



DESERT LiON ENERGY

DESERT LION ENERGY INC.

NOTICE OF MEETING

and

MANAGEMENT INFORMATION CIRCULAR

in respect of the

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on August 29, 2018

Dated as of August 1, 2018

DESERT LION ENERGY INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD ON AUGUST 29, 2018

TO THE SHAREHOLDERS OF DESERT LION ENERGY INC.

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of **DESERT LION ENERGY INC.** (the “**Corporation**”) will be held at 65 Queen Street West, 8th Floor, Toronto, Ontario M5H 2M5 on August 29, 2018 at 2:00 p.m. (Toronto time) for the following purposes:

- (A) to receive and consider the unaudited consolidated interim financial statements of the Corporation as at and for the three-month period ended March 31, 2018;
- (B) to elect the directors of the Corporation for the ensuing year;
- (C) to re-appoint UHY McGovern Hurley LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
- (D) to consider and, if thought advisable, pass an ordinary resolution of Shareholders approving the Corporation’s existing stock option plan for the ensuing year, reserving for grant options to acquire up to a maximum of 10% of the issued and outstanding shares of the Corporation calculated at the time of each stock option grant; and
- (E) to transact such further or other business as may properly come before the Meeting and any adjournment(s) thereof.

The accompanying information circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice. Also accompanying this notice is a form of proxy. Any adjournment(s) of the Meeting will be held at a time and place to be specified at the Meeting. Only Shareholders of record at the close of business on July 25, 2018 (the “**Record Date**”) are entitled to receive notice of and vote at the Meeting and any adjournment(s) or postponement(s) thereof.

If you are a registered Shareholder of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Computershare Investor Services Inc., the registrar and transfer agent of the Corporation, at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting.

If you are not a registered Shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.

DATED this 1st day of August, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “Tim Johnston”

**TIM JOHNSTON
PRESIDENT & CHIEF
EXECUTIVE OFFICER**

DESERT LION ENERGY INC.

**MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES**

THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF DESERT LION ENERGY INC. (THE “CORPORATION”) FOR USE AT AN ANNUAL AND SPECIAL MEETING (THE “MEETING”) OF SHAREHOLDERS (THE “SHAREHOLDERS”) OF THE CORPORATION TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ATTACHED NOTICE OF THE MEETING (THE “NOTICE”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by the Corporation’s investor relations group by telephone, and by officers and directors of the Corporation (but not for additional compensation). The costs of solicitation will be borne by the Corporation. 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 brokerage houses and other intermediaries to forward solicitation materials to the beneficial owners of common shares of the Corporation held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

Unless otherwise specified, information contained in this Circular is given as of August 1, 2018 and, unless otherwise specified, all amounts shown represent Canadian dollars.

APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed instrument of proxy are officers and directors of the Corporation who have been selected by the directors of the Corporation and have indicated their willingness to represent as proxies the Shareholders who appoint them.

A SHAREHOLDER HAS THE RIGHT TO DESIGNATE OR APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM OR HER AND ON HIS OR HER BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED INSTRUMENT OF PROXY.

Such right may be exercised by striking out the names of the persons designated in the instrument of proxy and by inserting in the blank space provided for that purpose the name of the desired person or company or by completing another proper instrument of proxy and, in either case, depositing the completed and executed proxy with the registrar and transfer agent of the Corporation, Computershare Investor Services Inc. at 100 University Avenue, 8th Floor Toronto, Ontario M5J 2Y1, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment(s) or postponement(s) thereof.

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A Shareholder who has given a proxy may revoke it at any time in so far as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a body corporate, by a duly authorized officer, attorney or representative thereof and deposited with the registrar and transfer agent of the Corporation, Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment(s) or postponement(s) thereof, at the registered office of the Corporation at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof, and upon any of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law. The Corporation’s registered office is located at 65 Queen Street, Suite 800, Toronto, Ontario, Canada M5H 2M5.

MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed instrument of proxy will vote or withhold from voting the common shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them and if the Shareholder specifies a choice with respect to any matter to be acted upon, the common shares shall be voted accordingly.

WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR EACH OF THE MATTERS IDENTIFIED IN THE NOTICE AND DESCRIBED IN THIS CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS JUDGMENT MAY DETERMINE. AS OF THE DATE OF THIS CIRCULAR, MANAGEMENT OF THE CORPORATION KNOWS OF NO SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THE MATTERS REFERRED TO IN THE NOTICE.

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders who do not hold their common shares in their own name (“**Beneficial Shareholders**”) are advised that only shareholders whose names appear on the records of the Corporation as the registered holders of common shares or duly appointed proxyholders can be recognized and permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the common shares they own are not registered in their names but instead are registered in the name of a nominee, such as a brokerage firm through which they purchased the shares, a bank, trust company, trustee or administrator of self-administered RRSP’s, RRIF’s, RESP’s and similar plans, or a clearing agency such as The Canadian Depository for Securities Limited (a “**Nominee**”). If you purchased your common shares through a broker, you are likely an unregistered holder. In accordance with securities regulatory policy, the Corporation has distributed copies of the Meeting materials, being the Notice, this Circular and the form of proxy, to all Nominees for distribution to Beneficial Shareholders.

NI 54-101 – requires Nominees to forward the Meeting materials to Beneficial Shareholders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the Beneficial Shareholder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee to ensure that your common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

If you, as a Beneficial Shareholder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Corporation to forward Meeting materials directly to “**non objecting beneficial owners**”. If the Corporation or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding such securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Nominee holding such securities on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

APPROVAL OF MATTERS

Unless otherwise noted, approval of matters to be placed before the Meeting is by an “**ordinary resolution**”, which is a resolution passed by a simple majority (50% plus 1) of the votes cast by Shareholders of the Corporation entitled to vote and present in person or represented by proxy at the Meeting.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors or the re-approval of the stock option plan.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of common shares of which, as of the date of this Circular, an aggregate of 47,262,937 common shares of the Corporation are issued and outstanding. Each common share entitles the holder thereof to one vote at all meetings of Shareholders of the Corporation.

All holders of common shares of the Corporation of record at the close of business on the Record Date will be entitled either to attend and vote at the Meeting in person the common shares held by them or, provided a completed and executed proxy has been delivered to the Corporation as described above, to attend and vote thereat by proxy the common shares held by them.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying ten percent (10%) or more of the voting rights attached to any class of voting securities of the Corporation.

ORDINARY BUSINESS

A. FINANCIAL STATEMENTS

The directors will place before the Meeting a copy of the unaudited consolidated interim financial statements of the Corporation for the three-month period ended March 31, 2018, receipt of which by the Meeting will not constitute approval or disapproval of any matters referred to therein.

B. ELECTION OF DIRECTORS

The term of office for each director is from the date of the meeting at which he is elected until the next annual meeting of Shareholders following his election or until his successor is elected or appointed in accordance with the by-laws of the Corporation. The board of directors is currently comprised of six members and the number of directors to be elected at the Meeting is six.

Advanced Notice By-Law

The Corporation adopted By-Law No. 1 on February 22, 2018. By-Law No. 1 is standard in its form and governs all aspects of the business and affairs of the Corporation, such as the establishment of a quorum for meetings of directors and shareholders, the conduct of such meeting, signing authorities, the appointment of officers, the description of the officers' duties, the establishment of committees of the board, the authority of persons to contract on behalf of the Corporation and similar matters. Section 3.04 of By-Law No. 1 directs the manner in which nominations for directors may be made and include provisions requiring, in certain circumstances, advance notice of the nomination of directors. Such advance notice provisions fix deadlines by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of Shareholders. In the case of an annual meeting of Shareholders, notice to the Corporation must be made not less than 30 prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the tenth day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. As of the date of this Circular, the Corporation has not received any nominations via the advance notice mechanism.

Nominees

Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold for others, or withhold for all of them. **UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ACCOMPANYING PROXY INTEND TO VOTE FOR THE ELECTION OF ALL SIX NOMINEES.**

Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the meeting, it is intended that discretionary authority shall be exercised by the persons named in the enclosed form of proxy to vote the proxy for the election of any other person or persons in place of any nominee(s) unable to serve. Each director elected will hold office until the close of the first annual meeting of Shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table and the notes thereto set out the name as well as the country and province and/or state of residence of each person proposed to be nominated for election as a director, his current position and office with the Corporation, his present principal occupation, business or employment, the date on which he was first elected or appointed a director of the Corporation and the approximate number of common shares beneficially owned, or controlled or directed, directly or indirectly, which in each instance is based on information furnished by the person concerned as of the date of this Circular.

Name and Resident Country⁽¹⁾	Present Position(s) with the Corporation	Present Principal Occupation or Employment⁽¹⁾⁽²⁾	Director Since	Common Shares Beneficially Owned Directly or Indirectly⁽¹⁾
Adonis Pouroulis⁽³⁾⁽⁴⁾ London, United Kingdom	Non-Executive Chairman	Chairman Pella Resources Limited	February 2018	4,642,194 ⁽⁷⁾
Tim Johnston⁽⁴⁾⁽⁶⁾ Ontario, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	February 2018	219,155
Peter McCague⁽⁶⁾ Ontario, Canada	Vice President, Corporate and Legal Affairs and Director of the Corporation	Consultant	February 2018	644,395
Chris Berry⁽⁴⁾⁽⁵⁾⁽⁶⁾ New York, USA	Director	Industry Consultant and Analyst	February 2018	6,000

Stephan Theron ⁽³⁾⁽⁴⁾⁽⁵⁾ Ontario, Canada	Director	Chief Executive Officer of African Gold Group, Inc. and President and Chief Executive Officer of Trigon Metals Inc.	February 2018	Nil
John Vettese ⁽³⁾⁽⁵⁾ Ontario, Canada	Director	Partner at Cassels Brock and Blackwell LLP	February 2018	1,289,556

Notes:

- (1) The information as to country of residence, principal occupation and number of common shares beneficially owned, or controlled or directed, directly or indirectly, by the nominees is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
- (2) Unless otherwise stated above, any nominees named above has held the principal occupation or employment indicated for at least five years.
- (3) Member of the Compensation Committee of the Corporation.
- (4) Member of the Audit Committee of the Corporation.
- (5) Member of the Corporate Governance Committee of the Corporation.
- (6) Member of the Health, Safety and Environment Committee of the Corporation.
- (7) Common shares are held by Pella Ventures Limited, an entity owned and controlled by Adonis Pouroulis.

Description of Each Director's Activities

Adonis Pouroulis

Mr. Pouroulis is the non-executive chairman of the board of directors of the Corporation. Mr. Pouroulis qualified as a mining engineer from the University of Witwatersrand in Johannesburg in 1991 and subsequently spent time working in the South African gold mines before heading to the Former Soviet Union where he established the Koronia metal trading company in Moscow. In 1994, Mr. Pouroulis founded Blue Diamond Mines that developed a diamond mining operation in Port Nolloth and brought it into production. Seeing an opportunity to create a larger, international diamond company focused in Africa, Mr. Pouroulis founded Petra Diamonds Ltd. (“**Petra**”) and in 1997 it became the first diamond company to be listed on London’s AIM market with a market capitalization (at that time) of £10 million. Mr. Pouroulis has since overseen Petra’s development from an exploration base into one of the largest independent diamond producers in Africa today with a market capitalization of approximately £400 million. Petra graduated from AIM to the Main Market of the London Stock Exchange (LSE) in December 2011 and entered the FTSE 250 Index in March 2012.

Mr. Pouroulis is also the founder of Pella Resources Limited, an African focused natural resource and energy group with a strong track record in exploration and mine development across the continent.

Tim Johnston

Mr. Johnston is the President, Chief Executive Officer and a director of the Corporation. Mr. Johnston was formerly Hatch’s specialist in project management and transactional analysis for their global lithium business. During his time with Hatch, Mr. Johnston evaluated hundreds of lithium projects and managed the development of lithium projects around the world for SQM, Rockwood Lithium (Albemarle), Bacanora Minerals, AMG-NV, Rio Tinto, Galaxy Resources and other key developers. Mr. Johnston has co-authored seven technical publications with a focus on project execution in the lithium sector. Mr. Johnston is a chartered professional engineer (CPEng) and CFA charterholder.

Peter McCague

Mr. McCague is the Vice President, Corporate & Legal Affairs and a director of the Corporation. Mr. McCague is a senior business and legal advisor with more than 12 years of experience in corporate finance, mergers and acquisitions, joint ventures and other strategic alliances. He has been instrumental in founding, acquiring, financing and restructuring numerous companies in the junior resources sector. Mr. McCague holds an LL.B. from Osgoode Hall Law School and formerly practiced corporate and securities law at Cassels Brock & Blackwell LLP in Toronto.

Chris Berry

Mr. Berry is an independent director of the Corporation. Based in New York, Mr. Berry has 20 years of capital markets experience and has been an independent analyst since 2009 with a focus on energy metals including lithium, cobalt, graphite, vanadium and rare earths. Mr. Berry's research provides strategic insights to institutional clients and has a specific focus on how disruptive trends in energy, strategic metals and technology create opportunities. Mr. Berry holds a Master of Business Administration in finance with an international focus from Fordham University and a Bachelor of Arts in international studies from The Virginia Military Institute.

Stephan Theron

Mr. Theron is an independent director of the Corporation. Mr. Theron is also the President and Chief Executive Officer of Trigon Metals Inc. and African Gold Group. Mr. Theron brings 17 years of extensive management, capital project development and M&A experience within the mining industry. Prior to joining the Corporation, Mr. Theron was Managing Director at Liberty Metals & Mining, a private equity group based in Boston, Massachusetts. Mr. Theron was also a strategic member on the board of directors of True Gold Mining. Prior to his work in Boston, Mr. Theron was President & CEO at Forbes & Manhattan Coal Corp. He has structured numerous mining focused investments and has worked on mining projects throughout Africa and North America. Mr. Theron holds a degree in finance and is a Certified General Accountant and Chartered Professional Accountant in Ontario, Canada.

John Vettese

Mr. Vettese is an independent director of the Corporation. Mr. Vettese is a leading corporate finance and M&A lawyer practicing in the Securities Group at Cassels Brock & Blackwell LLP. Mr. Vettese's practice is focused in the mining, income trusts, technology and diversified industries sectors, and he has acted as lead counsel on several M&A transactions. Mr. Vettese is recognized as a leading lawyer by Chambers Canada, Best Lawyers, the Canadian Legal Lexpert Directory, the Lexpert Guide to the Leading US/Canada Cross-Border Corporate Lawyers in Canada and the Lexpert/American Lawyer Guide to the Leading 500 Lawyers in Canada.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Corporation is as at the date of this Circular or has been, within the ten years before the date of this Circular, 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 become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

No proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

No other director or executive officer of the Corporation is at the date hereof, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that was, (i) subject to an order that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) subject to an order that was issued after the 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.

C. APPOINTMENT OF AUDITORS

UHY McGovern Hurley LLP, Chartered Professional Accountants (“UHY”), 251 Consumers Road, Suite 800, Toronto, Ontario, Canada M2J 4R3 are the current auditors of the Corporation and were first appointed auditors of the Corporation in January, 2018. Shareholders of the Corporation will be asked at the Meeting to reappoint UHY as the Corporation’s auditors to hold office until the close of the next annual meeting of Shareholders of the Corporation, and to authorize the directors of the Corporation to fix the auditors’ remuneration.

UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ACCOMPANYING PROXY INTEND TO VOTE FOR THE APPOINTMENT OF UHY AS AUDITORS OF THE CORPORATION UNTIL THE CLOSE OF THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND FOR THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION.

SPECIAL BUSINESS

RATIFICATION OF THE CORPORATION’S STOCK OPTION PLAN

The TSX Venture Exchange (“TSXV”) requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan. As a result, Shareholders will be asked at the Meeting to vote on a resolution to ratify the stock option plan (the “**Option Plan**”) for the ensuing year. A copy of the Option Plan is attached at Schedule “C” hereto. The following is a summary of the terms of the Option Plan, which is qualified in its entirety by the provisions of Option Plan.

Summary of Stock Option Plan

Eligibility

Any senior officer, director, employee, management company employee, consultant, or investor relations person of the Corporation or its subsidiaries (each as described in the Option Plan and each, an “**Eligible Person**”) is eligible to receive options under the Option Plan.

Common Shares Subject to Option Plan

The Option Plan provides that the maximum number of common shares which may be available for issuance under the Option Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. As at July 25, 2018, 4,726,293 common shares are available under the Option Plan.

Limits with Respect to Insiders

(a) The maximum number of common shares which may be reserved for issuance under options granted to insiders (as a group) under the Option Plan, together with any other of the Corporations previously established and outstanding stock option plans or grants, shall be 10% of the common shares issued and outstanding at the time of the grant (on a non-diluted basis); and

(b) The maximum number of options which may be granted to insiders (as a group) under the Option Plan, together with any other of the Corporation’s previously established and outstanding stock option plans or grants, within any 12-month period shall be 10% of the issued common shares, calculated on the date an option is granted to any insider (on a non-diluted basis).

Limits with Respect to Consultants and Investor Relations Person

(a) The maximum number of options which may be granted to any one consultant under the Option Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, within any 12-month period, must not exceed 2% of the issued and outstanding common shares, calculated at the date an option is granted to such consultant (on a non-diluted basis).

(b) The maximum number of options which may be granted to all investor relations person under the Option Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, within any 12-month period, must not exceed, in the aggregate, 2% of the issued and outstanding common shares, calculated on the date an option granted to any such investor relations person (on a non-diluted basis).

Exercise of Options

The exercise price of options issued may not be less than the "market price" (as set out in the Option Plan) of the common shares at the time the option is granted, subject to the minimum exercise price allowable by the stock exchange on which the Corporation's securities are listed. Subject to the provisions of the Option Plan and the particular option, an option may be exercised, in whole or in part, by delivering a written notice of exercise to the Corporation along with payment in cash or certified cheque for the full amount of the purchase price of the common shares then being purchased.

Term and Expiry Date

The period within which options may be exercised and the number of options which may be exercised in any such period are determined by the board of directors at the time of granting the options provided, however, that the maximum term of any options awarded under the Option Plan is five years.

Vesting

All options granted pursuant to the Option Plan will be subject to such vesting requirements as may be prescribed by the stock exchange on which the Corporation's securities are listed, if applicable, or as may be imposed by the board of directors. All options granted to investor relations persons must vest in stages over not less than 12-months with no more than one-quarter of the options vesting in any three-month period.

Termination of Options

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, may exercise any vested and unexpired options held by such optionee for a period of 90 days from the date of cessation (or until the normal expiry date of the option rights of such optionee, if earlier), subject to extension by the board of directors to a maximum of 12-months. An optionee who was engaged in providing investor relation activities may exercise any vested and unexpired options held by such optionee for a period of 30 days from the date that the optionee ceased to provide such investor relations activities.

In the event of a death of the optionee, the optionee's representative may exercise any vested and unexpired options held by the optionee for a period of 12-months from the optionee's death (unless such period is extended by the board of directors). Any extension of the exercise period by the board of directors is subject to the approval of the stock exchange on which the Corporation's securities are listed.

If an optionee ceases to an Eligible Person as a result of having been dismissed for cause, all unexercised options of that optionee under the Option Plan shall immediately become terminated and shall lapse.

Transferability

Options granted under the Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

Capital Changes, Corporate Transactions and Change of Control

The Option Plan contains provisions for the treatment of options in relation to capital changes and with regard to a reorganization, stock split, stock dividend, combination of shares merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The aggregate number and kind of shares available under the Option Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation.

In the event of an Acceleration Event (as defined in the Option Plan), provided that the board of directors has determined that no adjustment shall be made pursuant to the Option Plan, the board of directors may (i) permit the optionee to exercise the option granted, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise. Further, the board of directors, in its sole discretion, may authorize and implement any one or more of the following additional courses of action in the event of an Acceleration Event:

- (i) terminating without any payment or other consideration, any options not exercised or surrendered by the effective time of the Acceleration Event;
- (ii) causing the Corporation to offer to acquire from each optionee his or her options for a cash payment equal to the In-the-Money Amount (as defined in the Option Plan), and any options not so surrendered or exercised by the effective time of the Acceleration Event will be deemed to have expired; and
- (iii) an option granted under the Option Plan be exchanged for an option to acquire, for the same aggregate consideration, that number and type of securities as would be distributed to the optionee in respect of the shares issued to the optionee had he or she exercised the option prior to the effective time of the Acceleration Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Acceleration Event, regardless of the continuing directorship, officership or employment of the optionee.

Amendment and Termination of the Stock Option Plan

The board of directors may at any time amend or terminate the Option Plan, but where amended, such amendment is subject to regulatory approval.

Resolution

Shareholders will be asked at the Meeting to consider and, if thought advisable, re-approve the Option Plan, by the following ordinary resolution of Shareholders:

NOW THEREFORE BE IT RESOLVED THAT:

1. The Option Plan of the Corporation as described in this Circular, be and is hereby ratified and re-approved, pursuant to which the board of directors of the Corporation may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Corporation and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of grant;
2. Any director or officer of the Corporation is hereby authorized and directed to execute and to deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as in the opinion of such director or officer may be necessary or desirable to give effect to this resolution.

To be approved, the ordinary resolution must be passed by a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ACCOMPANYING PROXY INTEND TO VOTE FOR THE APPROVAL OF THE OPTION PLAN, UNLESS A SHAREHOLDER HAS

SPECIFIED IN THE PROXY THAT SUCH SHARES ARE TO BE VOTED AGAINST SUCH ORDINARY RESOLUTION.

STATEMENT OF EXECUTIVE COMPENSATION

The Corporation (formerly named Camex Energy Corp.) is the resulting entity following completion of the reverse takeover of the Corporation by Desert Lion Energy Corp., whereby the shareholders of Desert Lion Energy Corp. became shareholders of the Corporation and the Corporation became the parent company of Desert Lion Energy Corp. (the “**Business Combination**”).

The Corporation’s Statement of Executive Compensation, in accordance with the requirements of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, is set forth below, which contains information about the compensation paid to, or earned by, the Chief Executive Officer and Chief Financial Officer and the most highly compensated executive officer other than the Chief Executive Officer and the Chief Financial Officer of each of the Corporation and Desert Lion Energy Corp., in each case, earning more than CDN\$150,000 in total compensation (the “**Named Executive Officers**” or “**NEOs**”) during the last two most recently completed financial years. The information about the compensation paid to the NEO’s of the Corporation is in respect of the financial years ended March 31, 2016 and March 31, 2017 and the information about the compensation paid to the NEO’s of Desert Lion Energy Corp. is in respect of the financial years ended December 31, 2016 and December 31, 2017.

Following completion of the Business Combination, the Corporation constituted a compensation committee (the “**Compensation Committee**”) composed of three independent members. The Compensation Committee is comprised of John Vettese (Chairman), Adonis Pouroulis and Stephan Theron, each of whom are independent.

Objectives of the Compensation Program

The objectives of the Corporation’s compensation program are to attract, hold and inspire performance of its Named Executive Officers of a quality and nature that will enhance the sustainable profitability and growth of the Corporation.

Overview of the Compensation Philosophy

The following principles guide the Corporation’s overall compensation philosophy with respect to its Named Executive Officers:

- (a) compensation is determined on an individual basis by the need to attract and retain talented, high- achievers;
- (b) calculating total compensation is set with reference to the market for similar jobs in similar locations;
- (c) an appropriate portion of total compensation is variable and linked to achievements, both individual and corporate;
- (d) internal equity is maintained such that individuals in similar jobs and locations are treated fairly; and
- (e) the Corporation supports reasonable expenses in order that employees continuously maintain and enhance their skills.

The Board is given discretion to determine and adjust, year to year, the relative weighting of each form of compensation discussed above in a manner which best measures the success of the Corporation and its Named Executive Officers.

The Compensation Review Process

To determine compensation payable, the Compensation Committee considers, among other things, the provisions of any relevant employment or consulting contracts, anecdotal evidence of compensation paid for directors and executive officers of companies of similar business, size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and executive officers while taking into account the financial and other resources of the Corporation, as well as the contractual obligations of the Corporation. The Compensation Committee may take into account executive compensation paid by companies comparable with the Corporation, although no specific benchmarking policy is in place for determining compensation or any element of compensation.

In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary. The Corporation does not currently have any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer or director compensation.

The Compensation Committee reviews on an annual basis the cash compensation, performance and overall compensation package for each Named Executive Officer. It then submits to the Board recommendations with respect to the basic salary, bonus and participation in share compensation arrangements for each Named Executive Officer.

Compensation of all Named Executive Officers is based primarily on corporate performance which includes achievement of the Corporation's strategic objective of growth and the enhancement of shareholder value through increases in the stock price resulting from increases in reserves and production, continued low cost production and enhanced annual cash flow.

Elements of Executive Compensation

The Corporation's executive compensation program with respect to its Named Executive Officers is based on the objectives of: (a) recruiting and retaining the executives critical to the success of the Corporation; (b) providing fair and competitive compensation; (c) balancing the interests of management and shareholders of the Corporation; and rewarding performance, on the basis of both individual and corporate performance.

The Corporation's executive compensation program with respect to its Named Executive Officers consisted of the following elements:

- (a) A base salary, incentive cash bonuses and other compensation (together, a "**Short-Term Incentive**"); and
- (b) A long-term equity compensation plan consisting of stock options granted under the Option Plan (a "**Long-Term Incentive**").

The specific rationale and design of each of these elements are outlined below:

Element of Compensation

Summary and Purpose of Element

Short-Term Incentive Plan

Base Salary

Salaries form an essential element of the Corporation's compensation mix as they are the first base measure to compare and remain competitive relative to peer groups. Base salaries are fixed and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits.

The Compensation Committee and the Board review NEO salaries at least annually. Typically, the Board, upon recommendation of the Compensation Committee, makes annual salary adjustments in December of each year for the 12-month period from January 1st to December 31st.

Annual Performance-Based Cash Incentives

Any bonus paid to the NEOs is entirely within the discretion of the Board, following consideration by the Compensation Committee. In making bonus determinations, the Board reviews corporate and individual performance.

Annual performance-based cash bonuses are a variable component of compensation designed to reward the Corporation's NEOs for maximizing annual operating performance.

Other Compensation (Perquisites)

The Corporation's executive employee benefit program includes a health plan.

Long-Term Incentive Plan

Stock Option Plan

The granting of stock options is a variable component of compensation intended to reward the Corporation's NEOs for success in achieving sustained, long-term profitability and increases in stock value

Base Salary and Bonuses

In determining the base salary of an executive officer, the Compensation Committee considers, among other things, the provisions of any relevant employment or consulting contracts, anecdotal evidence of compensation paid for directors and executive officers of companies of similar business, size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and executive officers while taking into account the financial and other resources of the Corporation, as well as the contractual obligations of the Corporation.

The Compensation Committee and Board will also consider on an annual basis discretionary cash bonuses to reward extraordinary performance during the preceding fiscal year. In determining whether a bonus will be given, the Compensation Committee and Board will consider such factors as the NEO's performance over the past year, the Corporation's achievements in the past year and the NEO's role in effecting such achievements.

Stock Option Plan

Long-term incentive compensation in the form of stock options is generally granted once per year to the Named Executive Officers and also to employees, consultants and directors. Share ownership opportunities through the Option Plan (discussed above in the section "*Special Business - Ratification of the Corporation's Stock Option Plan*") is intended to align the interests of the Named Executive Officers with the interests of Shareholders. The Option Plan enables the Corporation to attract and retain individuals with requisite experience and abilities and to reward individuals for their current and future performances.

The boards of the Corporation and Desert Lion Energy Corp. granted the following stock options to the Named Executive Officers in respect of the financial years ended March 31, 2017 and December 31, 2017, respectively.

Name of Officer	Title of Officer	Number of Stock Options	Exercise Price (\$)
Scott Ackerman ⁽¹⁾	Former President, Chief Executive Officer and Director	Nil	N/A
Robert Chisholm ⁽²⁾	Former Chief Financial Officer	Nil	N/A
Tim Johnston ⁽¹⁾⁽³⁾	President, Chief Executive Officer and Director	162,500	0.50
Paul Bozoki ⁽²⁾	Chief Financial Officer	125,000	0.50
Peter McCague ⁽⁴⁾	Vice President, Corporate and Legal Affairs and Director	162,500	0.50

Notes:

- (1) Scott Ackerman resigned as President and Chief Executive Officer of the Corporation on February 23, 2018. Tim Johnston was appointed as Chief Executive Officer of the Corporation on February 23, 2018.
- (2) Robert Chisholm resigned as Chief Financial Officer of the Corporation on February 23, 2018. Paul Bozoki was appointed as Chief Financial Officer of the Corporation on February 23, 2018.
- (3) Mr. Johnston also holds (i) 1,000,000 stock options with an exercise price of \$0.20 and expiring on October 25, 2021 and (ii) 150,000 stock options with an exercise price of \$1.82 and expiring on February 26, 2023.
- (4) Mr. McCague also holds (i) 250,000 stock options with an exercise price of \$0.20 and expiring on October 25, 2021 and (ii) 75,000 stock options with an exercise price of \$1.82 and expiring on February 26, 2023.

Other Compensation Matters

Other than as specifically set forth above, there were no other long-term incentive awards granted to the Named Executive Officers of the Corporation or Desert Lion Energy Corp. during the financial years ended March 31, 2017 and December 31, 2017, respectively, including any supplemental executive retirement plans. The Corporation entered into a health care plan in 2017 and incurred \$14,035 during the 2017 calendar year. There are no pension plan or disability benefits in place for the directors or the Named Executive Officers.

The Corporation does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

Overview of How the Named Executive Officer Compensation Program Fits with Compensation Goals

1. Attract, Hold and Inspire Key Talent

The compensation package for the Named Executive Officers meets the goal of attracting, holding and motivating key talent in a highly competitive mineral exploration environment through the following elements:

- (a) a competitive cash compensation program, consisting of base salary and bonus opportunity, which is generally above similar opportunities; and
- (b) providing an opportunity to the Named Executive Officers to participate in the Corporation's growth through the grant of stock options.

2. Alignment of Interests of the NEO's with the Interests of the Corporation's Shareholders

The compensation package for the Named Executive Officers meets the goal of aligning the interests of the Named Executive Officers with the interests of the Corporation's shareholders through the following elements:

- (a) through the grant of stock options, since if the price of the Corporation's shares increases over time, both the Named Executive Officers and the Corporation's shareholders will benefit; and

- (b) by providing a vesting period on stock awards, Named Executive Officers have an interest in increasing the price of the Corporation's shares over time, rather than focusing on short-term increases.

Compensation Risk

The Corporation has not adopted a formal policy on compensation risk management nor has it engaged an independent compensation consultant. The Corporation recognizes that there may be risks in its current processes but given the size and number of executives dedicated on a full-time basis, the Corporation does not believe the risks to be significant.

Following completion of the Business Combination, the Corporation established a Compensation Committee, consisting of three independent members of the Board, to assist the Board in discharging its duties relating to compensation of the Corporation's directors and senior officers. The Board believes that the executive compensation program of the Corporation should not raise its overall risk profile. Accordingly, the Corporation's executive compensation programs include safeguards designed to mitigate compensation risks. The following measures impose appropriate limits to avoid excessive or inappropriate risk taking or payments:

- discretionary bonus payments are recommended to the Board by the Compensation Committee based on annual performance reviews;
- stock option vesting and option terms of five years discourages excessive risk taking to achieve short-term goals; and
- implementation of trading black-outs limit the ability of senior officers to trade in securities of the Corporation.

Inappropriate and excessive risks by executives are also mitigated by regular meetings of the Board, at which, activity by the executives must be approved by the Board if such activity is outside previously Board-approved actions and/or as set out in a board-approved budget. Due to the fact that the Corporation is still an exploration stage mining company, and given the current composition of the Corporation's executive management team, the Board and the Compensation Committee are able to closely monitor and consider any risks which may be associated with the Corporation's compensation practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Corporation are reviewed, including executive compensation.

Director and Named Executive Officer Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of executive Compensation – Venture Issuers*) sets forth all annual and long-term compensation for services paid to or earned by each NEO and director of the Corporation for the two most recently completed financial years ended March 31, 2017 and March 31, 2016 and of Desert Lion Energy Corp. for the two most recently completed financial years ended December 31, 2017 and 2016. Unless otherwise noted, salaries for the Named Executive Officers are paid in Canadian dollars.

Table of Compensation excluding Compensation Securities

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Scott Ackerman ⁽¹⁾⁽³⁾ Former President, Chief Executive Officer and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Robert Chisholm ⁽²⁾ Former Chief Financial Officer	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Tim Johnston ⁽¹⁾⁽³⁾ President, Chief Executive Officer and Director	2017	250,000	250,000	Nil	Nil	Nil	500,000
	2016	67,306	Nil	Nil	Nil	Nil	Nil
Paul Bozoki ⁽²⁾ Chief Financial Officer	2017	31,500	17,500	Nil	Nil	Nil	49,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Peter McCague ⁽³⁾ Vice President, Corporate and Legal Affairs and Director	2017	60,000	125,000	Nil	Nil	Nil	185,000
	2016	15,000	Nil	Nil	Nil	Nil	15,000
Craig Goldenberger ⁽³⁾ Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Rick Cox ⁽³⁾ Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Adonis Pouroulis ⁽³⁾ Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Chris Berry ⁽³⁾ Director	2017	52,004	10,000	Nil	Nil	Nil	62,004
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Stephan Theron ⁽³⁾ Director	2017	Nil	10,000	Nil	Nil	Nil	10,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
John Vettese ⁽³⁾ Director	2017	Nil	10,000	Nil	Nil	Nil	10,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Scott Ackerman resigned as President and Chief Executive Officer of the Corporation on February 23, 2018. Tim Johnston was appointed as Chief Executive Officer of the Corporation on February 23, 2018.
- (2) Robert Chisholm resigned as Chief Financial Officer of the Corporation on February 23, 2018. Paul Bozoki was appointed as Chief Financial Officer of the Corporation on February 23, 2018.
- (3) Messrs. Ackerman, Goldenberger and Cox's terms as directors of the Corporation ended on February 15, 2018. Messrs. Johnston, McCague, Pouroulis, Berry, Theron and Vettese were elected as directors of the Corporation on February 15, 2018.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each NEO and director by the Corporation in the fiscal year ended March 31, 2017 and by Desert Lion Energy Corp. in the financial year ended December 31, 2017 for services provided directly or indirectly to the Corporation or Desert Lion Energy Corp., respectively.

Compensation Securities

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class (#)	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Scott Ackerman ^{(1) (3)} Former President, Chief Executive Officer and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Robert Chisholm ⁽²⁾ Former Chief Financial Officer	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Tim Johnston ^{(1) (3)} President, Chief Executive Officer and Director	Stock Options	162,500	Jun 21, 2017	0.50	0.50	1.82	Jun 21, 2022
Paul Bozoki ⁽²⁾ Chief Financial Officer	Stock Options	125,000	Mar 31, 2017	0.50	0.50	1.82	Mar 31, 2022
Peter McCague ⁽³⁾ Vice President, Corporate and Legal Affairs and Director	Stock Options	162,500	Jun 21, 2017	0.50	0.50	1.82	Jun 21, 2022
Craig Goldenberger ⁽³⁾ Former Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Rick Cox ⁽³⁾ Former Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Adonis Pouroulis ⁽³⁾ Director	Stock Options	162,500	Jun 21, 2017	0.50	0.50	1.82	Jun 21, 2022
Chris Berry ⁽³⁾ Director	Stock Options	162,500	Jun 21, 2017	0.50	0.50	1.82	Jun 21, 2022
Stephan Theron ⁽³⁾ Director	Stock Options	162,500	Jun 21, 2017	0.50	0.50	1.82	Jun 21, 2022
John Vettese ⁽³⁾ Director	Stock Options	162,500	Jun 21, 2017	0.50	0.50	1.82	Jun 21, 2022

Notes:

- (1) Scott Ackerman resigned as President and Chief Executive Officer of the Corporation on February 23, 2018. Tim Johnston was appointed as Chief Executive Officer of the Corporation on February 23, 2018.
- (2) Robert Chisholm resigned as Chief Financial Officer of the Corporation on February 23, 2018. Paul Bozoki was appointed as Chief

- (3) Financial Officer of the Corporation on February 23, 2018.
 Messrs. Ackerman, Goldenberger and Cox's terms as directors of the Corporation ended on February 15, 2018. Messrs. Johnston, McCague, Pouroulis, Berry, Theron and Vettese were elected as directors of the Corporation on February 15, 2018.

The following table discloses each exercise by a director or NEO of compensation securities during the financial year ended March 31, 2017 and December 31, 2017, respectively.

Exercise of Compensation Securities by Directors and NEOs

Name and position	Type of compensation security	Number of underlying securities exercised (#)	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Scott Ackerman⁽¹⁾ Former President, Chief Executive Officer and Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert Chisholm⁽²⁾ Former Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Tim Johnston President, Chief Executive Officer and Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paul Bozoki Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter McCague Director, Vice President, Corporate & Legal Affairs	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Craig Goldenberger Former Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rick Cox Former Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Adonis Pouroulis Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Chris Berry Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stephan Theron Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil

John Vettese Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
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Notes:

- (1) Scott Ackerman resigned as President and Chief Executive Officer of the Corporation on February 23, 2018. Tim Johnston was appointed as Chief Executive Officer of the Corporation on February 23, 2018.
- (2) Robert Chisholm resigned as Chief Financial Officer of the Corporation on February 23, 2018. Paul Bozoki was appointed as Chief Financial Officer of the Corporation on February 23, 2018.

Termination of Employment, Change in Responsibilities, and Employment Contracts

The following describes the respective consulting agreements entered into by the Corporation and the Named Executive Officers in place as of the date hereof.

Tim Johnston

Mr. Johnston entered into a consulting agreement with Desert Lion Energy Corp. dated September 1, 2016, as amended and restated on February 21, 2017 and assigned to the Corporation on February 15, 2018. Pursuant to this agreement, Mr. Johnston provides management consulting services to the Corporation in his capacity as Chief Executive Officer and is entitled to receive base fees in the amount of \$20,833.33 per month as well as any such increments and bonuses as the Board of Directors may from time to time determine. This agreement provides for a severance payment of three months' base fees on termination by the Corporation without cause. This agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees. Just cause is defined to include, but is not limited to: (i) dishonesty or fraud; (ii) theft; (iii) breach of fiduciary duties; (iv) being guilty of bribery or attempted bribery; or (v) gross mismanagement. In the event of a "change of control" of the Corporation, either Mr. Johnston or the Corporation would have from the date of such change of control to elect to have his appointment terminated. In the event such an election is made, the Corporation will make a lump sum termination payment to Mr. Johnston equal to 24 months' base fees, plus an amount that is equivalent to all cash bonuses paid to Mr. Johnston in the 24 months prior to the change of control.

Paul Bozoki

Mr. Bozoki entered into a consulting agreement with the Corporation on March 1, 2018, for management, business and operational consulting services in the capacity as the Chief Financial Officer of the Corporation, pursuant to which Mr. Bozoki is entitled to compensation for the provision of such services of base fees of \$10,000.00 per month. This agreement provides for a severance payment of three months' base fees on termination by the Corporation without cause. This agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees. Just cause is defined to include, but is not limited to: (i) dishonesty or fraud; (ii) theft; (iii) breach of fiduciary duties; (iv) being guilty of bribery or attempted bribery; or (v) gross mismanagement. In the event of a "change of control" of the Corporation, either Mr. Bozoki or the Corporation would have from the date of such change of control to elect to have his appointment terminated. In the event such an election is made, the Corporation will make a lump sum termination payment to Mr. Bozoki equal to 24 months' base fees, plus an amount that is equivalent to all cash bonuses paid to Mr. Bozoki in the 24 months prior to the change of control.

Peter McCague

Mr. McCague entered into a consulting agreement with Desert Lion Energy Corp. dated October 1, 2016, as amended and restated on February 21, 2017. This agreement was assigned to the Corporation on February 15, 2018 and amended on July 1, 2018. Pursuant to this agreement, Mr. McCague provides management consulting services to the Corporation in his capacity as Vice-President, Corporate & Legal Affairs and is entitled to receive base fees in the amount of \$7,500.00 per month as well as any such increments and bonuses as the Board of Directors may from time to time determine. This agreement provides for a severance payment of three months' base fees on termination by the Corporation without cause. This agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees. Just cause is defined to include, but is not limited to: (i) dishonesty or fraud; (ii) theft; (iii) breach of fiduciary duties; (iv) being guilty of bribery or attempted bribery; or (v) gross

mismanagement. In the event of a “change of control” of the Corporation, either Mr. McCague or the Corporation would have from the date of such change of control to elect to have his appointment terminated. In the event such an election is made, the Corporation will make a lump sum termination payment to Mr. McCague equal to 24 months’ base fees, plus an amount that is equivalent to all cash bonuses paid to Mr. McCague in the 24 months prior to the change of control.

For the purposes of the consulting agreements as described above, “change of control” includes: (A) the acquisition by a person of (i) shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 25% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (ii) shares or rights or options to acquire shares, or their equivalent, of any material subsidiary of the Corporation or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition, such person would be entitled to exercise 25% or more of the votes entitled to be cast at a meeting of the shareholders of the material subsidiary; or (iii) more than 25% of the material assets of the Corporation, including the acquisition of more than 25% of the material assets of any material subsidiary of the Corporation, or (B) as a result of or in connection with: (i) a contested election of directors; or (ii) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Corporation’s board of directors do not constitute a majority of the Corporation’s board of directors.

Estimated Total Payment Owing to the NEOs on a Change in Control or Termination

The following table provides details regarding the estimated total payment owing from the Corporation to the Named Executive Officers in the event of a change of control or on termination without cause, assuming a triggering event occurred on August 1, 2018.

Named Executive Officer	Base Salary (\$)	Total Payment Owing to the Named Executive Officer	
		In the Event of a Change of Control (\$)	At Will or Without Cause (\$)
Mr. Johnston	20,833.33	500,000.00	62,499.99
Mr. Bozoki	10,000.00	240,000.00	30,000.00
Mr. McCague	7,500.00	180,000.00	22,500.00

Retirement Policy for Directors

The Corporation does not have a retirement policy for its directors.

Directors’ and Officers’ Liability Insurance

The Corporation procured and funded a directors’ and officers’ insurance policy with a limit of \$5,000,000 liability and which carries no deductible for an annual premium of \$12,690 for the period begin May 25, 2018 and ending May 25, 2019.

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

The following table sets forth the number of common shares to be issued upon exercise of outstanding options issued pursuant to compensation plans under which equity securities of the Corporation are authorized for issuance, the weighted average exercise price of such outstanding options and the number of common shares remaining available for future issuance for all compensation plans previously approved by security holders and all compensation plans not previously approved by security holders as at December 31, 2017.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	1,300,000	\$0.50	2,625,729
Equity compensation plans not approved by security holders	N/A	N/A	N/A
TOTALS:	1,300,000	\$0.50	2,625,729

CORPORATE GOVERNANCE DISCLOSURE

The Corporation's common shares trade on the TSXV, a member of the TSX Group Inc. and Canada's foremost public venture marketplace. Accordingly, the Board has carefully considered the Corporate Governance Guidelines (the "**Guidelines**") adopted by the TSXV, as well as those proposed by the TSXV but not yet in force, and has deemed it to be in the best interests of shareholders to promote best corporate governance practices. Although there is no requirement for the Corporation to comply with the Guidelines, the Corporation considers the Guidelines to be an important guide for providing effective corporate governance and intends to continue its efforts to implement many of the Guidelines over the current fiscal year.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Corporate Governance Disclosure

The information required to be disclosed by National Policy 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") is attached to this Circular as Schedule "A".

Meetings of the Board of Directors and Committees (Audit Committee and Compensation Committee)

Most matters requiring approval of the Board were approved by written resolutions signed by all members of the Board. Additionally, the Board meets either in person or via conference call regularly throughout the fiscal year.

The Corporation has established a Compensation Committee and an audit committee (the "**Audit Committee**").

Audit Committee

The Audit Committee assists the Board in its oversight of: (i) the integrity of the financial reporting of the Corporation; (ii) the independence and performance of the Corporation's external auditors; and (iii) the Corporation's compliance with legal and regulatory requirements. The members of the Audit Committee are Messrs. Theron (Chair), Berry and Pouroulis, each of who are independent.

Please refer to the biographies of each of Messrs. Theron, Berry and Pouroulis on pages 4 and 5.

Compensation Committee

The Compensation Committee assists the Board in fulfilling its obligations relating to human resource and compensation matters of the Corporation and its subsidiaries and to establish a plan for the continuity and development of senior management. The members of the Compensation Committee are Messrs. Vettese (Chair), Pouroulis and

Theron, each of who are independent. Further information regarding the Compensation Committee’s responsibilities, powers and operation of the Compensation Committee are set out above under the section entitled “Compensation Discussion and Analysis”.

The Corporation believes that each of the Compensation Committee members possess the skills and experiences that enable the member to make decisions on the suitability of the compensation policies and practices of the Corporation as set out below.

Please refer to the biographies of each of Messrs. Vettese, Pouroulis and Theron on pages 4 and 5.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires the Corporation, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as disclosed by Form 52-110F2 attached to this Circular as Schedule “B”.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

AGGREGATE INDEBTEDNESS		
Purpose	To the Company or its Subsidiaries	To another entity
Share purchases	Nil	Nil
Other	Nil	\$500,000
TOTALS:	Nil	\$500,000

Tim Johnston, the President, Chief Executive Officer and Director of the Corporation, entered into a loan agreement with the Corporation dated as of February 15, 2018, pursuant to which the Corporation provided a term loan to Mr. Johnston in the aggregate principal amount of \$500,000 (the “**Facility**”). The Facility bears interest at a rate of five (5%) per annum, calculated and accrued monthly in arrears on the first business day of each month, and repayable, together with the principal amount of the Facility, in full on July 12, 2019. Mr. Johnston has pledged 168,515 common shares of the Corporation to secure the payment and performance of his obligations under the Facility. As of the date of the circular, the full principal amount of the Facility and all accrued interest remain outstanding.

Other than set forth above, no director, executive officer, employee or former director, executive officer or employee of the Corporation or associate of any director, executive officer, employee or former director, executive officer or employee of the Corporation is, or at any time since the beginning of the Corporation’s financial year ended March 31, 2017, has been, indebted to the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no informed person of the Corporation, proposed director of the Corporation nor any associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Corporation’s financial year ended March 31, 2017 or in any proposed transaction which has materially affected or would materially affect the Corporation.

MANAGEMENT CONTRACTS

Other than disclosed herein, no management functions of the Corporation are to any substantial degree performed by any other person or company other than by the directors or executive officers of the Corporation or its subsidiaries.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

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

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be viewed via the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Readers can also access and view the public insider trading reports via the System for Electronic Disclosure by Insiders at www.sedi.ca. Shareholders may request copies of the Corporation's financial statements and Management's Discussion and Analysis by contacting the Corporation at (416) 309-2953 or by completing the Financial Statement Request Form accompanying this Circular.

DIRECTORS' APPROVAL

The contents and the sending of this Circular to the Shareholders of the Corporation have been approved by the Board of Directors. Unless otherwise specified, information contained in this Circular is given as of August 1, 2018.

DATED at Toronto, Ontario as of the 1st day of August, 2018.

BY ORDER OF THE BOARD OF DIRECTORS OF
DESERT LION ENERGY INC.

(signed) "*Tim Johnston*"

TIM JOHNSTON
President, Chief Executive Officer & Director

**SCHEDULE “A”
DESERT LION ENERGY INC.
(the “Corporation”)**

**FORM 58-101F2
CORPORATE GOVERNANCE
DISCLOSURE**

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, the Corporation is required and hereby discloses its corporate governance practices as follows:

1. Board of Directors

The Board is currently comprised of six directors. Tim Johnston is the President and Chief Executive Officer of the Corporation and is therefore not independent. Peter McCague is the Vice-President, Corporate and Legal Affairs of the Corporation and is therefore not independent. Adonis Pouroulis, Chris Berry, Stephan Theron and John Vettese are independent directors. The Corporation’s management has nominated Adonis Pouroulis, Tim Johnston, Peter McCague, Chris Berry, Stephan Theron and John Vettese.

The Board facilitates its exercise of supervision over the Corporation’s management through frequent meetings of the Board.

2. Directorships

The following persons nominated for election as directors of the Corporation are also currently directors of the following other reporting issuers:

NAME OF DIRECTOR	NAME OF REPORTING ISSUER
Adonis Pouroulis	Petra Diamonds Limited Chariot Oil & Gas Limited Rainbow Rare Earths
Tim Johnston	Pacific Rim Cobalt Corp.
Peter McCague	Global Blockchain Technologies Corp.
Chris Berry	Nil.
Stephan Theron	Trigon Metals Inc. African Gold Group, Inc.
John Vettese	Spectra7 Microsystems Inc.

3. Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new directors are provided with access to publicly filed documents of the Corporation, technical reports, internal financial information and management and technical experts and consultants.

4. Ethical Business Conduct

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

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

For these reasons the Board has not adopted a formal code of conduct.

5. Nomination of Directors

The Board is responsible for identifying individuals qualified to become new directors and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, show support for the Corporation's mission and strategic objectives, and a willingness to serve.

6. Compensation

The Compensation Committee assists the Board in fulfilling its obligations relating to human resource and compensation matters of the Corporation and its subsidiaries and to establish a plan for the continuity and development of senior management. The members of the Compensation Committee are Messrs. Vettese (Chair), Pouroulis and Theron, all of whom are independent. Further information regarding the Compensation Committee's responsibilities, powers and operation of the Compensation Committee is set out above under the section entitled "Compensation Discussion and Analysis".

The Compensation Committee reviews compensation paid for executive officers of companies of similar business, size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation.

7. Other Board Committees

The Board has established an Audit Committee. Please refer to Schedule B of this Circular for information on the Audit Committee.

8. Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and the committees of the Corporation.

**SCHEDULE “B”
DESERT LION ENERGY INC.
(the “Corporation”)**

**FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE**

1. The Audit Committee’s Charter

See **Exhibit “1”** attached hereto.

2. Composition of the Audit Committee

The current members of the Audit Committee are Messrs. Theron (Chair), Berry and Pouroulis, each of who are independent and “financially literate”. The terms “independent” and “financially literate” have the meanings used in National Instrument 52-110 - Audit *Committees* (“**NI 52-110**”) of the Canadian Securities Administrators.

3. Relevant Education and Experience

Name	Independent of the Corporation	Financially Literate	Relevant Education and Experience
Stephan Theron	Yes	Yes	Please refer to Mr. Theron’s biography on page 5.
Chris Berry	Yes	Yes	Please refer to Mr. Berry’s biography on page 5.
Adonis Pouroulis	Yes	Yes	Please refer to Mr. Pouroulis’ biography on page 4.

4. Audit Committee Oversight

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

5. Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently completed financial year, the Corporation has not relied on the exemptions contained in Section 2.4 (*De Minimis Non-audit Services*) or Section 8 (*Exemptions*) of NI 52- 110.

Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

6. Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and, where applicable, by the Audit Committee, on a case by case basis.

7. External Auditor Service Fees (By Category)

The aggregate fees charged to the Corporation by the external auditors for last two fiscal years are as follows:

Nature of Services	Fees Paid to Auditor in Year-ended December 31, 2017 (\$)	Fees Paid to Auditor in Year-ended December 31, 2016 (\$)
Audit Fees ⁽¹⁾	65,320.00	8,160
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	3,000.00	1,500.00
All Other Fees ⁽⁴⁾	13,952.51	Nil
TOTALS	82,272.51	9,660.00

Notes:

- (1) “**Audit Fees**” include fees necessary to perform the annual audit and any quarterly reviews of the Corporation’s financial statements. This includes fees for the review of tax provisions and for accounting consultations on matters reflected in the financial statements. This also includes audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. For the year ended December 31, 2017, Desert Lion Corp. paid \$57,160.00 in Audit Fees and Desert Lion Inc. paid \$8,160.00 in Audit Fees. For the year ended December 31, 2016, Desert Lion Corp. paid \$Nil in Audit Fees and Desert Lion Inc. paid \$8,160.00 in Audit Fees.
- (2) “**Audit-Related Fees**” include fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and that are not included in “*Audit Fees*”.
- (3) “**Tax Fees**” include fees for professional services rendered by the Corporation’s auditors for tax compliance, tax advice and tax planning. For the year ended December 31, 2017, Desert Lion Corp. paid \$1,500.00 in Tax Fees and Desert Lion Inc. paid \$1,500.00 in Tax Fees. For the year ended December 31, 2016, Desert Lion Corp. paid \$1,500.00 in Tax Fees and Desert Lion Inc. paid \$Nil in Tax Fees.
- (4) “**All Other Fees**” include fees for products and services provided by the Corporation’s auditors other than the services included in “*Audit Fees*”, “*Audit-Related Fees*” and “*Tax Fees*”. For the year ended December 31, 2017, Desert Lion Corp. paid \$13,952.51 in All Other Fees and Desert Lion Inc. paid \$nil in All Other Fees. For the year ended December 31, 2016, Desert Lion Corp. paid \$Nil in All Other Fees and Desert Lion Inc. paid \$Nil in All Other Fees.

8. Exemption

The Corporation is relying on the exemption provided by Section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 5 (*Reporting Obligations*) of NI 52-110.

EXHIBIT 1
DESERT LION ENERGY INC.
(the “Corporation”)

AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee (the “**Audit Committee**”) is a committee of independent directors appointed by the Board of Directors (the “**Board**”) of Desert Lion Energy Inc. (the “**Company**”). The Audit Committee’s mandate is to provide assistance to the Board in fulfilling its financial reporting and control responsibility to the shareholders and the investment community. The Committee is, however, independent of the Board and the Company and in carrying out its role shall have the ability to determine its own agenda and any additional activities that the Audit Committee shall carry out.

2. COMPOSITION

The Committee will be comprised of at least three directors of the Company, all of whom, subject to any exemptions set out in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) will be independent and financially literate. In addition, at least one member of the Audit Committee shall have accounting or related financial expertise as such qualifications are interpreted by the Board.

An “independent” director is a director who has no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of NI 52-110.

A “financially literate” director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Company.

3. RESPONSIBILITIES

Responsibilities of the Audit Committee generally include, but are not limited to, the undertaking of the following tasks:

- (a) Selecting and determining the compensation of the external auditors, subject to approval of the shareholders of the Company, to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company. In making such determination and recommendation to the shareholders, the Audit Committee will:
 - confirm the independence of the auditors and report to the Board its conclusions on the independence of the auditors and the basis for these conclusions;
 - meet with the auditors and financial management to review the scope of the proposed audit for the current year, and the audit procedures to be used; and
 - obtain from the external auditors, confirmation that they are participants in good standing in the Canadian Public Accountability Board oversight program and other legal or regulatory requirements with respect to the audit of the financial statements of the Company.
- (b) Overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements

between management and the external auditor regarding financial reporting. In overseeing such work, the Audit Committee will:

- review with the external auditors any audit problems or difficulties and management's response;
- at least annually obtain and review a report prepared by the external auditors describing (i) the auditors' internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, and reviewing any steps taken to deal with such issues;
- serve as an independent and objective party to monitor the Company's financial reporting process and internal control system and overseeing management's reporting on internal control;
- provide open lines of communication among the external auditors, financial and senior management, and the Board for financial reporting and control matters;
- make inquiries of management and the external auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risks to the Company;
- establish procedures to ensure that the Audit Committee meets with the external auditors on a regular basis in the absence of management;
- ensure that the external auditors prepare and deliver annually a detailed report covering (i) critical accounting policies and practices to be used; (ii) material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; (iii) other material written communications between the external auditors and management such as any management letter or schedule of unadjusted differences; and (iv) such other aspects as may be required by the Audit Committee or legal or regulatory requirements;
- consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the external auditors, including reports and communications related to:
 - (i) deficiencies noted following the audit of the design and operation of internal controls;
 - (ii) consideration of fraud in the audit of the financial statements;
 - (iii) detection of illegal acts;
 - (iv) the external auditors' responsibility under generally accepted auditing standards;
 - (v) significant accounting policies;
 - (vi) management judgements and accounting estimates;
 - (vii) adjustments arising from the audit;
 - (viii) the responsibility of the external auditors for other information in documents containing audited financial statements;
 - (ix) disagreements with management;
 - (x) consultation by management with other accountants;
 - (xi) major issues discussed with management prior to retention of the external auditors;

- (xii) difficulties encountered with management in performing the audit;
 - (xiii) the external auditors judgements about the quality of the entity's accounting principles; and
 - (xiv) any reviews of unaudited interim financial information conducted by the external auditors;
- review the form of opinion the external auditors propose to render to the Audit Committee, the Board and shareholders; and
 - discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditors or management, and the financial impact thereof.
- (c) Pre-approving all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor, subject to any exemptions set out in NI 52-110. Notwithstanding the pre-approval process, the Audit Committee will ensure that the external auditors are prohibited from providing the following non-audit services and will determine which other non-audit services the external auditors are prohibited from providing:
- bookkeeping or other services related to the accounting records or financial statements of the Company;
 - financial information systems design and implementation;
 - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - actuarial services;
 - internal audit outsourcing services;
 - management functions or human resources;
 - broker, dealer, investment adviser or investment banking services;
 - legal services and expert services unrelated to the audit; and
 - any other service that the Audit Committee determines to be impermissible.
- (d) Ensuring that the external auditors submit annually to the Company and the Audit Committee a formal written statement of the fees billed for each of the following categories of services rendered by the external auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year and, if applicable, the reviews of the financial statements included in the Company's Quarterly Reports for that fiscal year; and (ii) all other services rendered by the external auditors for the most recent fiscal year, in the aggregate and by each service.
- (e) Reviewing the Company's financial statements, Management's Discussion and Analysis, annual and interim earnings press releases and any other reports or other financial information to be submitted to any regulatory body, or the public, before the Company files, issues or publicly discloses the information. In connection with such review, the Audit Committee will ensure that:
- management has reviewed the financial statements with the Audit Committee, including significant judgments affecting the financial statements;
 - the members of the Audit Committee have discussed among themselves, without management or the external auditors present, the information disclosed to the Audit Committee; and

- the Audit Committee has received the assurance of both financial management and the external auditors that the Company's financial statements are fairly presented in conformity with Canadian GAAP in all material respects.
- (f) Ensuring that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to above, and periodically assessing the adequacy of those procedures.
- (g) Reviewing, evaluating and monitoring any risk management program implemented by the Company, including any revenue protection program. This function should include:
- risk assessment;
 - quantification of exposure;
 - risk mitigation measures; and
 - risk reporting.
- (h) Reviewing the adequacy of the resources of the finance and accounting group, along with its development and succession plans.
- (i) Establishing procedures for:
- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (j) Reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- (k) Annually reviewing and revising this Charter as necessary with the approval of the Board of the Company and the text relating to this Charter which is required to appear in the Annual Information Form of the Company, as more specifically set out in Form 52-110FI *Audit Committee Information Required in an AIF*.
- (l) Reviewing and assessing the adequacy of the Code of Business Conduct and Ethics governing the officers, directors and employees of the Company and the Code of Ethics governing Financial Reporting Officers at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board.
- (m) Reporting its activities to the Board on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.
- (n) Reviewing and discussing with management, and approving all related party transactions.

4. AUTHORITY

The Audit Committee has the authority to:

- (a) Engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
- (b) Set and pay the compensation for any advisors employed by the Audit Committee, in accordance with applicable corporate statutes; and

- (c) Communicate directly with the external auditors.

5. ADMINISTRATIVE PROCEDURES

- 5.1 The Audit Committee will meet regularly and whenever necessary to perform the duties described above in a timely manner, but not less than four times a year. Meetings of the Audit Committee shall be held from time to time as the Committee or the Audit Chairman of the Committee shall determine upon 48 hours notice to each of its members and by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.
- 5.2 The notice period may be waived by a quorum of the Audit Committee.
- 5.3 The Committee will record minutes of its meetings and, through its Chairman, report periodically to the Board.
- 5.4 At the discretion of the Audit Committee, meetings may be held with representatives of the external auditors and appropriate members of management.
- 5.6 The external auditors will have direct access to the Audit Committee at their own initiative.
- 5.7 The Chairman of the Audit Committee may be appointed by the Board; however, if the Board does not appoint a Chairman, the members of the Audit Committee shall designate a Chairman by a majority vote of the Audit Committee.
- 5.8 A quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee.

SCHEDULE “A”

POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT COMMITTEE

1. PURPOSE

The Chairman of the Audit Committee of the Board shall be an independent director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company.

2. WHO MAY BE CHAIRMAN

The Chairman will be selected from amongst the independent directors of the Company who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chairman:

- (a) chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- (b) ensuring adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- (c) providing leadership to the Committee to enhance the Committee’s effectiveness, including:
 - (i) providing the information to the Board relative to the Committee’s issues and initiatives and reviewing and submitting to the Board an appraisal of the Company’s independent auditors and internal auditing functions;
 - (ii) ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;
 - (iii) ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - (iv) ensuring that the Committee serves as an independent and objective party to monitor the Company’s financial reporting process and internal control systems, as well as to monitor the relationship between the Company and the independent auditors to ensure independence;
 - (v) ensuring that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions;
 - (vi) ensuring that procedures are in place to review the Company’s public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Company;
 - (vii) ensuring that clear hiring policies are put in place for partners and employees of the auditors;

- (d) ensuring that procedures are in place for dealing with complaints received by the Company regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns, ensuring the establishment of a budget process, which shall include the setting of spending limits and authorizations and periodical reports from the Chief Financial Officer of actual spending as compared to the budget regarding questionable accounting or auditing matters; and
- (e) managing the Committee, including:
 - (i) adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - (ii) preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - (iii) ensuring meetings are appropriate in terms of frequency, length and content;
 - (iv) obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - (v) overseeing the Committee's participation in the Company's accounting and financial reporting process and the audits of its financial statements;
 - (vi) ensuring that the auditors report directly to the Committee, as representatives of the Company's shareholders; and
 - (vii) annually reviewing with the Committee its own performance.

**SCHEDULE “C”
DESERT LION ENERGY INC.**

INCENTIVE STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the “**Plan**”) is to authorize the grant to Eligible Persons (as such term is defined below) of Desert Lion Energy Inc. (the “**Corporation**”) of options to purchase common shares (“**shares**”) of the Corporation’s capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. DEFINITIONS

- (a) “Acceleration Event” means
- (i) the acquisition by any “offeror” (as defined in the *Securities Act* (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
 - (ii) any consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities, or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
 - (iii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation;
 - (iv) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation; or
 - (v) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board of Directors of the Corporation, unless such election or appointment is approved by 50% or more of the Board of Directors in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened;
- (b) “**Blackout Period**” has the meaning ascribed thereto in Section 9;
- (c) “**Board**” means the board of directors of the Corporation, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated;
- (d) “**Company**” means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;
- (e) “**Consultant**” means an individual (other a director, senior officer, Employee or Management Company Employee of the Corporation) or Company that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or an Affiliate (as defined under applicable securities

- laws) of the Corporation, other than services provided in relation to a Distribution (as defined under applicable securities laws);
- (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Company, as the case may be;
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation;
 - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and
 - (v) does not engage in Investor Relations Activities;
- (f) **“Corporation”** means Desert Lion Energy Inc., a company duly continued under the laws of the Province of Ontario.
- (g) **“Eligible Person”** means any senior officer or director, Employee, Management Company Employee, Consultant, Investor Relations Person of the Corporation or its subsidiaries;
- (h) **“Employee”** means:
- (i) an individual who is considered an employee of the Corporation under the Tax Act (and for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
 - (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or any of its subsidiaries over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (i) **“Exchanged Share”** means a security that is exchanged for a share in an Acceleration Event;
- (j) **“Exchanged Share Price”** means the product of the share to Exchanged Share ratio multiplied by the five day volume weighted average price of the Exchanged Shares on an exchange for the period ending one day prior to the effective time of the Acceleration Event, or, in the case of Exchanged Shares that are not listed or quoted for trading, the fair value of those Exchanged Shares, as determined by the Board, in its sole discretion, as of the day immediately preceding the effective time of the Acceleration Event;
- (k) **“Exercise Price”** has the meaning ascribed thereto in Section 8;
- (l) **“In-The-Money Amount”** means: (a) in the case of an Acceleration Event in which the holders of shares will receive only cash consideration, the difference between the exercise price of an option and the cash consideration paid per share pursuant to that Acceleration Event; (b) in the case of an Acceleration Event in which the holders of shares will receive Exchanged Shares, the difference between the exercise price of an option and the Exchanged Share Price; or (c) in the case of an Acceleration Event in which the holders of shares will receive cash consideration and Exchanged

Shares per share, the difference between the exercise price of an option and the sum of the cash consideration paid per share plus the Exchanged Share Price;

- (m) “**Investor Relations Activities**” means activities or oral or written communications, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (1) to promote the sale of products or services of the Corporation, or
 - (2) to raise public awareness of the Corporation,that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
 - (ii) activities or communications necessary to comply with the requirements of
 - (1) applicable securities laws, policies or regulations,
 - (2) the rules, and regulations of the TSXV or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Corporation;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (1) the communication is only through the newspaper, magazine or publication, and
 - (2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (iv) activities or communications that may be otherwise specified by the TSXV;
- (n) “**Investor Relations Person**” means a Person retained to provide Investor Relations Activities and any director or officer whose roles and duties primarily consist of Investor Relations Activities;
- (o) “**Management Company Employee**” means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;
- (p) “**optioned shares**” has the meaning ascribed thereto in Section 10;
- (q) “**Person**” means a Company or individual;
- (r) “**Plan**” has the meaning ascribed thereto in Section 1;
- (s) “**shares**” has the meaning ascribed thereto in Section 1;
- (t) “**Subsidiary**” means a corporation which is a subsidiary of the Corporation, as defined under the *Securities Act* (Ontario); and

- (u) “TSXV” means the TSX Venture Exchange;

For the purposes of the forgoing, a Company is an “Affiliate” of another Company if: (i) one of them is the subsidiary of the other; or (ii) each of them is controlled by the same Person.

3. ADMINISTRATION

The Plan shall be administered by the Board or a committee established by the Board for that purpose. Subject to approval of the granting of options by the Board, the Corporation shall grant options under the Plan.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

4. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of Section 16 hereof, the aggregate number of shares of the Corporation which may be available for issuance under the Plan will not exceed such number of shares as is equal to 10% of the total number of shares of the Corporation issued and outstanding from time to time. The total number of shares which may be issued or reserved for issuance to any one Person (and Companies wholly owned by that Person) under the Plan within any 12-month period shall not exceed 5% of the issued and outstanding shares of the Corporation, calculated on the date an option is granted to such individual (unless the Corporation has obtained the requisite approval from disinterested shareholders). The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation’s shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

5. LIMITS WITH RESPECT TO INSIDERS

- (a) The maximum number of shares which may be reserved for issuance to insiders (as a group) under the Plan, together with any other of the Corporation’s previously established and outstanding stock option plans or grants, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis); and
- (b) The maximum number of options which may be granted to insiders (as a group) under the Plan, together with any other of the Corporation’s previously established and outstanding stock option plans or grants, within any 12-month period shall be 10% of the issued shares, calculated on the date an option is granted to any insider (on a non-diluted basis).

6. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any Company wholly-owned by an Eligible Person.

For stock options granted to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation must represent that the optionee is a *bona fide* Employee, Consultant, Management Company Employee or Investor Relations Person as the case may be. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the *Securities Act* (Ontario) from time to time. Subject to the foregoing, the Board shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

7. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS

- (a) The maximum number of stock options which may be granted to any one Consultant under the Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, within any 12-month period, must not exceed 2% of the issued and outstanding shares of the Corporation, calculated on the date an option is granted to such Consultant (on a non-diluted basis).
- (b) The maximum number of stock options which may be granted to all Investor Relations Persons under the Plan, together with any other of the Corporation's previously established and outstanding stock option plans or grants, within any 12-month period, must not exceed, in the aggregate, 2% of the issued and outstanding shares of the Corporation, calculated on the date an option is granted to any such Investor Relations Person (on a non-diluted basis).

8. EXERCISE PRICE

The exercise price (the "**Exercise Price**") for the shares of the Corporation under each option shall be determined by the Board on the basis of the market price, where "market price" shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days. In the event the shares are listed on the TSXV, the price may be the market price less any discounts from the market price allowed by the TSXV, subject to the minimum exercise price allowed by the TSXV. In the event the shares are not listed on any exchange and do not trade on any dealing network, the market price will be determined by the Board. The approval of disinterested shareholders will be required for any reduction in the Exercise Price of a previously granted option to an insider of the Corporation.

9. TERM OF OPTIONS

Subject to the provisions of this Section 9 and Sections 11, 13 and 14 below, the period within which an option may be exercised shall be determined by the Board at the time of granting the options provided, however, that all options shall not be granted for a term exceeding five years from the date of the option grant.

Notwithstanding the foregoing, in the event that the expiry date of an option falls within a trading blackout period imposed by the Corporation (a "**Blackout Period**"), and neither the Corporation nor the individual in possession of the options is subject to a cease trade order in respect of the Corporation's securities, then the expiry date of such option shall be automatically extended to the 10th business day following the end of the Blackout Period.

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

10. EXERCISE OF OPTIONS

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised (the "**optioned shares**") and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased. Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative. Certificates for such optioned shares shall be issued and delivered to the optionee within a reasonable

time following the receipt of such notice and payment. Except as provided in Sections 11, 13 and 14 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

11. VESTING RESTRICTIONS

Options issued under the Plan may vest and become exercisable at the discretion of the Board provided that if required by any stock exchange on which the shares of the Corporation trade: (i) any options granted at an Exercise Price calculated as an allowable discount to the applicable market price shall contain such vesting restrictions as may be required by such stock exchange; and (ii) any options granted to an Investor Relations Person must vest in stages over not less than 12-months with no more than one-quarter (1/4) of the aggregate number of options granted vesting in any single three month period.

12. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

13. CESSATION OF PROVISION OF SERVICES

Subject to Section 14 below, if any optionee ceases to be an Eligible Person of the Corporation for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, such optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such optionee, if earlier) from the date of ceasing to be an Eligible Person to exercise options of such optionee, to the extent they were exercisable on the date of ceasing to be an Eligible Person, subject to extension by the Board to a maximum of one year with approval from the TSXV. Upon the expiration of such 90-day (or one year) period all unexercised options of that optionee shall immediately become terminated and shall lapse notwithstanding the original term of option granted to such optionee under the Plan.

If an optionee ceases to be either an Eligible Person as a result of having been dismissed from any such position for cause, all unexercised options of that optionee under the Plan shall immediately become terminated and shall lapse, notwithstanding the original term of the option granted to such optionee under the Plan.

If an optionee engaged in providing Investor Relations Activities to the Corporation ceases to be employed in providing such Investor Relations Activities, such optionee shall have the right for a period of 30 days (or until the normal expiry date of the option rights of such optionee if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise options of such optionee under the Plan to the extent they were exercisable on the date of ceasing to provide such Investor Relations Activities. Upon the expiration of such 30-day period all unexercised options of that optionee shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such optionee under the Plan.

14. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall vest and be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the Board with approval from the TSXV where required) or until the normal expiry date of the option rights of such optionee if earlier.

15. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

16. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

17. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- (a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the Board has determined that no adjustment shall be made pursuant to Section 16 hereof, (i) the Board may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the Board may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise. For greater certainty, upon an Acceleration Event, optionees shall not be treated any more favourably than shareholders with respect to the consideration that the optionees may be entitled to receive for their shares.

Further, the Board, in its sole discretion, may authorize and implement any one or more of the following additional courses of action in the event of an Acceleration Event:

- (a) terminating without any payment or other consideration, any options not exercised or surrendered by the effective time of the Acceleration Event;
- (b) causing the Corporation to offer to acquire from each optionee his or her options for a cash payment equal to the In-The-Money Amount, and any options not so surrendered or exercised by the effective time of the Acceleration Event will be deemed to have expired; and
- (c) an option granted under the Plan be exchanged for an option to acquire, for the same aggregate consideration, that number and type of securities as would be distributed to the optionee in respect of the shares issued to the optionee had he or she exercised the option prior to the effective time of the Acceleration Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Acceleration Event, regardless of the continuing directorship, officership or employment of the optionee.

For greater certainty, and notwithstanding anything else to the contrary contained in the Plan, the Board shall have the power, in its sole discretion, in any Acceleration Event which may or has occurred, to make such arrangements as it shall deem appropriate for the exercise of outstanding options including, without limitation, to modify the terms of the Plan and/or the options as contemplated above. If the Board exercises such power, the options 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 Board prior to or in

conjunction with completion of the Acceleration Event.

18. EMPLOYMENT

Nothing contained in the Plan shall confer upon any optionee any right with respect to employment or continuance of employment with the Corporation or any subsidiary, or interfere in any way with the right of the Corporation, or any subsidiary, to terminate the optionee's employment at any time. Participation in the Plan by an optionee is voluntary.

19. NO SHAREHOLDER RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

20. TAX MATTERS

The Corporation shall have the power and the right to deduct or withhold, or require an optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the optionee (whether arising pursuant to the optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of shares issuable upon exercise of the options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such shares issuable upon exercise of the options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such shares issuable upon exercise of the options

21. AMENDMENT AND TERMINATION OF THE PLAN

Subject to any requisite shareholder and regulatory approvals, the Board may at any time amend or terminate the Plan.

22. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

23. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

