
 - (i) an amalgamation, arrangement, merger or other consolidation of the Corporation with another corporation pursuant to which the shareholders of the Corporation immediately prior thereto do not immediately thereafter own shares of the successor continuing corporation which entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation,
 - (ii) a liquidation, dissolution or winding-up of the Corporation, or
- a sale, lease or other disposition of all or substantially all of the assets of the Corporation.

Termination Without Cause

If the NEO is terminated without cause, the Corporation may be obligated to make payments or provide benefits to the NEO. A termination without cause means a termination of a NEO for any reason other than the following, each of which provides “Just Cause” for termination:

- (1) The failure by the NEO to perform his or her duties according to the terms of his or her employment agreement or to perform in a manner satisfactory to the Board after the Corporation has given the NEO reasonable notice of this failure as well as a reasonable opportunity to correct this failure; however, any such failure:
 - (a) that follows a diminution in his or her position or duties or responsibilities, or
 - (b) that results from a disability of the NEO,is not considered a failure for purposes of this section;
- (2) The engagement by the NEO in any act that is materially harmful to the Corporation;
- (3) The engagement by the NEO in any illegal conduct or any act of dishonesty which benefits the NEO at the Corporation’s expense including but not limited to the failure by the NEO to:
 - (a) honour his or her fiduciary duties to the Corporation; and
 - (b) fulfill his or her duty to act in the Corporation’s best interests;
- (4) The failure of the NEO to abide by the terms of any resolution passed by the Board; or
- (5) The failure of the NEO to abide by the Corporation’s policies, procedures and codes of conduct.

Amounts Payable Upon Termination

William (Billy) M. Abbey

Upon any instance of termination without cause, the Corporation is required to pay Mr. Abbey an amount equal to one year’s base salary, all accrued salary and vacation pay to the date of termination of employment and ten percent (10%) of the amount paid as compensation for the loss of employment benefits.

The following table contains the estimated incremental payments, payables and benefits that would arise assuming a termination date of December 31, 2013:

| Name | Event | Cash Payments (\$) | Value of Equity and Share-based Awards (\$) | Total (\$) |
|--------------------------|---------------------------|--------------------------|---|--------------------------|
| William (Billy) M. Abbey | Termination with cause | Nil | Nil | Nil |
| | Termination without cause | \$149,600 ⁽¹⁾ | Nil | \$149,600 ⁽¹⁾ |
| | Change in control | \$149,600 ⁽¹⁾ | Nil | \$149,600 ⁽¹⁾ |

Note:

- (1) Includes ten percent (10%) of annual salary for the loss of employment benefits. The total does not include vacation accrued or vehicle allowance as at December 31, 2013.

Director CompensationDirector Compensation Table

The following table sets forth information concerning the annual and long term compensation in respect of the directors of the Corporation, other than the NEOs, during the financial year ended December 31, 2013:

| Name and Principal Position | Year | Fees Earned (\$) | Share-based awards (\$) | Option-based awards ⁽¹⁾ (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|--------------------------------------|------|------------------|-------------------------|---|---|--------------------|-----------------------------|-------------------------|
| Ronald B. Baba ⁽³⁾⁽⁴⁾ | 2013 | Nil | Nil | \$92,668 | Nil | Nil | Nil | \$92,668 |
| Jim Boyle ⁽²⁾ | 2013 | Nil | Nil | \$252,323 | Nil | Nil | \$194,236 ⁽⁵⁾ | \$446,559 |
| Donald O. Fairholm ⁽³⁾⁽⁴⁾ | 2013 | Nil | Nil | \$92,668 | Nil | Nil | Nil | \$92,668 |
| Alex Francoeur ⁽³⁾⁽⁴⁾ | 2013 | Nil | Nil | \$92,668 | Nil | Nil | \$16,979 ⁽⁶⁾ | \$109,647 |

Notes:

- (1) Based on the grant date fair value of the applicable awards. The fair value of options granted are estimated at the date of grant using a Black-Scholes Option Pricing Model.
- (2) On February 28, 2013, Mr. Boyle was awarded 1,500,000 stock options to purchase the same number of Shares. The stock options vest immediately on the grant date, are exercisable at \$.25 per share and expire 5 years from the grant date on February 28, 2018. The closing market price on February 28, 2013, was \$0.245 per Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 86%, risk-free interest rate 1.08% and expected life of 5 years. The fair value of each stock option granted was \$0.17 per option. The aggregate fair value assigned to these stock options was \$252,323.
- (3) On February 28, 2013, Messrs. Baba, Fairholm and Francoeur were each awarded 250,000 stock options to purchase the same number of Shares. The stock options vest immediately on the grant date, are exercisable at \$.25 per Share and expire 5 years from the grant date on February 28, 2018. The closing market price on February 28, 2013, was \$0.245 per Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 86%, risk-free interest rate 1.08% and expected life of 5 years. The fair value of each stock option granted was \$0.17 per option. The aggregate fair value assigned to these stock options was \$42,054.
- (4) On August 29, 2013, Messrs. Baba, Fairholm and Francoeur were each awarded 500,000 stock options to purchase the same number of Shares subject to shareholder approval. The stock options will vest retroactive to the grant date, will be exercisable at \$0.15 per Share and will expire 5 years from the grant date on February 28, 2018. The closing market price on February 28, 2013, was \$0.15 per Share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 86%, risk-free interest rate 1.32% and expected life of 5 years. The fair value of each stock option granted was \$0.10 per option. The aggregate fair value assigned to these stock options was \$50,614. On June 17, 2014, the board of directors with the consent of the optionees determined to ungrant the options and disenact the fixed number stock option plan under which the options had been conditionally granted.
- (5) The Corporation incurred \$194,236 in costs relating to legal services paid to a firm which is controlled by Mr. Boyle of which \$194,236 remains outstanding as accounts payable.
- (6) The Corporation incurred \$16,979 in costs relating to wellsite services paid to a firm which is controlled by Mr. Francoeur.

Material Factors Necessary to Understand Director Compensation

There were no standard or other arrangements under which independent directors of the Corporation were compensated in their capacity solely as directors during the financial year ended December 31, 2013. Certain consultants of the Corporation who were also directors of the Corporation received compensation in their capacity as consultants to the Corporation.

Directors who are executive officers of the Corporation or who are not otherwise “independent” for the purposes of National Instrument 52-110 will not receive any compensation for serving as directors or for serving on any committees of directors other than options.

Directors’ Option-based Awards

All directors are entitled to participate in the Corporation’s existing Plan, which was most recently approved by the shareholders of the Corporation on July 11, 2012. During the financial year ended December 31, 2013, 3,750,000 options to purchase Shares were granted to directors (other than Named Executive Officers) of which 1,500,000 were subsequently ungranted with the consent of the optionees. During such financial year, no options to purchase Shares were exercised by directors, including Named Executive Officers. As at December 31, 2013, the Corporation had outstanding options to purchase an aggregate of 6,170,262 shares, of which 5,250,000 were outstanding to the directors (including Named Executive Officers) of which 1,500,000 were subsequently ungranted with the consent of the optionees.

Outstanding Option-based and Share-based awards as at December 31, 2013

The following table sets out for each director (other than Named Executive Officers) all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2013:

| NEO Name | Option-based Awards | | | | Share-based Awards | | |
|--------------------|---|----------------------------|------------------------------|---|--|--|--|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options ⁽¹⁾ (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Ronald B. Baba | 250,000 500,000 ⁽²⁾ | 0.25 0.15 | Feb 28, 2018 Aug 23, 2018 | Nil | Nil | Nil | Nil |
| Jim Boyle | 1,500,000 | 0.25 | Feb 28, 2018 | Nil | Nil | Nil | Nil |
| Donald O. Fairholm | 250,000 500,000 ⁽²⁾ | 0.25 0.15 | Feb 28, 2018 Aug 23, 2018 | Nil | Nil | Nil | Nil |
| Alex Francoeur | 250,000 500,000 ⁽²⁾ | 0.25 0.15 | Feb 28, 2018 Aug 23, 2018 | Nil | Nil | Nil | Nil |

Notes:

- (1) Based on the Corporation’s closing share price of \$0.06 on December 31, 2013.
- (2) Which overlying options were subsequently ungranted with the consent of the optionees.

Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2013

The following table sets out for each director (other than Named Executive Officers), the value of option-based awards and share-based awards which vested during the year ended December 31, 2013 and the value of non-equity incentive plan compensation earning during the year ended December 31, 2013:

| Name | Option-based awards – Value vested during the year (\$) ⁽¹⁾ | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|--------------------|---|---|--|
| Ronald B. Baba | Nil | Nil | Nil |
| Jim Boyle | Nil | Nil | Nil |
| Donald O. Fairholm | Nil | Nil | Nil |
| Alex Francoeur | Nil | Nil | Nil |

Notes:

- (1) All options which vested during the year vested on dates at which time the market price of the shares was less than or equal to the exercise price of the options.

EQUITY COMPENSATION PLANS

The following table sets forth summary information regarding the Plan as at December 31, 2013.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|--|--|---|---|
| Equity compensation plans approved by securityholders | 5,121,740 | \$0.33 | 451,478 |
| Equity compensation plans not approved by securityholders | Nil ⁽¹⁾ | \$0.00 | Nil ⁽¹⁾ |
| Total | 5,121,740 | \$0.28 | Nil |

Notes:

- (1) Does not include options to purchase 1,500,000 shares conditionally granted August 29, 2013, subject to shareholder approval which were subsequently ungranted with the consent of the optionees.

AUDIT COMMITTEE

NI 52-110 requires that certain information regarding the audit committee of a “venture issuer” (as that term is defined in NI 52-110) be included in this Circular sent to shareholders in connection with this annual Meeting.

Audit Committee Charter

The full text of the Corporation’s Audit Committee charter is attached hereto as Schedule “B” to this Circular.

Composition of the Audit Committee

The members of the Audit Committee are Donald O. Fairholm and Alex Francoeur, who are considered independent and Dallas C. Duce, who is Interim CEO is not and all of whom are financially literate pursuant to NI 52-110 – *Audit Committees* (“NI 52-110”).

Relevant Education and Experience

Dallas C. Duce

Mr. Duce graduated as an electrical technologist from the Saskatchewan Technical Institute in 1971. He has owned and managed numerous companies in a number of areas including manufacturing, real estate, oil production and the service industry. As such, he has had extensive experience with legal and accounting departments which has provided him with experience in evaluating financial statements, along with an understanding of internal controls and audit committee responsibilities.

Donald O. Fairholm

Donald O. Fairholm is a graduate of Simon Fraser University and has been a member of the Institute of Chartered Accountants since 1975. A founding partner of Fairholm, Kozak, Thomas in 1989, Mr. Fairholm has, since 1999, carried on practice as Fairholm & Co. Chartered Accountants. Since 2000 Mr. Fairholm has been a director of Bevo Agro Inc. (TSXV: BVO.V) and until 2009 was the Chief Financial Officer for that company. Since 2007, Mr. Fairholm has been a director and Chief Financial Officer of Sino Western Petroleum Inc.

Alex Francoeur

Alex Francoeur is a 1979 Geology graduate of Concordia University, and has been a P.Geol. APEGGA member since 2004. Mr. Francoeur started Serpa Petroleum Consulting in 1980 to provide wellsite geology services to numerous clients, and Serpa Petroleum Consulting, Ltd. was incorporated in 1996. Mr. Francoeur has through Serpa Petroleum Consulting gained experience with legal and accounting departments which has provided him with experience in evaluating financial statements, along with an understanding of internal controls and audit committee responsibilities.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Audit Committee and, where applicable, the Corporation’s Board, on a case-by-case basis.

Auditor Service Fees

The following table provides detail in respect of audit, audit related, tax and other fees paid by the Corporation to the external auditors for professional services provided to the Corporation and its subsidiaries:

| | <u>2013</u> | <u>2012</u> |
|---------------------------|-------------|-------------|
| Audit fees paid | \$88,200 | \$78,750 |
| Audit-related fees | \$49,612 | \$118,461 |
| Tax fees | \$45,478 | \$54,469 |
| Other fees | - | \$44,531 |
| Total | \$183,290 | \$296,210 |

Audit Fees: Audit fees were paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees: Audit-related fees were paid for professional services rendered by the auditors and were comprised primarily of the reading of quarterly financial statements.

Tax Fees: Tax fees were paid for tax compliance, tax advice and tax planning professional services. These services included preparing and/or reviewing tax returns.

All Other Fees: Fees such as those payable for professional services which include accounting advice, primarily relating to IFRS transition and due diligence.

Exemption

The Corporation is relying on the exemption from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) as set out in section 6.1 of NI 52-110.

CORPORATE GOVERNANCE

Board of Directors

The Board facilitates its exercise of independent supervision over management through the independent directors on the board. In conjunction with meetings of the Board, the independent directors regularly hold meetings at which non-independent directors and members of management are not in attendance.

The Board consists of five (5) directors, three (3) of whom are considered "independent" within the meaning of NI 52-110. The independent directors are Ronald B. Baba, Donald O. Fairholm and Alex Francoeur.

As the Chairman, Jim Boyle is an executive officer and is also a partner with Boyle & Co. LLP, the Corporation's legal counsel. As the Interim CEO, Dallas C. Duce is an executive officer of the Corporation. Accordingly, Messrs Boyle and Duce are not considered "independent" for the purposes of NI 52-110.

Directorships

The following directors are also directors of the reporting issuers listed below:

| Director or Proposed Nominee | Reporting Issuer | Exchange |
|------------------------------|--|------------------------------|
| Jim Boyle | Cleantech Capital Inc. Rex Diamond Mining Corporation | TSX Venture Exchange None |
| Donald O. Fairholm | Bevo Argo Inc. | TSX Venture Exchange |

Orientation and Continuing Education

New directors are provided with an orientation program of informal meetings and orientation materials consisting of publicly available materials (e.g. articles, newsletters, dissertations) written by leading accounting and law firms addressing current issues and legal requirements regarding the responsibilities of directors. Other Board members, management, the Corporation's legal counsel and/or auditors are available to the new director for guidance and assistance.

The Board does not have a formal continuing education for directors. The Corporation's legal counsel and auditors provide updates on current issues directly affecting the Corporation. The Board considers its informal continuing education program to be suitable to the Corporation's size and the complexity of issues its directors face.

Ethical Business Conduct

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

The Board has also adopted an Audit Committee "Whistle-Blower" Procedures Policy (the "**Whistleblower Policy**") which allows the Corporation to maintain a workplace where the Corporation can receive, retain and address all reports and complaints received by the Corporation concerning accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (collectively, the "**Accounting/Audit Matters Concerns**"). The purpose of the Whistleblower Policy is to provide the Corporation's employees with a mechanism by which they can raise these concerns free of any discrimination, retaliation or harassment.

In addition, each nominee for director of the Corporation must disclose to the Corporation all interests and relationships of which the director is aware of at the time of consideration which will or may give rise to a conflict of interest. If such an interest or relationship should arise while the individual is a director, the individual shall make immediate disclosure of all relevant facts to the Corporate Secretary of the Corporation.

Nomination of Directors

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 view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Corporation, this policy will be reviewed.

The Compensation Committee is responsible for: (i) establishing criteria for Board membership, and considering the competencies and skills that the Board, as a whole, should possess; (ii) assessing the competencies and skills of each existing director and any new nominees; (iii) recommending Board composition; (iv) in conjunction with the Chairman of the Board, proposing to the Board, annually, the members proposed for re-election to the Board and identifying and, where appropriate, recommending new nominees for the Board; (v) ensuring that there is in place an education and orientation program for new members of the Board and a continuing education program for all directors; and (vi) periodically reviewing the adequacy and form of the compensation of directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly.

Compensation

Compensation has historically been reviewed and recommended by the independent directors. The independent directors review compensation paid to directors and the chief executive officers of companies of similar size and stage of development. The independent directors then determine an appropriate level of compensation that reflects the need to provide incentive and to reward the time and effort expended by the directors and senior management, while taking into account the financial and other resources of the Corporation. The Compensation Committee is responsible for reviewing and making recommendations to the Board on compensation matters with respect to officers, directors and consultants of the Corporation and assists the Chief Executive Officer in setting appropriate levels of compensation for staff of the Corporation and its subsidiaries. In fulfilling this mandate, the committee analyzes compensation levels in industry peers as well as monitors the performance of employees, officers and consultants.

Other Board Committees

Other than the Audit Committee, the Corporation has two other Board committees, the Reserves Committee and the Compensation Committee.

Compensation Committee

The members of the Compensation Committee are Dallas C. Duce, Donald O. Fairholm and Jim Boyle. Mr. Fairholm is an independent director.

All of the members of the Compensation Committee have direct experience that is relevant to their responsibilities regarding executive compensation of the Corporation. Specifically, Messrs. Duce and Fairholm all have experience acting as directors or executives of other oil and gas issuers. Accordingly, as a result of this collective experience, the Compensation and Corporate Governance Committee has knowledge of typical day-to-day responsibilities and challenges faced by the Corporation's management team, the role of a Board in reviewing the executive compensation of a reporting issuer, and first-hand knowledge regarding executive compensation policies and practices in the public oil and gas sector, all of which are beneficial to the committee in the context of its review of the Corporation's compensation policies and practices.

In addition to the duties outlined above, the Compensation and Corporate Governance Committee is responsible for making recommendations to the Board concerning: (i) the compensation philosophy of the Corporation as recommended by the Chief Executive Officer; (ii) the policies with respect to the compensation of executive officers of the Corporation; (iii) the compensation package for the Chief Executive Officer after a review and concurrence with his annual objectives in the context of the Corporation's strategic and business plan; (iv) the assessment of the performance of the Chief Executive Officer and the level of his performance compensation, this assessment will take into account the achievement of his and the Corporation's objectives; (v) the compensation packages of the executive officers of the Corporation after review and concurrence with their objectives as agreed to between them and the Chief Executive Officer; and (vi) the level of performance compensation of the executive officers of the Corporation after review and concurrence with the Chief Executive Officer's assessment of their performance and his performance compensation recommendations. The Compensation and Corporate Governance Committee will also review and/or approve any other matters specifically delegated to the Compensation and Corporate Governance Committee by the Board.

Reserves Committee

The members of the Reserves Committee are Ronald B. Baba, Alex Francoeur and Dallas C. Duce. Mr. Francoeur is an independent director.

The Reserves Committee is appointed to assist the Board in monitoring: (i) the Corporation's procedures for providing information to the independent reserves evaluator; (ii) the integrity of the oil and gas reserves of the Corporation; (iii) compliance by the Corporation with legal and regulatory requirements related to reserves; (iv) qualifications, independence and performance of the Corporation's independent reserve evaluators; (v) performance of the Corporation's procedures for providing information to the independent reserve evaluators; and (vi) reviewing the reconciliation of changes in reserves and future net revenue. The Reserves Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Corporation, its reserve evaluators and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Reserves Committee has the authority to independently retain special legal, engineering, or other consultants to advise it, and may request any officer or employee of the Corporation, its independent legal counsel or independent reserve evaluators to attend a meeting of the committee or to meet with any members of, or consultants to, the committee.

Assessments

The Board conducts an informal annual review and assessment of the performance of each of the individual directors and the Board as a whole. To date, the Board has satisfied itself that the Board, its committees and individual directors are performing effectively.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

There is not as of the date hereof, and has not been since the beginning of the Corporation's last completed financial year, any indebtedness owing to the Corporation by the directors and senior officers of the Corporation or any of their associates or affiliates, except as disclosed in this Circular. See heading "Interest of Informed Persons in Material Transactions."

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The management of the Corporation is not aware of any material interests, direct or indirect, of any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries except the following:

- (1) On February 21, 2013, Mr. Duce provided the Corporation with a secured convertible loan (the "**2013 Loan**") in the principal amount of \$2,000,000 (the "**2013 Loan Amount**"), by way of a convertible debenture private placement, for the purpose of acquiring certain assets in its core Fiske area, including a GORR, land that was subject to the then current farm-in agreement and 18 additional sections, pursuant to the purchase and sale agreement announced on February 20, 2013. Following the completion of the transaction, 3MV owns a high working interest (mostly 100%) in 53 sections of land in the Fiske play of west central Saskatchewan. The 2013 Loan will bear interest at a rate of 12% per annum for a two (2) year term. The 2013 Loan will be convertible into Shares at a price of \$0.27 per Share (the "**2013 Conversion Price**"). Upon conversion of the 2013 Loan Amount at the 2013 Conversion Price, Mr. Duce will receive an additional 7,407,407 Shares.
- (2) Pursuant to a term sheet executed June 6, 2014 with effect as of February 28, 2014, Audax Investments Ltd. ("**Audax**"), a corporation controlled by Mr. Duce, provided the Corporation a \$2,000,000, secured draw down facility term loan (the "**Debt Facility**"), due and payable June 1, 2016, bearing interest at eight percent (8%) per annum, calculated and payable quarterly on March 31, June 30, September 30 and December 31 in each year through the issuance of shares of 3MV at the volume weighted average market price of the shares of 3MV on the five trading days preceding payment date, commencing June 30, 2014. The Debt Facility is secured by general security over all of the Corporation's and its subsidiaries' property, assets and undertaking, subordinate to an existing up to \$621,914 principal amount loan facility to the Corporation from Invico Performance Yield Fund Limited Partnership.

OTHER BUSINESS

Management is not aware of any matters to come before the meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting it is the intention of the individuals indicated in the form of proxy to vote the same in accordance with their best judgment in such matters.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Shareholders may request copies of the Corporation's financial statements as at and for the financial year ended December 31, 2013, and management's discussion and analysis for such financial results, free of charge by contacting the Secretary of the Corporation at 1150, 444 - 5th Avenue S.W., Calgary, Alberta, T2P 2T8. Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis for its most recently completed financial year ended December 31, 2013.

APPROVAL AND CERTIFICATION

The contents of this Circular, Proxy Statement, and the sending thereof have been approved by the Board. This Circular constitutes full, true, and plain disclosure of all material facts relevant to the particular matters to be voted on by the shareholders.

This Circular contains no untrue statements of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made.

DATED at the City of Calgary, in the Province of Alberta, this 13th day of June, 2014.

“Dallas C. Duce”

Dallas C. Duce
Interim Chief Executive Officer and Director

“William (Billy) M. Abbey”

William (Billy) M. Abbey
Vice President, Finance and Chief Financial
Officer

**SCHEDULE “A”
3MV ENERGY CORP.
STOCK OPTION PLAN**

1. **Purpose**

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

2. **Definitions and Interpretation**

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

- (a) “**Board of Directors**” means the board of directors of the Corporation;
- (b) “**Common Shares**” means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (c) “**Corporation**” means 3MV Energy Corp. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (d) “**Discounted Market Price**” means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) “**Exchange**” means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) “**Exchange Policies**” means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) “**Insider**” has the meaning ascribed thereto in Exchange Policies;
- (h) “**Option**” means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (i) “**Option Period**” means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;

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

Capitalized terms in this Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policy, including without limitation “Consultant”, “Employee”, “Insider”, “Investor Relations Activities”, “Management Company Employee”, “Tier 1 Issuer” and “Tier 2 Issuer”.

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

3. **Administration**

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

4. **Eligibility**

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

5. **Participation**

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

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to this Plan shall in no way be construed as conferring on any

Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.

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

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

6. **Common Shares Subject to Options**

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under this Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. The Options granted under this Plan together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares; and
- (b) the grant to Insiders within a 12 month period, of a number of Options exceeding 10% of the outstanding Common Shares.

Subject to Exchange Policies, the aggregate number of Common Shares reserved for issuance to any one (1) Optionee under Options granted in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares determined at the date of grant (or 2% of the issued and outstanding Common Shares in the case of an Optionee who is a Consultant or 2% of the issued and outstanding Common Shares in the case of all Employees conducting Investor Relations Activities (as such terms are defined in Exchange Policies)).

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

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

7. **Option Agreement**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the “**Stock Option Agreement**”). The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

8. **Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the “**Expiry Date**”), subject to earlier termination as provided in Sections 10 and 11 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under this Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

9. **Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period, subject to Sections 10 and 11 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

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

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

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

If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within the later of: (i) 12 months after the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of this Plan.

11. **Death of Optionee**

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

(a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and

(b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

12. **Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under this Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

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

13. **Takeover or Change of Control**

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

(a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation, or

(b) any change in control of the Corporation,

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

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

In the event of:

(a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as

would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;

(b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change; or

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

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

15. **Costs**

The Corporation shall pay all costs of administering this Plan.

16. **Termination and Amendment**

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

17. **Withholding Tax**

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

18. **Applicable Law**

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

19. **Prior Plans**

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

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

20. **Effective Date**

This Plan shall become effective as of and from, and the effective date of this Plan shall be June 22, 2012 upon receipt of all necessary shareholder and regulatory approvals.

21. **Legends on Hold Periods**

If required by the Exchange policies or applicable securities laws, the Common Shares issued on exercise of the Options will be legended.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER

3MV ENERGY CORP.
(the "Corporation")

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee of the Corporation shall:

- (a) assist the Board of Directors in its oversight role with respect to:
 - (i) the quality and integrity of financial information;
 - (ii) the independent auditor's performance, qualifications and independence;
 - (iii) the performance of the Corporation's internal audit function, if applicable;
 - (iv) the Corporation's compliance with legal and regulatory requirements; and
- (b) prepare such reports of the Audit Committee required to be included in the Annual Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three or more Directors appointed by the Board of Directors, a majority of whom shall be independent and unrelated to the Corporation and as such shall not be officers (other than a non-executive Chairman or Corporate Secretary who is not an employee of the Corporation) or employees of or have a meaningful business relationship with the Corporation or any of the Corporation's affiliates or be an immediate family member of any of the foregoing. Each of the members of the Audit Committee shall satisfy the applicable financial literacy requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities.

The Board of Directors shall designate one member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate within the meaning of applicable securities laws and as such qualification is interpreted by the Board of Directors in its business judgment.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet **separately with each of them**.

SPECIFIC DUTIES

Oversight of the Independent Auditor

- Make recommendations to the board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every 5 years).

Financial Reporting

- Review and discuss with management and the independent auditor:
 - prior to the annual audit the scope, planning and staffing of the annual audit,
 - the annual audited financial statements,
 - the Corporation's annual and quarterly disclosures made in management's discussion and analysis,
 - approval of any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation,
 - the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards,
 - significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements,

- any significant changes in the Corporation's selection or application of accounting principles,
- any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies, and
- other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor (if any) all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

Approval of Audit and Remitted Non-Audit Services Provided by External Auditors

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the external auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this Charter. The CFO shall act as the primary contact to receive and assess any proposed engagements from the external auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.

