NIKO RESOURCES LTD

# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF NIKO RESOURCES LTD.

# and

# MANAGEMENT INFORMATION CIRCULAR

# AND PROXY STATEMENT

Dated: August 31, 2015

Meeting to be held in Room 3 at the
Ernst & Young Building, 440 2nd Avenue S.W., Calgary Alberta

Wednesday, September 30, 2015
at 3:00 p.m.

NIKO RESOURCES LTD

# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**TO THE HOLDERS OF COMMON SHARES OF NIKO RESOURCES LTD.:**

**Notice is hereby given** that an annual meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares ("**Common Shares**") in the capital of Niko Resources Ltd. (the "**Company**" or "**Niko**") will be held in the **Room 3 at the Ernst & Young Building, 440 – 2nd Avenue S.W., Calgary, Alberta,** on **Wednesday, September 30, 2015 at 3:00 p.m.** (Mountain Daylight Time) for the following purposes:

1. to receive and consider the consolidated financial statements of the Company for the fiscal year ended March 31, 2015 and the report of the auditors thereon;
2. to elect directors of the Company for the ensuing year;
3. to appoint auditors for the ensuing year at such remuneration as may be determined by the board of directors of the Company; and
4. to transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

Particulars of the matters referred to above are set forth in the accompanying Information Circular.

Only Shareholders of record at the close of business on August 24, 2015 will be entitled to receive notice of, and to vote at, the Meeting, except that a transferee of Common Shares after such record date may, not later than ten (10) days before the Meeting, establish a right to vote by providing evidence of the ownership of Common Shares and make a request to Computershare Trust Company of Canada that his or her name be placed on the Shareholder list for the Meeting.

**YOUR VOTE IS IMPORTANT.** A Shareholder may attend the Meeting and vote in person or may appoint another person (who need not be a Shareholder) as his or her proxy to attend the meeting and vote in his or her place. A form of proxy for use at the Meeting or any adjournment thereof is enclosed with this Notice. Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the enclosed instrument of proxy to the Company's transfer agent, Computershare Trust Company of Canada, at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Alternatively, registered Shareholders and non-objecting beneficial owners of Common Shares may vote using the internet at the website www.investorvote.com. A proxy will not be valid unless it is received by Computershare Trust Company of Canada no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof.

Dated at Calgary, Alberta, this 31th day of August, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

Per: (signed) "*Glen R. Valk*"
Glen R. Valk
Vice President, Finance, Chief Financial Officer and Corporate Secretary

# TABLE OF CONTENTS

# MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

# GENERAL PROXY INFORMATION

## Solicitation of Proxies by Management

This management information circular and proxy statement (the "**Information Circular**") is being furnished by the management of Niko Resources Ltd. ("**Niko**" or the "**Company**") in connection with the solicitation of proxies by management of the Company for use at the annual meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares ("**Common Shares**") in the capital of the Company to be held in **Room 3 at the Ernst & Young Building, 440 – 2nd Avenue S.W., Calgary, Alberta, at 3:00 p.m.** (Mountain Daylight time) **on Wednesday, September 30, 2015**, and any adjournments thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular (the "**Notice**"). The information contained in this Information Circular is given as of August 31, 2015 except where otherwise indicated.

The head and executive office of the Company is located at Suite 4600 Devon Tower, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.

It is expected that the solicitation of proxies will be primarily by mail or personal solicitations by the officers or employees of the Company, at no additional compensation. The costs of solicitation by management will be borne by the Company.

All dollar amounts in this Circular are presented in US dollars (''**US$**''), except where otherwise indicated

## Appointment of Proxies

Shareholders who wish to be represented at the Meeting by proxy must complete and deliver their proxies to the Company's transfer agent, Computershare Trust Company of Canada ("**Computershare**"):

> 100 University Avenue, 8th Floor
> Toronto, Ontario, M5J 2Y1
> Attention: Proxy Department
> 1-800-564-6253 (toll free)
> service@computershare.com

In order to be valid, proxies must be received by Computershare no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof.

The persons named as proxy holders in the accompanying instrument of proxy are directors and/or officers of the Company. **A Shareholder desiring to appoint a person (who need not be a Shareholder) to represent such Shareholder at the Meeting other than the persons designated in the accompanying instrument of proxy may do so either by striking out the names provided and inserting such person's name in the blank space provided in the instrument of proxy or by completing another instrument of proxy to replace a previously submitted instrument of proxy and, in either case, delivering the completed proxy to the office of Computershare at the address referred to above within the time specified above for the deposit of proxies.**

## Revocation of Proxies

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has submitted a proxy attends personally at the Meeting at which such proxy is voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by: (a) the Shareholder signing another proxy bearing a later date than the first proxy and delivering such subsequent proxy to Computershare at the address referred to above and within the time specified above for the deposit of proxies; or (b) an instrument in writing by such Shareholder deposited either with Computershare at the address referred to above or with the Chairman of the Meeting at any time prior to the Meeting or any adjournment thereof.

## Signature of Proxy

The accompanying instrument of proxy as well as any instrument revoking the same shall be executed by the Shareholder or his attorney authorized in writing, or if a Shareholder is a corporation, the proxy or other instrument should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. Such proxy or other instrument signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his or her signature and should be accompanied by the appropriate documentation evidencing qualification and authority to act (unless such documentation has been previously filed with the Company).

## Voting of Proxies

All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with such specification. In the absence of such specification, such Common Shares will be voted "FOR" the election as directors of those nominees of management listed in the Information Circular, and "FOR" the appointment of KPMG LLP, Chartered Accountants.

Registered Shareholders and non-objecting beneficial owners of Common Shares may vote using the internet at the website www.investorvote.com. Such Shareholders should have the form of proxy in hand when they access the website, as they will be prompted to enter their control number, which is located on the form of proxy. If such Shareholders vote using the website, their votes must be received not later than 3:00 p.m. (Mountain Daylight time) on September 28, 2015 or forty-eight (48) hours prior to the time of any adjournment of the Meeting. **The website may be used to appoint a proxyholder to attend and vote on such a Shareholder's behalf at the Meeting and to convey such a Shareholder's voting instructions. Please note that if such a Shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, the Shareholder may resubmit its proxy and/or voting direction prior to the deadline noted above. The most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

## Exercise of Discretion by Proxies

The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the proxy and Notice and with respect to other matters which may properly come before the Meeting. At the time of printing this Information Circular, management of the Company knows of no such amendment to or variation of other matters to come before the Meeting other than the matters referred to in the Notice.

## Voting Shares

As at August 31, 2015, there were 94,049,614 Common Shares outstanding, each carrying the right to one vote per share at the Meeting. Only Shareholders of record on August 24, 2015 are entitled to notice of, and to vote at, the Meeting except that a transferee of Common Shares after August 24, 2015 may, not later than ten (10) days before the Meeting, establish a right to vote by providing evidence of ownership of Common Shares and making a request to Computershare that the transferee's name be placed on the Shareholder list for the Meeting.

## Principal Holders of Voting Shares

To the knowledge of the directors and executive officers of the Company, as at August 31, 2015, no other persons or companies beneficially owned, directly or indirectly, or exercised control or direction over more than ten (10) percent of the Common Shares.

## Advice to Beneficial Holders of Securities

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of the Shareholders do not hold Common Shares in their own names. Shareholders who do not hold their Common Shares in their own names (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder's name on the records of the Company. Such shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting for their clients. The directors and officers of the Company do not know for whose benefit the Common Shares registered in the name of CDS & Co. or of other brokers/agents are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails voting instruction forms ("**VIFs**") to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a VIF cannot use that VIF to vote Common Shares directly at the Meeting, the VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

# INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial interest or otherwise, of any director or executive officer of the Company, any proposed nominee for election as a director of the Company or any associate or affiliate of the foregoing in any matter to be acted upon at the Meeting other than the election of directors.

# MATTERS TO BE ACTED UPON AT THE MEETING

## Consolidated Financial Statements

The Company files the annual report and annual information form with Canadian securities regulators. A copy of the recent annual report, including the audited consolidated financial statements and Management's Discussion and Analysis, the Annual Information Form ("**AIF**") and this circular will be provided on request to registered and beneficial Shareholders. Copies can also be obtained by accessing public filings on SEDAR, at www.sedar.com. No vote is required in respect of this matter. The board of directors of the Company (the "**Board**"), upon the recommendation of the Audit Committee of the Company (the "**Audit Committee**"), approved the financial statements prior to their delivery to the Shareholders.

## Election of Directors

The Articles of the Company require that the number of directors on the board of directors of the Company must consist of not less than three (3) and not more than twelve (12) directors. The Board currently consists of six (6) directors and the term for each of the present directors expires immediately following the Meeting. Mr. Joshua Sigmon has recently advised the Company he is not standing for re-election to the Board. The five (5) persons named below will be presented for election at the Meeting as management's 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 or if additional nominees should be presented, the persons named in the enclosed form of proxy reserve the right to vote for another nominee or nominees in their discretion.

### *Nominees*

The following table states the names and cities of residence of the persons proposed to be nominated for election as directors at the Meeting, all other positions and offices with the Company now held by them, their principal occupations at present, the year in which they were first elected directors and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at March 31, 2015 and 2014. The information contained herein has been furnished by the respective nominees to the Company. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the Company's by-laws, unless the director's office is earlier vacated.

The persons named in the enclosed instrument of proxy, if named as proxy, intend to vote in favour of the proposed nominees to the Board unless a Shareholder has specified in its instrument of proxy that the Shareholder's Common Shares are to be withheld from voting for any of the nominees.

## Director Biographies

### William T. Hornaday

| Age: 60 | Calgary, Alberta, Canada | Director since August 2007 | Not Independent – Chief Operating Officer of the Company |
|---|---|---|---|

**Biography**[1]

Mr. Hornaday has been the Chief Operating Officer of Niko since 2005. Prior thereto, he was the Vice President, Operations of Niko since 2001. Mr. Hornaday is a professional engineer with over thirty-nine (39) years of industry experience and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He holds a Bachelor of Science in Mechanical Engineering from the University of Calgary. He has worked in the energy business in North America, South and Southeast Asia, Australia, Trinidad, Middle East and South America. Mr. Hornaday has extensive experience in all aspects of operations including project management, production, facilities, drilling and business development. He was previously executive Director and Chief Operating Officer for a successful intermediate size international gas and power generating company.

| Areas of Expertise | Current Public Board Memberships | Public Board Memberships in the past 5 years (excluding Niko) | Public Board Interlocks |
|---|---|---|---|
| Enterprise Management<br>Business Development/Strategic Planning<br>Financial Literacy<br>Corporate Governance<br>Oil and Gas Operations<br>Health, Safety & Environment Management<br>Global Experience<br>Reserves Evaluation<br>Risk Evaluation | Niko Resources Ltd. | None | None |

| Board/Committee Membership at the date hereof[2] | | Attendance in Fiscal 2015 | | Attendance (Total) | | Annual Base Salary (CAD$) | Equity Ownership/ Annual Base Salary |
|---|---|---|---|---|---|---|---|
| Board | Member | 11/11 | 100% | 17/17 | 100% | 593,145 | - |
| Reserves and Health, Safety & Environmental Committee | Chairman | 6/6 | 100% | | | | |

**Securities Held as at March 31**[3]

| Year | Common Shares | Market Value per Common Share (CAD$)[4] | Total Market Value of Common Shares (Value at Risk) (CAD$) | Minimum Shareholding Requirement | Meets Requirement[5] | Stock Options |
|---|---|---|---|---|---|---|
| 2015 | 108,017 | 0.30 | 32,405 | CAD$100,000 | Yes | 660,415 |
| 2014 | 108,017 | 1.99 | 214,954 | CAD$100,000 | Yes | 660,415 |

**Voting Results of 2014 Annual Meeting of Shareholders**

| | Votes for | Votes Withheld | Total Votes Cast |
|---|---|---|---|
| # of votes | 59,136,868 | 157,319 | 59,294,187 |
| % of votes | 99.73 | 0.27 | 100 |

## Vivek Raj

| Age: 32 | Greenwich, Connecticut, USA | Director since September 2014 | Independent |
|---|---|---|---|

**Biography**(1)

Mr. Raj is currently a Partner at CSL Capital Management LLC, where he manages a portfolio of companies in the energy and oilfield services sector. Prior to that, Mr. Raj was Vice President of Petrotiger from 2009 to 2010, where he worked on merger and acquisition deals, start-up of operations and operational improvements. From 2004 to 2007, Mr. Raj was an Engineer at Schlumberger Oil Field Services in China and Saudi Arabia. Mr. Raj holds a Master of Business Administration from Harvard Business School, and Bachelor of Technology from Indian Institute of Technology.

| Areas of Expertise | Current Public Board Memberships | Public Board Memberships in the past 5 years (excluding Niko) | Public Board Interlocks |
|---|---|---|---|
| Business Development/Strategic Planning<br>Financial Literacy<br>Oil and Gas Operations<br>Financial Expertise<br>Global Experience | Niko Resources Ltd. | None | None |

| Board/Committee Membership at the date hereof(2) | | Attendance in Fiscal 2015 | | Attendance (Total) | | Annual Base Retainer (CAD$)(7) | Equity Ownership/ Annual Retainer |
|---|---|---|---|---|---|---|---|
| Board | Member | 5/5 | 100% | 13/13 | 100% | $50,000 | - |
| Audit Committee | Member | 4/4 | 100% | | | | |
| Governance Committee | Member | 2/2 | 100% | | | | |
| Compensation Committee | Member | 2/2 | 100% | | | | |

**Securities Held as at March 31**(3)

| Year | Common Shares | Market Value per Common Share (CAD$)(4) | Total Market Value of Common Shares (Value at Risk) (CAD$) | Minimum Shareholding Requirement(6) | Meets Requirement(6) | Stock Options |
|---|---|---|---|---|---|---|
| 2015 | - | - | - | CAD$100,000 | N/A | - |
| 2014 | - | - | - | - | - | - |

**Voting Results of 2014 Annual Meeting of Shareholders**

| | Votes for | Votes Withheld | Total Votes Cast |
|---|---|---|---|
| # of votes | 54,826,566 | 4,467,621 | 59,294,187 |
| % of votes | 92.47 | 7.53 | 100 |

## Kevin J. Clarke

| Age: 64 | East Amherst, New York, USA | Director since August 2014 | Not Independent – Interim Chief Executive Officer of the Company |
|---|---|---|---|

**Biography**[1]

Mr. Clarke has been the interim Chief Executive Officer of Niko since October 2014. Prior to, Mr. Clarke has led global high performance organizations of up to 15,000 people with sales over $1 billion, and manufacturing facilities across the US, Canada, and Latin America. From 2010 to 2013, Mr. Clarke was President and Chief Executive Officer of Catalyst Paper, a manufacturing company specializing in pulp and paper for newspapers, magazines and other print applications; and led the financial and operational restructuring of the company. His restructuring experience included guidance through *Companies' Creditors Arrangement Act* bankruptcy protection process, reduction of debt and annual costs, and successfully improving overall productivity and performance levels. Previously, Mr. Clarke was Group President and President of Worldcolor (Quebecor World) between 1986 to 2009, where he led institutional strategic planning and strategic business development initiatives. Mr. Clarke holds a Bachelor of Science – Transportation and Logistics from Niagara University in New York.

| Areas of Expertise: | Current Public Board Memberships | Public Board Memberships in the past 5 years (excluding Niko) | Public Board Interlocks |
|---|---|---|---|
| Enterprise Management<br>Business Development/Strategic Planning<br>Financial Literacy<br>Corporate Governance<br>Change Management<br>Health, Safety and Environment Management<br>Financial Expertise<br>Global Experience<br>Human Resources<br>Risk Evaluation | Niko Resources Ltd. | Catalyst Paper (2013) | None |

| Board/Committee Membership at the date hereof (2) | | Attendance in Fiscal 2015 | | Attendance (Total) | | Annual Base Salary (US$)(8) | Equity Ownership/ Annual Retainer |
|---|---|---|---|---|---|---|---|
| Board | Chairman | 7/7 | 100% | 12/12 | 100% | $756,000 | - |
| Governance Committee | Member | 2/2 | 100% | | | | |
| Reserves and Health, Safety & Environmental Committee | Member | 3/3 | 100% | | | | |

**Securities Held as at March 31**[3]

| Year | Common Shares | Market Value per Common Share (CAD$)(4) | Total Market Value of Common Shares (Value at Risk) (CAD$) | Minimum Shareholding Requirement(6) | Meets Requirement(6) | Stock Options |
|---|---|---|---|---|---|---|
| 2015 | - | - | - | CAD$100,000 | N/A | - |
| 2014 | - | - | - | - | - | - |

**Voting Results of 2014 Annual Meeting of Shareholders**

| | Votes for | Votes Withheld | Total Votes Cast |
|---|---|---|---|
| # of votes | 54,824,494 | 4,469,693 | 59,294,187 |
| % of votes | 92.46 | 7.54 | 100 |

## E. Alan Knowles

| Age: 62 | Calgary, Alberta, Canada | Director since September 2014 | Independent |
|---|---|---|---|

**Biography**[1]

Mr. Knowles career has been split between the oil and gas and financial services industries. Mr. Knowles has eighteen (18) years' experience as an oil and gas analyst, most recently from 2000 to 2014 with Haywood Securities Inc. where he covered at various times senior, intermediate and international oil and gas companies. In 2010 Mr. Knowles was awarded the Overall Top Stock Picker Award by Starmine Canada. Prior to working as an analyst he worked in the oil and gas industry for twenty (20) years in various senior financial management positions, latterly as VP Finance and Chief Financial Officer of a junior Canadian producer. Mr. Knowles earned a Bachelor of Commerce from the University of Calgary, and holds Chartered Financial Analyst (CFA) and Certified Management Accountant (CMA) designations.

| **Areas of Expertise:** | **Current Public Board Memberships** | **Public Board Memberships in the past 5 years (excluding Niko)** | **Public Board Interlocks** |
|---|---|---|---|
| Business Development/Strategic Planning<br>Financial Literacy<br>Corporate Governance<br>Change Management<br>Oil and Gas Operations<br>Health, Safety and Environment Management<br>Financial Expertise<br>Global Experience<br>Human Resources<br>Reserves Evaluation<br>Risk Evaluation | Niko Resources Ltd. | None | None |

| **Board/Committee Membership at the date hereof**[2] | | **Attendance in Fiscal 2015** | | **Attendance (Total)** | | **Annual Base Retainer (CAD$)**[7] | **Equity Ownership/ Annual Retainer** |
|---|---|---|---|---|---|---|---|
| Board | Member | 5/5 | 100% | 12/12 | 100% | $50,000 | - |
| Audit Committee | Chairman | 4/4 | 100% | | | | |
| Reserves and Health, Safety & Environmental Committee | Member | 3/3 | 100% | | | | |

**Securities Held as at March 31**[3]

| **Year** | **Common Shares** | **Market Value per Common Share (CAD$)**[4] | **Total Market Value of Common Shares (Value at Risk) (CAD$)** | **Minimum Shareholding Requirement**[6] | **Meets Requirement**[6] | **Stock Options** |
|---|---|---|---|---|---|---|
| 2015 | - | - | - | CAD$100,000 | N/A | - |
| 2014 | - | - | - | - | - | - |

**Voting Results of 2014 Annual Meeting of Shareholders**

| | Votes for | Votes Withheld | Total Votes Cast |
|---|---|---|---|
| # of votes | 59,256,818 | 37,369 | 59,294,187 |
| % of votes | 99.94 | 0.06 | 100 |

## Steven K. Gendal

| Age: 44 | Armonk, New York, USA | Director since August 2014 | Independent |
|---|---|---|---|

**Biography**[1]

Mr. Gendal is currently a Managing Partner at Logen Asset Management, an investment firm specializing in distressed debt and special situations. Prior to Logen, Mr. Gendal worked for over fifteen years at Whippoorwill Associates, Inc., most recently as the co-portfolio manager. Previously, Mr. Gendal was a Corporate Finance Associate at Brean Murray & Company from 1999 to 2000. Mr. Gendal received a Juris Doctorate from Brooklyn Law School and has a Bachelor of Science in Finance from Syracuse University.

| Areas of Expertise: | Current Public Board Memberships | Public Board Memberships in the past 5 years (excluding Niko) | Public Board Interlocks |
|---|---|---|---|
| Business Development/Strategic Planning<br>Financial Literacy<br>Corporate Governance<br>Financial Expertise | Niko Resources Ltd. | None | None |

| Board/Committee Membership at the date hereof[2] | | Attendance in Fiscal 2015 | | Attendance (Total) | | Annual Base Retainer (CAD$)[7] | Equity Ownership/ Annual Retainer |
|---|---|---|---|---|---|---|---|
| Board | Member | 6/7 | 86% | 10/11 | 91% | $50,000 | - |
| Compensation Committee | Member | 2/2 | 100% | | | | |
| Governance Committee | Chairman | 2/2 | 100% | | | | |

**Securities Held as at March 31**[3]

| Year | Common Shares | Market Value per Common Share (CAD$)[4] | Total Market Value of Common Shares (Value at Risk) (CAD$) | Minimum Shareholding Requirement[6] | Meets Requirement[6] | Stock Options |
|---|---|---|---|---|---|---|
| 2015 | - | - | - | CAD$100,000 | N/A | - |
| 2014 | - | - | - | - | - | - |

**Voting Results of 2014 Annual Meeting of Shareholders**

| | Votes for | Votes Withheld | Total Votes Cast |
|---|---|---|---|
| # of votes | 54,811,733 | 4,482,454 | 59,294,187 |
| % of votes | 92.44 | 7.56 | 100 |

Notes:

(1) Each of the above persons has held the principal position for at least the last five (5) years, unless otherwise noted.

(2) The Company does not have an executive committee. The Company has disclosure officers, but does not have a disclosure committee.

(3) The shareholdings set forth in this table represent the number of Common Shares beneficially owned, directly or indirectly, or controlled or directed by each proposed director.

(4) The market value per common share for Fiscal 2015 is based on the weighted average trading price for the five (5) day period prior to year-ended March 31, 2015 of CAD$0.30.

(5) Mr. Hornaday meets the minimum shareholding requirement by virtue of the fact that his cash cost in the Common Shares exceeds the minimum dollar value threshold.

(6) Directors appointed in the prior year have three (3) years from the date of appointment to acquire and hold the required number of Common Shares.

(7) Annual base cash retainer fee for each director is CAD$50,000. Additional cash retainer fees are applicable for certain roles and responsibilities, refer to "Statement of Executive Compensation – Director Compensation - Fees Earned" for details.

(8) The average exchange rate for fiscal 2015 of US$0.88 per approximately CAD$1.00 has been used to calculate the CAD Dollar values.

### *Orders*

To the knowledge of management of the Company, no proposed director is, as at the date hereof, or has been within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Niko), that (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer 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. For the purposes hereof, "order" means (a) a cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days.

### *Bankruptcies*

To the knowledge of management of the Company, two (2) of the proposed directors of the Company, (a) are, as at the date hereof, or have been within the ten (10) years before the date hereof, a director or executive officer of any company (including Niko) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) have, within the ten (10) years before the date hereof, 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. Mr. Clarke was Group President and President of Worldcolor (Quebecor World) in 1986 to 2009. Mr. Clarke was the President and Chief Executive Officer of Catalyst Paper in 2010 to 2013. Worldcolor (Quebecor World) filed under the Companies' Creditors Arrangement Act ("**CCAA**") in July 2008 and Catalyst Paper filed CCAA in January 2012. Mr. Gendal was a Director of LHI Liquidation Co. Inc (formerly Loehmann's Inc.), which filed CCAA in December 2013. The plan of liquidation was confirmed on July 22, 2014.

### *Penalties and Sanctions*

To the knowledge of management of the Company, no proposed director, has been subject to, (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### *Majority Voting for Directors*

The Board has adopted a policy (the "**Majority Voting Policy**") that will permit a Shareholder to vote for, or withhold from voting for, each director nominee separately. If a director nominee has more votes withheld than are voted in favour of him, such nominee will be expected to forthwith submit his resignation to the Board, effective on acceptance by the Board. The Board will refer the resignation to the Corporate Governance Committee of the Board (the "**Corporate Governance Committee**") for consideration. The Corporate Governance Committee will consider all factors deemed relevant by the members of the Corporate Governance Committee, including, without limitation, the stated reason or reasons why Shareholders who cast "withhold" votes for the director did so, the qualifications of the director, including, without limitation, the impact the director's resignation would have on the Company, and whether the director's resignation from the Board would be in the best interest of the Company and the Shareholders. Within ninety (90) days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept the resignation. The Majority Voting Policy does not apply in circumstances involving contested director elections. The full text of the Majority Voting Policy is attached hereto as **Appendix E.**

### *Director Candidates*

The articles of the Company currently provide for a minimum of three (3) directors and a maximum of twelve (12) directors. The Company currently has five (5) directors. The Company is proposing five (5) directors for election.

While the Board does not have a formal written policy on diversity, it recognizes the importance of diversity of experience, education, ethnicity and gender, as part of its overall evaluation of director positions. Board nominations and appointments of directors and officers are assessed based upon the merits of the candidates and board requirements. The Board is mindful of the benefits of diversity and is committed to a corporate culture of inclusiveness and tolerance where a diversity of views, backgrounds and experiences are represented at the Board to enhance the effectiveness of decision-making processes. The Company does not differentiate by race, colour, ethnicity, religion, gender, sexual orientation or any other aspect.

The Board does not believe that a formal policy will necessarily result in enhancing gender diversity beyond the current recruitment and selection processes carried out by the Corporate Governance Committee which take into account a broad range of selection criteria carefully designed to result in the recruitment of the most qualified individuals.

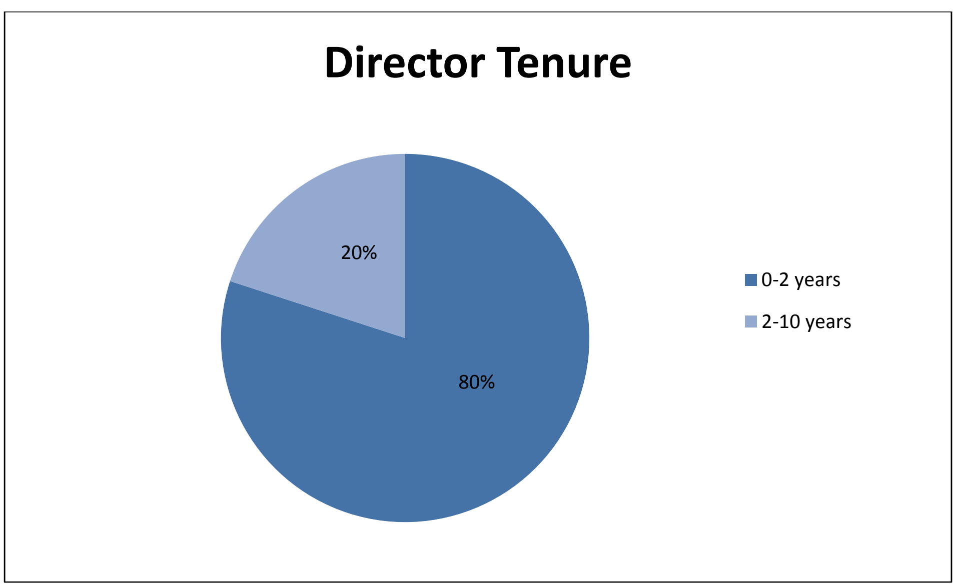
In identifying director nominee candidates, the Board will continue to consider numerous other factors beyond gender, such as the candidate's skills, expertise, industry experience and leadership qualities. The range of skills and experience sought by the Board include extensive international oil and gas industry experience, an exploration background, financial literacy and a strong reputation. The Board also considers the skills and experience of existing directors and the need for additional skills and experience on the Board in the areas of: enterprise management, business development, mergers and acquisitions, strategic planning, corporate governance, change management, oil and gas operations, health, safety and environment management, financial expertise, global experience, human resources, reserves evaluation and risk evaluation. However the Company does not currently have any targets that specifically require the identification, consideration, nomination or appointment of female board nominees. The Board believes singling out one specific attribute may not result in the recruitment of the most qualified candidate for a position. It is anticipated that inclusion of women on the Board will be attained naturally as directors retire and new candidates are nominated for these director positions.

The Company focuses on attracting and retaining experienced and highly skilled individuals when considering candidates for executive officer positions. Rather than considering the level of representation of women in executive officer positions, The Company considers numerous factors such as the candidate's skills, expertise, professional experience, leadership qualities and public company experience relevant to the specific role, in addition to gender.

As of August 31, 2015, none of the directors on the Board are women and none of the executive officers of the Company are women.

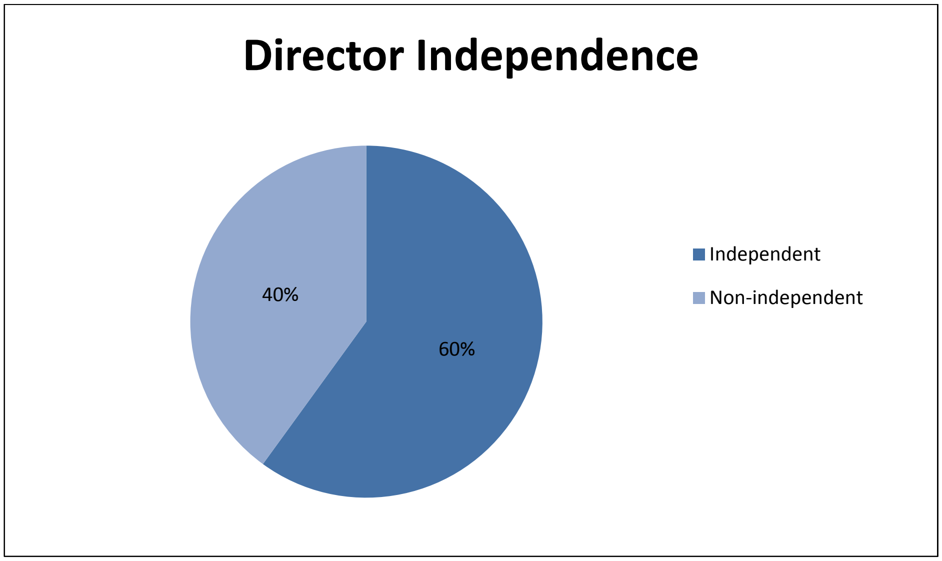
### *Director Term Limits and Other Mechanisms of Board Renewal*

The Board has not adopted a policy for term limits for directors. The Board composition is assessed by the Corporate Governance Committee to ensure that the Board has the right mix of skills and expertise that will enable the Board to provide strong stewardship for the Company. The Board believes that it is in the stakeholders' best interests to ensure the most qualified persons are on the Board, regardless of age or tenure. The following chart shows the number of completed years of Board service of the director nominees as at August 31, 2015:



### *Director Independence*

The Company uses the meaning of independence set forth in section 1.4 of Canadian Securities Administrators' National Instrument 52-110 *Audit Committees* ("**NI 52-110**") to assess whether or not Board members are independent. During fiscal 2015, seven (7) new directors joined the Board and eight (8) directors ceased to be directors. The following chart shows the percentage of independent and non-independent director nominees as at August 31, 2015:




### *Committees of the Board*

The following chart sets out all committee members (√) as at March 31, 2015:

| Director | Year Appointed | Audit Committee | Compensation Committee | Corporate Governance Committee | Reserves and Health, Safety & Environmental Committee |
|---|---|---|---|---|---|
| E. Alan Knowles[(2)] | 2014 | √ | | | √ |
| Joshua A. Sigmon[(2)(3)] | 2014 | √ | √ | | |
| Kevin J. Clarke[(1)] | 2014 | | | √ | √ |
| Steven K. Gendal[(2)] | 2014 | | √ | √ | |
| Vivek Raj[(2)] | 2014 | √ | √ | √ | |
| William T. Hornaday[(1)] | 2007 | | | | √ |

Notes:
(1) Non-independent director.
(2) Designated financial expert.
(3) Mr. Sigmon will cease to act as a director of the Company effective September 30 2015.

### *Meeting Attendance*

The following table sets forth the number of Board and Committee meetings held in fiscal 2015, including in-camera sessions:

| Director | Board | | Committees | | | | | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Audit Committee (AC) | | Compensation Committee (CC) | | Corporate Governance Committee (CGC) | | Reserves and Health, Safety & Environmental Committee (RHSEC) | | Restructuring Committee (RC) | | | |
| E. Alan Knowles | 5 | 100% | 4 | 100% | | | | | 3 | 100% | | | **12** | **100%** |
| Joshua A. Sigmon[(1)] | 5 | 100% | 4 | 100% | 2 | 100% | | | | | | | **11** | **100%** |
| Kevin J. Clarke | 7 | 100% | | | | | 2 | 100% | 3 | 100% | | | **12** | **100%** |
| Steven K. Gendal | 6 | 86% | | | 2 | 100% | 2 | 100% | | | | | **10** | **91%** |
| Vivek Raj | 5 | 100% | 4 | 100% | 2 | 100% | 2 | 100% | | | | | **13** | **100%** |
| William T. Hornaday | 11 | 100% | | | | | | | 6 | 100% | | | **17** | **100%** |
| C. J. (Jim) Cummings[(1)] | 6 | 100% | 4 | 100% | 3 | 100% | 4 | 100% | | | 5 | 100% | **22** | **100%** |
| Charles S. Leykum[(1)] | 5 | 83% | | | | | | | | | 5 | 100% | **10** | **91%** |
| Conrad P. Kathol[(1)] | 6 | 100% | | | 3 | 100% | 4 | 100% | 3 | 100% | | | **16** | **100%** |
| Harrison A. Bubrosky[(1)] | 1 | 100% | 1 | 100% | | | | | | | | | **2** | **100%** |
| Norman M. K. Louie[(1)] | 4 | 67% | 3 | 75% | 3 | 100% | | | | | 5 | 100% | **15** | **83%** |
| Murray E. Hesje[(1)] | 4 | 100% | 2 | 50% | | | | | | | | | **6** | **75%** |
| Stewart Gossen[(1)] | 4 | 100% | 3 | 100% | | | | | | | | | **7** | **100%** |
| Wendell W. Robinson[(1)] | 6 | 100% | 4 | 100% | 3 | 100% | 4 | 100% | | | 5 | 100% | **22** | **100%** |
| **Total** | **11** | **100%** | **8** | **100%** | **5** | **100%** | **6** | **100%** | **6** | **100%** | **5** | **100%** | **41** | **100%** |

Notes:

(1) Mr. Bubrosky ceased to act as a director of the Company effective July 2014. Mr. Cummings, Mr. Lekyum, Mr. Kathol, Mr. Hesje, Mr. Louie, Mr. Gossen, and Mr. Robinson ceased to act as directors of the Company effective September 2014. Mr. Sigmon will cease to act as a director of the Company effective September 30, 2015.

(2) Attendance percentage is based on the period in which the directors effectively held position during the fiscal year.

(3) The committees held additional meetings during the fiscal year that were not scheduled and have been excluded from the table above.

### *Interlocking Directorships*

The term "interlocking directorship" refers to when a member of the Board serves on the board of directors of more than one publicly-listed company. As at the date hereof, none of the nominees for election to the Board sits on the board of directors of another publicly-listed company. The Company has not adopted a formal policy limiting interlocking directorships. The Company has adopted a formal policy that it will evaluate any interlocking directorships that occur in the future to determine if they impact the ability of the directors to act in the best interests of the Company. When recruiting new directors, the Company considers the number of public company boards on which a proposed director sits when evaluating whether such proposed director will have sufficient time to devote to the Company and discharge his or her duty to act in the best interests of the Company.

### *Mandatory Share Ownership*

One way the directors of the Company demonstrate their commitment to the Company's success and align their interests with those of the Shareholders is through share ownership. The directors of the Company are required to beneficially own, directly or indirectly, or control or direct that number of Common Shares having a value of, in the case of independent directors, no less than one-hundred thousand dollars (CAD$100,000) and, in the case of directors who are employees of the Company, no less than three (3) times their respective base salaries, and to maintain such ownership while they are directors. Under these guidelines, an individual has three (3) years from the effective date of his election as a director to acquire and hold the required number of Common Shares. For purposes of the foregoing, the value of the Common Shares held by a director shall be the greater of: (i) the cost to the director of such Common Shares; and (ii) the number determined by multiplying the number of Common Shares so held by the weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "**TSX**") for the most recently completed financial year. All of the directors of the Company are in compliance with the Company's share ownership guidelines. Mr. Clarke and Mr. Gendal who were appointed by the Board of Directors on August 6, 2014, has until August 6, 2017 to acquire and hold the required number of Common Shares. Mr. Knowles and Mr. Raj, who were elected by the Shareholders on September 11, 2014, have until September 11, 2017 to acquire and hold the required number of Common Shares.

The Company has a policy that directors and officers of the Company may not purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars and units of exchange funds, which are designed to hedge or offset a decrease in market value. In this manner, the at-risk shareholdings are preserved.

### *Director Skills Matrix*

The following table summarizes the relevant skills of each nominee to the Board:

| Skill | Description |
|---|---|
| **Enterprise Management** | • Experience as a President or Chief Executive Officer leading an organization. |
| **Business Development/Strategic Planning** | • Management or executive experience with responsibility for identifying value creation opportunities. |
| **Financial Literacy** | • Ability to critically read and analyze financial statements. |
| **Corporate Governance** | • Understanding of the requirements of good corporate governance usually gained through experience as a senior executive offices or a board member of a public organization. |
| **Change Management** | • Experience leading a major organizational change or managing a significant merger. |
| **Oil and Gas Operations** | • Management or executive experience with oil and gas operations. |
| **Health, Safety and Environment Management** | • Understanding of the regulatory environment surrounding workplace health, safety, environment and social responsibility. |
| **Financial Expertise** | • Senior executive experience in financial accounting, reporting and corporate finance. |
| **Global Experience** | • Management or executive experience in a multi-national organization providing understanding of the challenges faced in a different cultural, political or regulatory environment. |
| **Human Resources** | • Management or executive experience with responsibility for human resources. |
| **Legal Expertise** | • A legal scholar versed in civil or common law. |
| **Reserves Evaluation** | • Specific experience with or executive responsibility for oil and gas reserves evaluation. |
| **Risk Evaluation** | • Management or executive experience in evaluating and managing various risks faced by an organization. |

| Skill | E. Alan Knowles | Kevin J. Clarke | Steven K. Gendal | Vivek Raj | William T. Hornaday |
|---|---|---|---|---|---|
| Enterprise management | | √ | | | √ |
| Business Development/Strategic Planning | √ | √ | √ | √ | √ |
| Financial Literacy | √ | √ | √ | √ | √ |
| Corporate Governance | √ | √ | √ | | √ |
| Change Management | √ | √ | | | |
| Oil and Gas Operations | √ | | | √ | √ |
| Health, Safety and Environment Management | √ | √ | | | √ |
| Financial Expertise | √ | √ | √ | √ | |
| Global Experience | √ | √ | | √ | √ |
| Human Resources | √ | √ | | | |
| Legal Expertise | | | | | |
| Reserves Evaluation | √ | | | | √ |
| Risk Evaluation | √ | √ | | | √ |

## Appointment of Auditors

The management of the Company proposes that KPMG LLP, Chartered Accountants, be appointed as the auditors of the Company for the ensuing year at such remuneration as may be fixed by the Board. KPMG LLP has acted as the auditors of the Company since September 30, 1997.

The following is the text of the resolution to be considered at the Meeting:

"**BE IT RESOLVED THAT** KPMG LLP, Chartered Accountants, be appointed auditors of the Company at such remuneration as may be determined by the Board of Directors and the Board of Directors is hereby authorized to fix such remuneration."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by the Shareholders who vote in person or by proxy thereon at the Meeting. **The Board recommends that Shareholders vote FOR the resolution appointing KPMG LLP, Chartered Accountants, as auditors of the Company for the ensuing year.** In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the resolution as set out above.

### *Audit Fees and Other Audit Services*

The aggregate fees billed by the Company's external auditors for audit and professional services are as follows for the fiscal years:

| In thousands CAD$ | 2015 | 2014 |
|---|---|---|
| Audit fees | 737 | 896 |
| Audit-related fees | 2 | 5 |
| Tax fees | 3 | 30 |
| Total | 742 | 931 |

Audit fees were paid, or are payable, for professional services rendered by the auditors for the audit and quarterly reviews of the Company's consolidated financial statements, or services provided in connection with statutory and regulatory filings or engagements. Audit-related fees are related to professional services with respect to prospectuses, translation of foreign language financial statements and audit certifications. Tax fees are related to professional services including tax compliance, tax advice and tax planning for corporate tax filings.

# STATEMENT OF EXECUTIVE COMPENSATION

## Compensation Discussion and Analysis

### *Compensation Committee*

The Compensation Committee of the Board (the "**Compensation Committee**"), which currently is comprised of Joshua A. Sigmon, Steven K. Gendal and Vivek Raj, is responsible for reviewing executive compensation matters and making recommendations to the Board for its approval. Joshua A. Sigmon, currently Chairman of the Compensation Committee, will cease to be a director of the Company effective September 30, 2015. Each Compensation Committee member is independent. Each member has been serving on the Compensation Committee since September 2014. Mr. Sigmon, Mr. Gendal and Mr. Raj are actively involved in the financial services sector and have past experience on special situations investing. The Compensation Committee Mandate (which is attached hereto as **Appendix B**) describes the responsibilities, powers and operation of the Compensation Committee.

### *Compensation Discussion*

In December 2013 the Company entered into financial and operational restructuring. The Company shifted its resources on further developing and exploiting its non-operator assets in the D6 Block in India and Block 9 in Bangladesh, and to cease its operating exploration efforts in Indonesia, Trinidad and Brazil. As a result of the new direction, the immediate determining factor for compensation policy and practice was to focus on retaining key management, professional personnel and employees for the furtherance of the Company's restructuring efforts. The Compensation Committee historically used independent industry benchmark surveys and comparable company payment statistics for comparative analysis to determine compensation. However based on the recent structure of the Company, the historical approach was no longer applicable. The Compensation Committee assessed compensation using practical metrics for determining salaries, bonuses and other compensation arrangements for employees and named executive officers. Metrics included a review of the current market and health of the energy market including oil prices. A general review of industry was conducted and did not indicate dramatic changes in the industry's compensation in the last two (2) years.

In those instances where new hires were required for specialized expertise and experience not then present within the Company, the determining factor became the amount of compensation necessary to retain such specialized talent from the competitive market place. The primary arrangement for obtaining such specialty talent is the use of consultants under fixed terms, conditions and compensation.

**a) Salary Adjustments**

The Compensation Committee reviewed salaries for employees and named executive officers for the year ended March 31, 2015 and determined that no general salary increase were warranted given the current market conditions and the ongoing restructuring efforts of the Company. As such, The Board did not approve any general salary increase on January 1, 2015.

**b) 2014 Bonus Plan**

For calendar 2014, the Compensation Committee recommended and the Board approved a new bonus plan (the "**2014 Bonus Plan**") for all corporate employees and full-time consultants. Unlike the previous bonus plan, it was decided that the 2014 Bonus Plan would be grouped into semi-annual segments of the calendar year. The purpose of the breakdown was to focus concerted attention to specific goals needed to be addressed within the ongoing restructuring efforts of the Company during these two (2) critical six (6) month periods. The benchmark for possible bonus award was the amount of salary paid for the January 1 – June 30, 2014 period and the July 1 – December 31, 2014 period.

**January 1 – June 30, 2014 Period:**

The potential amount each individual could earn was based on an applied percentage of the amount of salary paid for January 1, 2014 to June 30, 2014, as follows:

| Position | Maximum Bonus |
|---|---|
| President | 100 percent of six (6) month salary |
| Chief Operating Officer | 100 percent of six (6) month salary |
| Vice President Finance and Chief Financial Officer | 75 percent of six (6) month salary |
| Vice President General Counsel and Corporate Secretary | 75 percent of three (3) month salary (hired effective April 1, 2015) |
| All other corporate employees and certain consultants | 50 percent of six (6) month salary |

The 2014 Bonus Plan for the January 1 to June 30, 2014 period was based on four (4) primary objectives as listed below, each with a weighting factor percentage of the total possible amount of one-hundred (100) percent. The weighting varies by position and is dependent on accountability and responsibility for each objective assigned to specific management team members. The objectives for the period of January 1, 2014 to June 30, 2014 were:

- Conserving cash - Through constricting expenditures, decreasing or eliminating of its exploration commitments in potential farm-out, and/or sales of exploration rights, and successful negotiations and restructuring of trade payables (40 percent weighting);
- Maximizing the value of core assets (25 percent weighting);
- Organization structure and management of plan execution (25 percent weighting) and;
- Creation of options and upside - Successfully executed or factored into actions going forward (10 percent weighting)

In evaluating performance, the Compensation Committee recognized the efforts of the entire organization in commitment to the achievement of the stated objectives in the stressful environment in which it was operating. While most of the goals were not achieved conclusively during the period, they were moved forward toward conclusion in an effective manner without irreversible failure. For the January 1 to June 30, 2014 period, the Board approved a general award of fifty (50) percent of the maximum possible allocation and awarded special additional bonus allotments for five (5) individuals. The payout was subject to positive and negative adjustments for specific management team member performance.

**July 1 – December 31, 2014 Period:**

The potential amount each individual could earn was based on an applied percentage of the amount of salary paid for July 1, 2014 to December 31, 2014, as follows:

| Position | Maximum Bonus |
|---|---|
| President | 100 percent of six (6) month salary |
| Chief Operating Officer | 100 percent of six (6) month salary |
| Vice President Finance and Chief Financial Officer | 75 percent of six (6) month salary |
| Vice President General Counsel and Corporate Secretary | 75 percent of six (6) month salary |
| All other corporate employees and certain consultants | 50 percent of six (6) month salary |

The performance objectives for the period of July 1, 2014 to December 31, 2014 were specific components of the objectives for the January 1 to June 30, 2014 period that had not been completed as of June 30, 2014.

For the July 1 to December 31, 2014 period, the Board approved a general award of twenty-five (25) percent of the maximum possible allocation and awarded special additional bonus allotments for three (3) individuals. The payout was subject to positive and negative adjustments for specific management team member performance.

**c) 2015 Bonus Plan**

To ensure the continued retention of key employees of the Company including Named Executive Officers, in November 2014, the Compensation Committee recommended, and the Board approved, the 2015 Bonus Plan for certain corporate employees comprising of two components: a) a Retention Bonus component and b) an Annual Bonus component based on corporate and personal objective components.

The potential amount each individual could earn was based on an applied percentage of the amount of salary paid for calendar 2015, as follows:

| Position | Retention Bonus | Maximum Annual Bonus |
|---|---|---|
| Chief Operating Officer | 100 percent of annual salary | 45 percent of annual salary |
| Chief Financial Officer | 100 percent of annual salary | 45 percent of annual salary |
| Certain corporate employees | 16.67 to 100 percent of annual salary | 30 to 45 percent of annual salary |

The Retention Bonus component entails two (2) fixed amount payouts at the end of June and at the end of December of calendar year 2015. The fixed amount shall be paid in two instalments, with forty-five (45) percent of the aggregate value paid on June 30, 2015 and fifty-five (55) percent of aggregate value being paid on December 31, 2015, or as soon as practicable thereafter, subject to acceleration upon sale of the Company or the sale of all or substantially all of the assets of the Company. Employees must be employed by the Company on the respective payment dates to be eligible for such fixed amount payments.

The Annual Bonus component, as earned, will be paid out in a single instalment on December 31, 2015, or as soon as practicable thereafter, subject to acceleration upon sale of the Company or the sale of all or substantially all of the assets of the Company, or in a pro rata amount upon the termination of the employee without cause.

**d) Option Plan**

The allocation of Options and the terms of those Options are an integral component of the compensation package of the directors, officers and employees of, and consultants to, the Company (collectively, "**Participants**"). The Company has the Option Plan in place for the purpose of providing Options to Participants. The objective of the grant of Options to Participants is to allow them to share ownership of the Company and to motivate achievement of the Company's long-term strategic objectives and ultimately benefit all Shareholders. The Option Plan also rewards long-term service to the Company.

All Options are awarded to employees, including the Named Executive Officers of the Company by the Board based upon the descriptions provided under the "Statement of Executive Compensation – Compensation Discussion and Analysis – Overview of Executive Compensation". For Option awards to employees other than the Named Executive Officers, the Compensation Committee primarily relies upon the recommendation of the Named Executive Officers, who base their decisions upon the relative level of responsibility and contribution of the individuals toward the Company's objectives and goals. Also, the Compensation Committee considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size of such grants. The granting of these specific Options is reviewed by the Compensation Committee for final recommendation to the Board for approval.

In June 2015, the Compensation Committee recommended to the Board that options not be issued to directors, management consultants or employees as a result of the market conditions. No options were granted during fiscal 2015.

As at August 31, 2015, an aggregate of 1,289,069 Common Shares are issuable upon the exercise of Options previously granted under the Option Plan (representing approximately 1.37% of the currently outstanding Common Shares).

Currently, under the Option Plan:

(a) Options may be issued to directors, officers and employees of, and consultants to, the Company and/or its subsidiaries, in such numbers and with such vesting provisions as the Board may determine;

(b) the number of authorized but unissued Common Shares that may be subject to Options granted under the Plan at any time is ten (10) percent of the number of outstanding Shares from time to time;

(c) any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Plan;

(d) the exercise, expiry or cancellation of any Options granted under the Plan will make new grants available under the Plan;

(e) the exercise price of Options shall be the volume weighted average trading price per Common Share on the TSX for the five (5) trading days prior to the date of determination (the "**Market Price**"), provided that, in the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada or where the Market Price does not, in the opinion of the Board, accurately reflect the market price of the Common Shares, the exercise price of the Options shall be determined by the Board in its sole discretion;

(f) the term of an Option shall be a period of time fixed by the Board, not to exceed the maximum period of time permitted by the TSX and, unless the Board determines otherwise, the Option shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods and blackout periods) as are contained in the Option Plan or as the Board may from time to time impose or as may be required by the TSX or under applicable securities laws;

(g) subject to any specific requirements of the TSX, the Board shall determine the vesting period(s) during which a holder of Options may exercise such options or a portion thereof; in certain circumstances, the Board has been granted the discretion to provide for accelerated vesting of Options and in other circumstances there will be automatic acceleration of vesting (as further described below);

(h) should an Option expire during a blackout period or within nine business days following the expiration of a blackout period, the expiry time of the Option shall be automatically extended without any further act or formality to 4:00 p.m. (Mountain Daylight time) on that date which is the tenth business day after the end of the blackout period (or such other date as may be permitted by the TSX and approved by the Board);

(i) any grant of Options is subject to the following limitations: (i) the aggregate number of Common Shares reserved for issuance pursuant to Options outstanding at any time may not exceed ten (10) percent of the total number of issued and outstanding Common Shares; (ii) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant and pursuant to other share compensation arrangements may not exceed five (5) percent of the issued and outstanding Common Shares (on a non-diluted basis); (iii) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to insiders and pursuant to other share compensation arrangements may not exceed ten (10) percent of the issued and outstanding Common Shares (on a non-diluted basis); (iv) the issuance of Common Shares to insiders pursuant to the Option Plan and other share compensation arrangements within a one-year period may not exceed ten (10) percent of the outstanding Common Shares (on a non-diluted basis); the aggregate number of Common Shares reserved for issuance pursuant to options granted to directors of the Company who are not also employees of the Company and under other share compensation arrangements of the Company may not exceed one (1) percent of the issued and outstanding Common Shares (on a non-diluted basis); and (v) the issuance of Common Shares to any one insider and such insider's associates within a one-year period pursuant to the Option Plan and other share compensation arrangements may not exceed five (5) percent of the outstanding Common Shares (on a non-diluted basis);

(j) subject to the terms of the applicable Option agreement, in the event the holder of an Option ceases to be a director, officer or employee of, or a service provider to, the Company for any reason other than death or termination for cause, the Option may be exercised up to and including the earlier of the expiry time of the Option and the date that is thirty (30) days following the effective date of the notice of resignation, retirement or termination, as the case may be; in the event of termination for cause of the holder of the Option, the Option will expire and terminate immediately at the time of delivery of the notice of termination; in the event of the death of the holder of the Option, the Option may be exercised up to and including the earlier of the expiry time of the Option and the date that is one (1) year from the date of death;

(k) Options are non-assignable and non-transferable;

(l) the Board may, at any time and from time to time, amend, suspend or terminate the Option Plan or an Option without Shareholder approval, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or the consent or deemed consent of a Participant where such amendment, suspension or termination materially prejudices the rights of such Participant; notwithstanding the foregoing: (a) the Board may not, without the approval of the Shareholders, make amendments to the Option Plan or any Option for any of the following purposes: (i) to increase the maximum number of Common Shares allocated and made available to be granted to Participants; (ii) to increase the maximum number of Common Shares that may be reserved for issuance pursuant to Options outstanding at any time; (iii) to reduce the Option price for the benefit of any Participant; (iv) extend the expiry time of an Option for the benefit of any Participant; (v) to permit Options to be transferable or assignable other than for normal estate settlement purposes; and (vi) to amend the provisions of the Option Plan pertaining to its amendment or discontinuance; and (b) the Board may, at any time and from time to time, without the approval of the Shareholders, amend any term of any outstanding Option, provided that: (i) any required approval of any regulatory authority or stock exchange is obtained; (ii) if the amendment would reduce the Option price or expiry time of an Option granted to any Participant, Shareholder approval must be obtained; (iii) the Board would have the authority to initially grant the Option under the terms so amended; and (iv) the consent or deemed consent of the Participant is obtained if the amendment would materially prejudice the rights of the Participant; and

(m) no financial assistance is provided by the Company to Participants to facilitate the purchase of Common Shares upon the exercise of Options.

In addition, under the Option Plan, in the event that certain events such as a liquidation or dissolution of the Company or a re-organization, plan of arrangement, merger or consolidation of the Company with one or more entities, as a result of which the Company is not the surviving entity, are proposed or contemplated, the Board may, notwithstanding the terms of the Option Plan or Option agreements issued thereunder (a) exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time, and (b) in the event of acceleration of vesting as referred to in (a), exercise its discretion, by way of resolution, to cause the Options to terminate after the end of the period of accelerated vesting on such terms as the Board sees fit at that time, even if such termination of the Options is prior to the normal expiry time of the Options. If the Board, in its sole discretion, determines that the Common Shares subject to any Option shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Company, to exercise such Options to the extent specified and permitted by the Board, and within the time period specified by the Board, which shall not extend past the expiry time of such Options.

If the Shareholders receive a take-over bid (as defined in the *Securities Act* (Alberta)) pursuant to which the offeror would, as a result of the bid being successful, beneficially own in excess of fifty (50) percent of the outstanding Common Shares, and the Company supports such bid, a Participant may exercise its right (the "**Acceleration Right**") to exercise all or any of its outstanding Options. The Acceleration Right commences on the date of mailing of the directors' circular recommending acceptance of the take-over bid and ends on the earlier of (a) the expiry time of the Options, and (b) in the event the take-over bid is unsuccessful, on the expiry date of the take-over bid, and in the event the take-over bid is successful, on the tenth day following the expiry date of the take-over bid.

In circumstances in which accelerated vesting applies under the Option Plan, the Company may satisfy any obligations to a Participant thereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted thereunder and the fair market value of the securities to which the Participant would be entitled upon exercise of all unexercised Options.

Effective July 21, 2011, the Board approved amendments to the Option Plan to require Shareholder approval in order to amend the Option Plan to: (a) reduce the exercise price of Options for the benefit of any Participant; (b) extend the expiry time of Options for the benefit of any Participant; and (c) permit Options to be transferable or assignable other than for normal estate settlement purposes. Such amendments were subsequently approved by the TSX but were not submitted to the Shareholders for approval because none of such amendments are prejudicial to the Shareholders.

### *Overview of Executive Compensation*

The named executive officers (the "**Named Executive Officers**") of the Company for the year ended March 31, 2015 included the interim Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the former Vice President General Counsel and Corporate Secretary and the former President. During fiscal 2015, two (2) individuals filled the role of interim Chief Executive Officer. On January 1, 2014, Mr. Frederic F. (Jake) Brace was appointed President and filled the role of interim Chief Executive Officer. Effective October 1, 2014, Kevin J. Clarke was appointed Chairman of the Board and interim Chief Executive Officer. In this Information Circular, Mr. Brace is referred to as the former President ("**Former President**") and Mr. Clarke is referred to as the interim Chief Executive Officer ("**Interim Chief Executive Officer**"). The compensation of the Named Executive Officers is determined solely by the Compensation Committee. The compensation awarded to, earned by, paid to or payable to the Named Executive Officers for the fiscal year ended March 31, 2015 included base salary, performance-based cash bonuses and stock options. The Company does not provide longer-term fixed cash cost compensation such as retirement plans, medical plans, savings benefit plans, insurance policies or plans, deferred compensation arrangements or stock appreciation or phantom stock option rights.

The compensation elements are described below:

| **Base Salary** | |
|---|---|
| Type | Fixed. |
| Timing | Approved by the Board at the beginning of each calendar year. |
| Objective | To provide a competitive level of fixed compensation to attract and retain professional executives and managers. Base salary is designed to ensure the exercise of the required technical expertise necessary for the successful daily operation of the Company's activities. |
| How amount is determined | A review is performed by the Compensation Committee annually and salary amounts are recommended by the Board based on existing salaries being paid relative to the market conditions. |
| How element fits Company's objectives and decisions concerning other elements | The desire is for the base salary to attractive to secure technically talented personnel which, when coupled with performance based compensation, provides for a direct correlation between individual accomplishment and the success of the Company as a whole. |

| 2014 Bonus Plan | |
|---|---|
| Type | At-risk. |
| Timing | Compensation is paid semi-annually based on periods from (i) January to June and (ii) July to December. Amounts are approved by the Board at the end of each period. The timing of performance is based on the semi-annual periods. |
| Objective | The objective of the 2014 Bonus Plan was to emphasize continuous dedicated attention to Company's strategic focus comprised of the four (4) categories listed below, and including the accountability and responsibility for each objective assigned to specific management team members.<br><br>The objectives for the period of January 1, 2014 to June 30, 2014 were:<br>• Maximizing value of core assets<br>• Conserving cash<br>• Organization structure and management of plan execution<br>• Creation of options and upside<br><br>The objectives for the period of July 1, 2014 to December 31, 2014 were specific components of the objectives for the January 1 to June 30, 2014 period that had not been completed as of June 30, 2014. |
| How amount is determined | The Company determines the bonus payout amount based on the performance of the Company and whether the objectives listed above are met successfully in each respective period. Positive and negative adjustments can be made for specific management team members based on individual performance. |
| How element fits Company's objectives and decisions concerning other elements | The categories for consideration of performance are Company-wide and benefits are shared by all levels of the Company's salaried personnel to encourage cooperation and mutual support and to recognize that strong performance by all employees is necessary for the Company to succeed in the attainment of its strategic goals. |

| 2015 Bonus Plan | |
|---|---|
| Type | Fixed (Retention Bonus component) and at-risk (Annual Bonus component) |
| Timing | Retention Bonus shall be paid two (2) times in the calendar year 2015, at the end of June and at the end of December, and Annual Bonus shall be paid at the end of December, 2015 |
| Objective | The objective of the 2015 Bonus Plan is to emphasize continuous tenure of key individuals of the Company during the current stages of financial and operational restructuring. |
| How amount is determined | The Compensation Committee determines amounts which are subject to approval by the Board. The 2015 Bonus Plan was recommended for the first time in November 2014. The following year's Bonus Plan will be subject to Board approval. |
| How element fits Company's objectives and decisions concerning other elements | The objective is to retain all key employees including Named Executive Officers of the Company to encourage tenure and support necessary for the Company to succeed in the attainment of its strategic goals and restructuring plans. |

| Option Plan | |
|---|---|
| Type | At-risk. |
| Timing | Typically a base number of Options is assigned to each employee at the beginning of their employment. One third of the total number of options awarded vests on commencement of employment, and the balance vests on the following two (2) anniversaries of their employment. New options are granted upon expiry of each option tranche, subject to Board approval. |
| Objective | The primary objective of the Option Plan is to directly relate the creation of net worth for employees to the investment results of the Shareholders over the long term. |
| How amount is determined | The number of Options issuable under the Option Plan is limited to no more than ten (10) percent of the outstanding Common Shares. The number of Options issued to each employee is determined based upon the employee's position within the Company's organizational structure, the responsibility of the employee and his/her potential to impact Company results over time. |
| How element fits Company's objectives and decisions concerning other elements | The Options vest one to two (1-2) years from the grant date in order to build long-term employee loyalty and retention. The employee will only benefit from this compensation in the event that share value increases over time and they continue to be employed by the Company. |

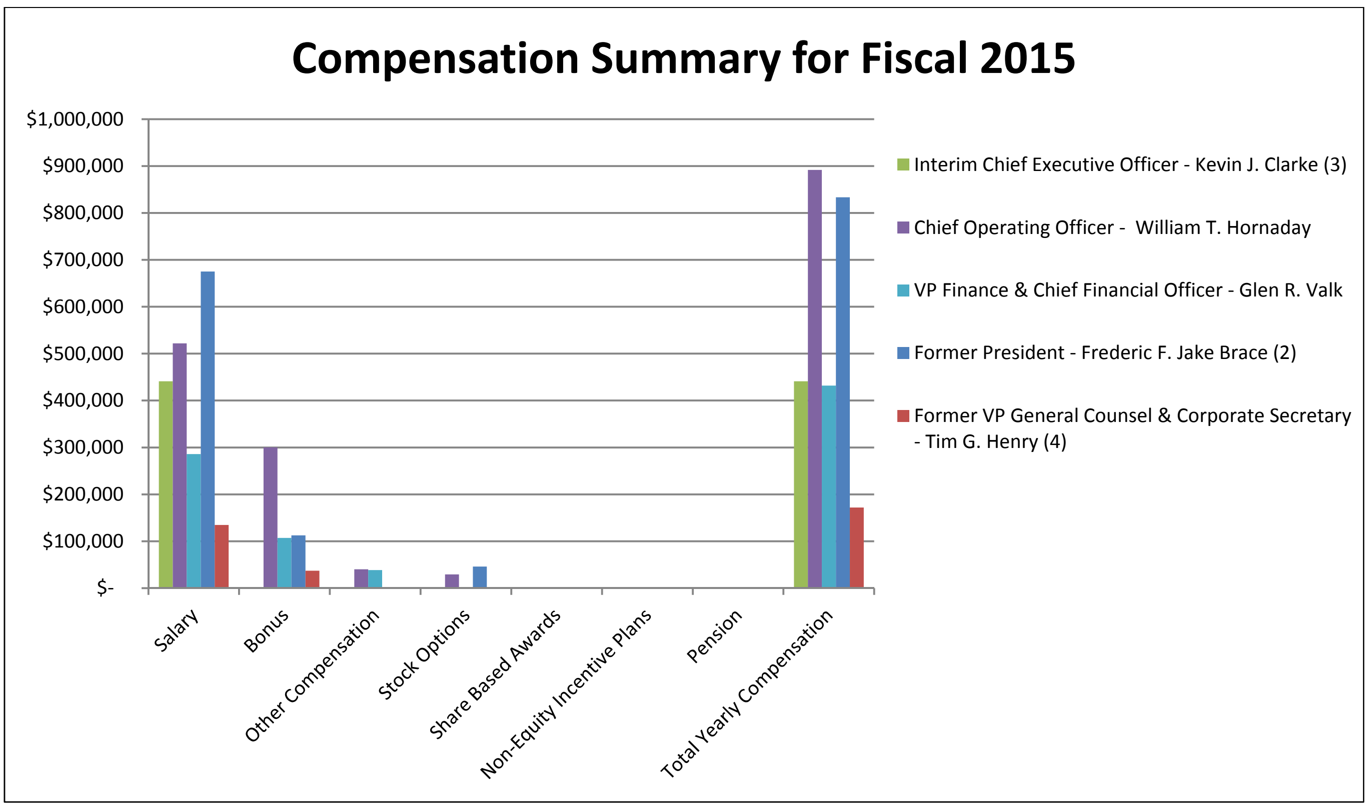
The individual number of Options granted to each employee is based upon the work function the employee performs within the Company and the employee's relative ability to impact the desired result. A base number of Options is determined for each new employee that participates in the Option Plan, and nearly all employees participate in the Option Plan. Upon each expiry date of Options, an equal number of new Options are granted. This renewal grant process continues as long as the person remains an employee, or until the program is changed. As employees gain more stature and responsibility within the Company or are given increased responsibility or status, the number of Options granted may be altered and the base number increased.

The Company believes that the compensation provided through base salary is sufficient to obtain and retain employees for performance of their respective roles and reward them for their capabilities. The other two (2) compensation elements are at-risk and are dependent upon the performance of the Company. If the Company does not perform within expected parameters in the short or long-term, the executive and professional employees may receive nothing with respect to their at-risk compensation.

The Compensation Committee considers the implications of the risks associated with the Company's compensation policies and practices outlined above. The Compensation Committee and the Board recognize that the Company's long-term strategic business philosophy to commit significant resources to finding, developing and producing exploration opportunities with high impact potential is one which in its nature carries the typical exploration risks inherent in the industry in which the Company operates. The 2014 Bonus Plan, 2015 Bonus Plan and Option Plan are compensation methods which are dependent primarily on Company-wide, not any singular individual's, results. The Board and the Compensation Committee believe that the "shared common result" characteristic of its compensation method properly places the incentives for cost and risk reduction throughout its entire management and employee structure. The employment agreements for certain management and employees specify the calculation of the amount of compensation in the event of a change of control. See "Termination and Change of Control Benefits" below. Otherwise, in the normal course of business, the Compensation Committee, in conjunction with the Board, has the ability to amend the base salary, bonus and grants of Options in the future. The Compensation Committee reviews the continued appropriateness of the compensation program on an annual basis.

The Company has a policy that directors and officers of the Company may not purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars and units of exchange funds that are designed to hedge or offset a decrease in market value. In this manner, the at-risk shareholdings are preserved.

The table below summarizes the total compensation earned and paid to Named Executive Officers of the Company in Fiscal 2015 (in $USD):



Notes:

(1) The average exchange rate for fiscal 2015 of US$0.88 per approximately CAD$1.00 has been used to calculate the US Dollar values in the above table.

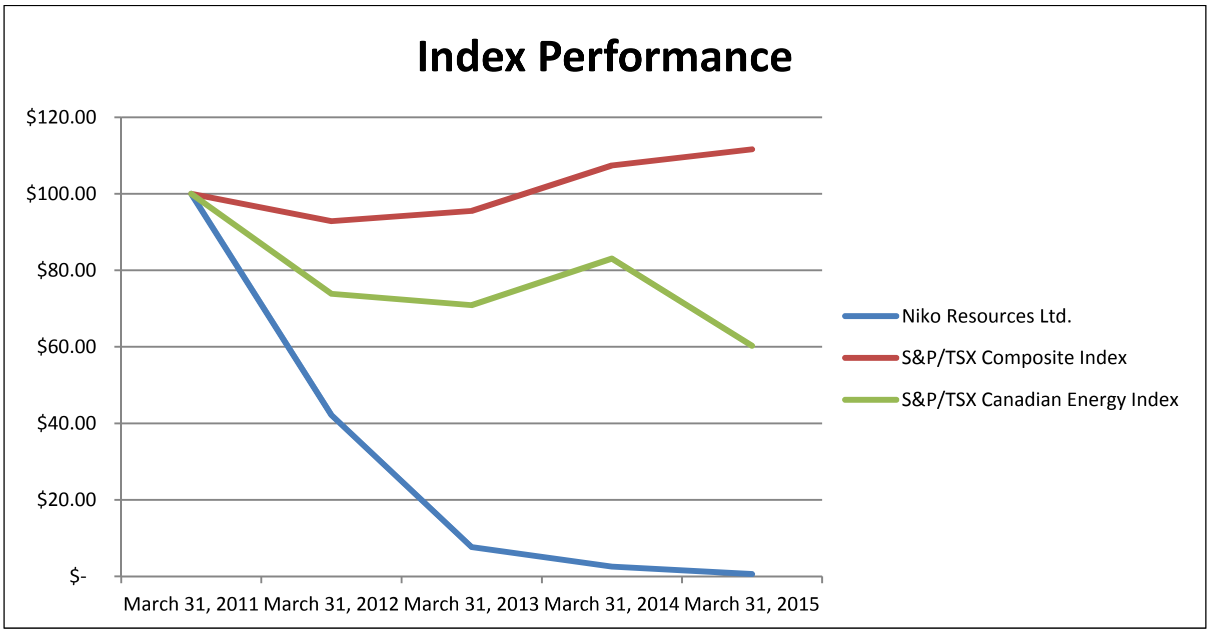
(2) Mr. Brace was President from January 1, 2014 to December 31, 2014. Refer to "Statement of Executive Compensation - Consulting Agreement" section for details.

(3) Mr. Clarke was appointed interim Chief Executive Officer effective October 1, 2014. Refer to "Statement of Executive Compensation - Employment Agreement" section for details

(4) Mr. Henry was Vice President, General Counsel and Corporate Secretary from April 2014 to September 2014.

## Performance

The following graph compares the yearly change in the cumulative total shareholder return over the last five (5) years of a CAD$100 investment in the Common Shares with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Canadian Energy Index, assuming the reinvestment of dividends, where applicable, for the comparable period.




| (CAD$) | March 31, 2011 | March 31, 2012 | March 31, 2013 | March 31, 2014 | March 31, 2015 |
|---|---|---|---|---|---|
| Niko Resources Ltd. | 111.71 | 42.55 | 7.75 | 2.61 | 0.61 |
| S&P/TSX Composite Index | 105.74 | 92.82 | 95.50 | 107.38 | 111.63 |
| S&P/TSX Canadian Energy Index | 99.92 | 73.86 | 70.87 | 83.08 | 60.26 |

Compensation levels for the Named Executive Officers from March 31, 2011 to March 31, 2015 are not consistent with the trend of total return on investment charted for the Company in the above performance graph. The Company does not base its executive compensation on total return on investment. For a discussion of the criteria upon which the Company bases executive compensation, see "Statement of Executive Compensation – Compensation Discussion and Analysis – Overview of Executive Compensation".

## Summary Compensation Table

### *Summary Named Executive Officers Compensation Table*

The following table provides a summary of all direct and indirect compensation earned by, awarded to, granted to, paid or payable to Named Executive Officers in the most recently completed financial year for, or in connection with, services provided to the Company for the financial years ended March 31, 2015, 2014, and 2013.

| | | | | | | | Non-equity incentive plan compensation (US$)[1] | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Name and principal position** | **Year ended March 31** | **Salary (US$)[1]** | **Bonus (US$)[1]** | **Other compensation (US$)[1]** | **Option-based awards (US$)[1][7]** | **Share-based awards (US$)[1]** | **Annual incentive plans** | **Long-term incentive plans** | **Pension (US$)[1]** | **Total compensation (US$)[1]** |
| **Kevin J. Clarke[2][6]** | | | | | | | | | | |
| Interim Chief Executive | 2015 | 441,000 | - | - | - | | - | - | - | 441,000 |
| Officer | 2014 | - | - | - | - | | - | - | - | - |
| Chairman of the Board | 2013 | - | - | - | - | | - | - | - | - |
| **William T.** | 2015 | 521,968 | 300,131 | 40,151 | 33,462 | | - | - | - | 895,712 |
| **Hornaday[6]** | 2014 | 542,812 | - | - | 302,681 | | - | - | - | 845,493 |
| Chief Operating Officer | 2013 | 564,174 | - | - | 1,267,594 | | - | - | - | 1,831,768 |
| **Glen R. Valk[3]** | 2015 | 286,000 | 107,250 | 38,500 | - | | - | - | - | 431,750 |
| Vice President, Finance | 2014 | 272,848 | - | - | 263,727 | | - | - | - | 536,575 |
| Chief Financial Officer | 2013 | 68,838 | - | - | - | | - | - | - | 68,838 |
| **Frederic F. (Jake)** | 2015 | 675,000 | 112,500 | - | - | | - | - | - | 787,500 |
| **Brace[4]** | 2014 | 225,000 | - | - | 521,108 | | - | - | - | 746,108 |
| Former President | 2013 | - | - | - | - | | - | - | - | - |
| **Tim G. Henry[5]** | | | | | | | | | | |
| Former Vice President, | 2015 | 134,870 | 37,125 | - | 45,946 | | - | - | - | 217,941 |
| General Counsel and | 2014 | - | - | - | - | | - | - | - | - |
| Corporate Secretary | 2013 | - | - | - | - | | - | - | - | - |

Notes:

(1) Salary and non-equity incentive plan compensation for all Named Executive Officers other than Mr. Brace and Mr. Clarke is earned and paid in Canadian dollars and the fair values of all option-based awards are calculated in Canadian dollars. The average exchange rate for fiscal 2015 of US$0.88 per CAD$1.00 has been used to calculate the US Dollar values in the above table for 2015. The average exchange rate for the year ended March 31, 2014 of US$0.95 per CAD$1.00 has been used to calculate the US Dollar values in the above table for 2014. The average exchange rate for the year ended March 31, 2013 of US$0.99 per CAD$1.00 has been used to calculate the US Dollar values in the above table for 2013.

(2) Mr. Clarke was appointed Interim Chief Executive Officer effective October 1, 2014.

(3) Mr. Valk was appointed as Chief Financial Officer effective January 1, 2013. Prior thereto, Mr. Valk was Treasurer from August 2012 to December 2012. The total compensation paid to Mr. Valk during his period as Treasurer in fiscal 2013 was $175,137 and the fair value of option-based awards granted during this period was $315,924. Total compensation paid to Mr. Valk during his period as Chief Financial Officer in fiscal 2013 was $68,838.

(4) Mr. Brace was President from January 1, 2014 to December 31, 2014. Prior thereto, Mr. Brace was a Senior Advisor to Niko. In fiscal 2014 the total consulting fees paid to Mr. Brace during his period as a Senior Advisor was $475,000 and $225,000 as President for an aggregated total of $700,000. Refer to "Statement of Executive Compensation - Consulting Agreement" for details.

(5) Mr. Henry was Vice President, General Counsel and Corporate Secretary from April 2014 to September 2014.

(6) Mr. Hornaday and Mr. Clarke did not receive compensation with respect to their roles as directors.

(7) Amounts in this column relate to Options granted under the Option Plan as described earlier in this Information Circular. The Company uses a modified Black-Scholes-Merton option-pricing model to calculate the grant date fair value of option-based awards. It is based on the Black-Scholes-Merton option-pricing model and modified to consider expected annual dividends per share. The methodology has been elected as it was the most commonly used methodology for valuing options. The assumptions and estimates used in the Black-Scholes-Merton model include grant fair value, market price per share, exercise price per option, expected volatility, expected life, expected dividend rate, risk-free interest rate and the expected forfeiture rate.

- During Fiscal 2015, the key assumptions used to determine the fair value included the following weighted average inputs: volatility rate of 68%, a forfeiture rate of 13%, an interest rate of 1.1%, expected life of 0.7 years and an expected dividend rate of 0%.
- During Fiscal 2014, the key assumptions used to determine the fair value included the following weighted average inputs: volatility rate of 102%, a forfeiture rate of 7%, an interest rate of 1.1%, expected life of 1.7 years and an expected dividend rate of 0%.

- During Fiscal 2013, the key assumptions used to determine the fair value included the following weighted average inputs: volatility rate of 71%, a forfeiture rate of 8%, an interest rate of 1.1%, expected life of 2.2 years and an expected dividend rate of 0.1%.

## Incentive Plan Awards

### *Outstanding Option-based Awards*

The following tables set forth option-based awards that were outstanding for each Named Executive Officer as at March 31, 2015.

| Name | Share-based Awards (US$) | Option expiration date | Option exercise price (CAD$) | Number of securities underlying unexercised options as at March 31, 2015 | Value of unexercised in-the-money options as at March 31, 2015 (US$)(2) |
|---|---|---|---|---|---|
| Kevin J. Clarke | - | - | - | - | - |
| William T. Hornaday(1) | - | 30-Apr-2017 | 2.05 | 33,333 | - |
| | - | 09-Jan-2017 | 2.38 | 66,667 | - |
| | - | 02-Dec-2016 | 2.56 | 8,333 | - |
| | - | 02-Dec-2015 | 8.26 | 33,333 | - |
| | - | 17-Jul-2016 | 8.33 | 58,333 | - |
| | - | N/A(3) | 8.50 | 133,333 | - |
| | - | 08-Dec-2015 | 8.78 | 41,666 | - |
| | - | 14-Dec-2015 | 9.36 | 66,667 | - |
| | - | 22-May-2016 | 34.97 | 6,250 | - |
| | - | N/A(3) | 39.95 | 6,250 | - |
| | - | 30-Apr-2016 | 39.95 | 18,750 | - |
| | - | 18-Dec-2015 | 43.15 | 18,750 | - |
| | - | 02-Dec-2015 | 49.88 | 25,000 | - |
| | - | 08-Dec-2015 | 50.35 | 31,250 | - |
| | - | 28-Jun-2016 | 63.89 | 12,500 | - |
| | - | N/A(3) | 71.13 | 6,250 | - |
| | - | 22-May-2016 | 72.90 | 6,250 | - |
| | - | N/A(3) | 80.62 | 12,500 | - |
| | - | 30-Apr-2016 | 81.70 | 25,000 | - |
| | - | N/A(3) | 93.15 | 25,000 | - |
| | - | 22-May-2015 | 98.80 | 6,250 | - |
| | - | 09-Jan-2016 | 101.79 | 6,250 | - |
| | - | N/A(3) | 102.72 | 12,500 | - |
| Glen R. Valk(1) | - | 03-Jan-2016 | 2.56 | 50,000 | - |
| | - | 29-Nov-2016 | 2.56 | 50,000 | - |
| | - | 03-Jan-2017 | 2.56 | 50,000 | - |
| | - | 03-Jan-2018 | 2.56 | 50,000 | - |
| | - | 29-Nov-2015 | 8.24 | 50,000 | - |
| | - | N/A(3) | 8.50 | 50,000 | - |
| Frederic F. (Jake) Brace(4) | - | - | - | - | - |
| Tim G. Henry(5) | - | - | - | - | - |

Notes:
(1) No officers exercised any options during the fiscal year ended March 31, 2015.
(2) As at March 31, 2015, all Options were out-of-the-money.
(3) The original expiry date for these options has passed, however the options will remain outstanding for ten (10) days after the expiry date of the blackout period as per the Company's share trading policy.
(4) Mr. Brace was President from January 1, 2014 to December 31, 2014. All options have expired as at March 31, 2015.
(5) Mr. Henry was Vice President, General Counsel and Corporate Secretary from April 2014 to September 2014. All options have expired as at March 31, 2015.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth details of the value of options vested and non-equity incentive plan compensation earned during the year ended March 31, 2015 by the Named Executive Officers.

| | **Option-based awards Number of Options vested during the year** | **Option-based awards Value vested during the year (US$)(1)(4)** | **Non-equity incentive plan compensation Value earned during the year (US$)(2)** |
|---|---|---|---|
| Kevin J. Clarke(3) | - | - | - |
| William T. Hornaday | 247,916 | - | 300,131 |
| Glen R. Valk | 100,000 | - | 107,250 |
| Frederic F. (Jake) Brace | 500,000 | - | 112,500 |
| Tim G. Henry | - | - | 37,125 |

Notes:

(1) The value of option-based awards vested during the year is the aggregate dollar value that would have been realized if the options constituting the option-based awards had been exercised on their vesting dates and was calculated based on the difference between the closing market price of the underlying securities on the applicable vesting date and the exercise price of the in-the-money options on such vesting date.

(2) All non-equity incentive plan compensation referred to in the table relates to cash payments made under the Company's 2014 Bonus Plan, as described in this Information Circular.

(3) No options were granted to Mr. Clarke during the fiscal year as the Company's share trading policy did not permit grants during his period of employment.

(4) As at March 31, 2015, all options were out-of-the-money.

## Consulting Agreement

In August 2013, the Company entered into a consulting agreement for the services to be provided by Frederic F. (Jake) Brace as Senior Advisor to the Company from August 1, 2013 to October 31, 2013. The agreement was further amended to revise the terms of compensation under the original agreement and a subsequent agreement was entered into for the period from November 1, 2013 to December 31, 2013. The terms of agreements included monthly payments of ninety-five thousand dollars ($95,000), exclusive of any applicable goods and services or other taxes and paid in advance of the month to which each payment corresponds to.

When the Board appointed Mr. Brace as President effective January 1, 2014, the Company entered into a new consulting agreement for the services to be provided by Mr. Brace (the "**Consultant**").

The terms of Mr. Brace's consulting agreement included the following:

a) Services to be provided by the Consultant included, but are not limited to, assessing strategic and tactical options related to its current capital structure, restructuring certain contracts and spending commitments and assessing the strategic implications of the Company's operational issues arising therefrom.

b) The term of the agreement commenced January 1, 2014 and terminated on October 31, 2015. From January 1, 2014 to October 2014 (the "**initial period**"), the Consultant shall not take on any significant day to day active work for any other person or corporation, and shall not serve on any outside Boards or hold any other offices (other than those previously disclosed and approved by the Company) without prior written approval of the Board of Directors. From November 2014 until October 2015 (the "**extended period**"), the Consultant shall provide services to the Company on a part-time, as needed basis.

c) For the initial period, the Consultant is entitled to twelve consecutive monthly payments of seventy-five thousand dollars ($75,000), less withholdings required by law, and for the extended period, twelve consecutive monthly payments of forty thousand dollars ($40,000), less withholdings required by law.

d) A grant of five hundred thousand (500,000) options to purchase Common Shares of the Company at an exercise price equal to market price on the date when options are issued. The options shall expire if not exercised within one (1) year from the date of vesting or if otherwise terminated in accordance with the Stock Option Plan of the Company.

e) The Consultant shall be eligible to participate in a performance based bonus plan or such other bonuses or plans as the Board of Directors may create, implement or adopt upon their discretion.

f) No additional compensation shall be provided to the Consultant for performance of the services other than outlined, including but not limited to any form of short term and long term incentive compensation, vacation pay, equity or bonus awards, pension benefits, employment-related benefits and perquisites.

g) The Consultant shall report to the Board of Directors and agree to keep the Board informed with respect to the services.

h) In the event the agreement is terminated pursuant to events listed in the agreement:

   i. During the initial period, the Consultant shall be paid the balance of the amount owing under the initial period of the agreement, provided however that if there are less than three (3) months left in the initial period, the Company shall pay a payment equal to two hundred twenty-five thousand ($225,000).

   ii. During the extended period, the Company shall pay a payment equal to one hundred twenty thousand ($120,000).

i) In August 2014 an amendment was made to clause c) of the Consulting Agreement which set terms for the Consulting Agreement to expire on December 31, 2014, resulting in full monthly payments of seventy-five thousand dollars ($75,000) in conjunction with the extended period.

## Executive Employment Agreement

In October 2014 the Board of Directors of the Company appointed Mr. Kevin J. Clarke as Chairman of the Board and interim Chief Executive Officer. Mr. Clarke, who was appointed to the Board of Directors in August 2014, succeeded Wendell W. Robinson, who retired following the annual meeting of shareholders held in September 2014, as Chairman.

The terms of Mr. Clarke's executive employment agreement included the following:

a) The Company shall employ the Interim Chief Executive Officer to provide management consulting services and advice and guidance on the Company's current circumstances as Interim Chief Executive Officer ("**Interim CEO**"), including, but not limited to, any role customarily or statutorily required to be fulfilled by a chief executive officer of a public company and such other services required in connection with conducting a comprehensive examination of and assessing and implementing strategic and tactical options related to the Company's investors and the Company's financial matters and such other matters. In addition, the Executive shall, upon request by the Company's Board of Directors, also serve as Chairman of the Company's Board of Directors.

b) The term of the agreement commenced October 1, 2014 and terminated on May 31, 2015, unless otherwise extended or terminated. The agreement may be extended only by further written agreement between the parties.

c) During the term, the Interim CEO shall be entitled to ten (10) days of paid vacation in accordance with the Company's vacation policy as it may be established and amended from time to time by the Company.

d) As consideration for the services under the agreement, the Company will provide:

   i. Monetary consideration, paid in advance of the month to which each payment corresponds, in the amount of sixty three thousand dollars ($63,000) as the base pay;

   ii. A grant of four hundred thousand (400,000) options to purchase common shares of the Company at an exercise price equal to the five (5) day volume weighted trading price on the date when the options are issued and governed in accordance with applicable stock exchange approvals, securities legislation, and the Stock Option Plan of the Company as may be amended from time to time. Such Options shall not be exercisable until they vest, which shall occur at the end of the Term. The Options shall expire if not exercised within one (1) year from the date of vesting or if otherwise terminated in accordance with the Stock Option Plan of the Company. For greater certainty, pursuant to the Stock Option Plan of the Company, if the Interim CEO ceases to be a director, officer or employee of the Company for any reason other than death, or termination for just cause, the Options shall expire at the date that is thirty (30) days following the effective date of such notice of resignation or retirement or a date that is thirty (30) days following the date notice of termination of employment is given by the Company. If the Interim CEO is terminated for just cause, the Options shall expire and be terminated immediately. The Company and the Interim CEO shall make such arrangements as may be necessary for the Interim CEO to fund any applicable Canadian withholding tax on the grant of the Options. In the event of any conflict between the terms hereof and the terms of the Company's Stock Option Plan the terms of the Stock Option Plan shall prevail to the extent of the conflict;

   iii. Housing accommodations or alternatively a reasonable housing allowance to cover the Interim CEO's accommodations; and

   iv. A one-time payment of sixty three thousand dollars ($63,000) as compensation for services provided in advance of the agreement.

e) Provided the Interim CEO does not resign or be terminated prior to May 31, 2015 or such other date as mutually agreed between the Board of Directors of the Company and the Interim CEO, the Interim CEO shall be eligible for a bonus based on achievement of certain restructuring objectives.

j) Due to the limited term of this Agreement, the Company and the Interim CEO agree that the Company will not provide the Interim CEO with an opportunity or opportunities to participate in the benefits, including health, dental, long-term disability, short-term disability, etc., that the Company may offer its other employees and executives from time to time. The Interim CEO thus acknowledges that he will not, at any time during the term nor at any time thereafter have any claim against the Company for benefits. In the event that the Interim CEO becomes disabled, he covenants and agrees not to sue the Company for insurance or other benefits. In the event that the Interim CEO wishes to obtain benefits, the Interim CEO accepts full and sole responsibility to obtain benefits himself and acknowledges that he shall be solely responsible for any premiums or payments related to same.

f) The Interim CEO shall report to the Board of Directors and agree to keep the Board informed with respect to the services.

g) Termination of the agreement may include the following: i) termination by the Company without just cause; ii) termination by the Interim CEO; iii) termination by the Company for just cause; or iv) death. Upon termination, the Interim CEO shall be paid the amount of unpaid base pay owing up to and including the date of termination and all outstanding vacation pay and expense reimbursements. Written notice must be given sixty (60) days prior to termination for i) and ii) whereas written notice must be given five (5) days prior to termination for iii).

h) The Company will provide the Interim CEO with directors' and officers' liability insurance coverage substantially similar to that provided by the Company to its other directors and officers.

i) In May 2015, an amendment and extension was made to clause b) of the Executive Employment Agreement which set terms for the Executive Employment to be extended to August 31, 2015. Subsequent to the extended period, the Executive Employment Agreement shall be extended on a month-to-month basis upon discretion of the Board.

## Termination and Change of Control Benefits

The Company does not provide termination benefits to any of its employees, except as required by law. In the event a Named Executive Officer is terminated or ceases to be employed by the Company, the Company shall pay to the individual, within five (5) business days following the date of termination, the amount of unpaid annual salary owing up to and including the date of termination, any bonus declared but not yet paid, and all outstanding vacation pay and expense reimbursements (in each case less applicable withholdings and deductions). In addition, any unvested Options are forfeited and the employee has thirty (30) days from the date of ceasing employment to exercise any vested Options.

The Company has an employment agreement with each Named Executive Officer, other than Mr. Brace (see "Statement of Executive Compensation - Consulting Agreement") and Mr. Clarke (see "Statement of Executive Compensation – Executive Employment Agreement"), that provides for payments in the event of a "change of control" of the Company. The definition of "**change of control**" in these agreements includes (1) a change in ownership of Common Shares which results in a person or group of persons acting jointly or in concert (or their affiliates or associates) being in a position to exercise effective control of the Company (which shall be deemed to include ownership or control of in excess of fifty (50) percent of the Common Shares) and (2) the sale, lease or transfer of all or substantially all of the assets of the Company.

In certain circumstances, when a change of control of the Company occurs, payments will be made to the Named Executive Officers. These circumstances include: (1) when a Named Executive Officer's employment with the Company is subsequently or contemporaneously terminated by the Company without cause within twelve (12) months of the date of a change of control event; (2) when a Named Executive Officer does not continue to be employed by the Company at a level of responsibility or a level of compensation at least commensurate with the Named Executive Officer's existing level of responsibility and compensation immediately prior to the change of control event and the Named Executive Officer elects in a written notice to the Company within twelve (12) months of the date of a change of control event to treat the Named Executive Officer's employment as being terminated as a result of either such reduction; and (3) in the case of the Named Executive Officer, when the Named Executive Officer elects within thirty (30) days of the change of control event not to continue to be employed by the Company. In addition, upon the occurrence of a change of control, all outstanding Options will immediately vest and become exercisable upon approval by the Board.

Each Named Executive Officer has agreed that, concurrent with the receipt of payments under his employment agreement, he will resign from his position with the Company and release the Company, its directors, officers, employees, agents, insurers, successors and assigns from the obligation to pay any further amounts or benefits to him with respect to his employment or its termination. The payment of any amounts are subject to compliance with certain restrictions in the Named Executive Officer's employment agreement, including no breach of proprietary rights of third parties, non-solicitation and other prohibited actions, non-competition, and confidentiality provisions.

The provision of payment and benefit levels for each named executive officer under the various circumstances was determined by the Board in the original employment agreement at the time of placement of each officer's position. The previous Board members assessed compensation payment based on a competitive market analysis. There have not been any changes since the original agreement.

The following table outlines payments that would be made by the Company to the Named Executive Officers and the value of option-based awards that would vest in the event of a change of control:

| Name | Description of change of control compensation | Change of control compensation (US$)(1)(3) | Value of outstanding options (US$)(1)(2) | Total (US$)(1) |
|---|---|---|---|---|
| Glen R. Valk | 18 months salary plus the amount of the bonus received in the previous year | 536,250 | - | 536,250 |
| William T. Hornaday | 24 months salary plus the amount of bonus received in the previous year | 1,344,066 | - | 1,344,066 |

Notes:

(1) The values of change of control compensation as at March 31, 2015 in the above table were converted to US Dollars using the March 31, 2015 exchange rate of US$0.88 per CAD$1.00.

(2) The value of the option-based awards outstanding at March 31, 2015 that would vest in the event of a change of control is nil. As at March 31, 2015, all options were out-of-the-money.

(3) The Company also has employment agreements with the independent directors. In the event of a change of control, each independent director of the Company will receive an amount equal to CAD$100,000. Refer to "Director Compensation".

## Director Compensation

### *Summary Director Compensation Table*

The following table sets forth all amounts of compensation earned by, awarded to, granted to, paid or payable to the directors of the Company, other than directors who are also Named Executive Officers, for the fiscal year ended March 31, 2015. The compensation of the directors who are also Named Executive Officers, namely, the Chief Executive Officer and the Chief Operating Officer, are included under "Statement of Executive Compensation – Summary Compensation Table".

| Name | Board Retainer (US$)(1)(2) | Additional Board Retainer (US$)(1)(2) | Option-based awards (US$)(1)(2)(6) | Non-equity incentive plan compensation (US$) | Pension value (US$) | All other compensation (US$) | Total (US$)(1) |
|---|---|---|---|---|---|---|---|
| E. Alan Knowles | 24,333 | 17,834 | - | - | - | - | 42,167 |
| C. J. (Jim) Cummings(5) | 20,333 | 13,750 | - | - | - | - | 34,083 |
| Charles S. Lekyum(5) | 20,167 | - | - | - | - | - | 20,167 |
| Conrad P. Kathol(5) | 20,333 | - | - | - | - | - | 20,333 |
| Harrison A. Bubrosky(5) | 3,667 | 667 | - | - | - | - | 4,334 |
| Joshua A. Sigmon(4)(5) | - | - | - | - | - | - | - |
| Kevin J. Clarke | 2,270 | - | - | - | - | - | 2,270 |
| Murray E. Hesje(3) | 20,167 | - | - | - | - | - | 20,167 |
| Norman M.K. Louie(4)(5) | - | - | - | - | - | - | - |
| Steven K. Gendal | 27,937 | 17,833 | - | - | - | - | 45,770 |
| Steven Gossen(5) | 20,333 | - | - | - | - | - | 20,333 |
| Vivek Raj | 24,333 | 8,798 | - | - | - | - | 33,131 |
| Wendell W. Robinson(5) | 20,167 | 68,750 | - | - | - | - | 88,917 |
| William T. Hornaday | - | - | - | - | - | - | - |

Notes:

(1) Fees are earned and paid in Canadian dollars and the fair values of option-based awards are calculated in Canadian dollars. The average exchange rate for fiscal 2015 of approximately US$0.88 per CAD$1.00 has been used to calculate the US Dollar value in the above table.

(2) Fees earned include prorated by amount of additional fees earned based on the amended director compensation effective January 1, 2014 as described below under "Fees Earned".

(3) Mr. Clarke and Mr. Hornaday, as members of management, are not entitled to director fees. Mr. Clarke was appointed Interim Chief Executive Officer effective October 1, 2014, prior to Mr. Clarke was appointed a director of the Company effective August 13, 2014.

(4) Mr. Louie and Mr. Sigmon did not take director fees in fiscal 2015.

(5) Mr. Bubrosky ceased to act as a director of the Company effective July 2014. Mr. Cummings, Mr. Lekyum, Mr. Kathol, Mr. Hesje, Mr. Louie, Mr. Gossen, and Mr. Robinson ceased to act as directors of the Company effective September 2014. Mr. Sigmon will cease to act as a director of the Company effective September 30, 2015.

(6) No options were granted to Mr. Knowles, Mr. Gendal and Mr. Raj during the fiscal year as the Company's share trading policy did not permit grants during the period of directorship.

## *Fees Earned*

The Board, through the Compensation Committee, periodically reviews the adequacy and form of compensation of directors. Compensation of directors is assessed based on current market conditions and market data including compensation paid to directors of peer group companies that have a similar Company profile as the Company. Effective January 1, 2012 onwards, directors (except for Mr. Clarke and Mr. Hornaday) were eligible to be paid CAD$50,000 per annum as compensation for acting as directors of the Company. The directors are reimbursed for any non-third-party costs that they have paid personally, but only for those costs incurred while acting on behalf of the Company. Named executive officers who are also directors and directors do not receive fees for meeting attendance.

Effective January 1, 2014, the Compensation Committee amended the director fees for their service as follows:

a) $50,000 as annual base retainer;
b) A base grant of options to purchase 50,000 common shares with an exercise price determined in accordance with the Option Plan of the Company;
c) An additional annual $75,000 retainer for the Independent (non-executive) Chairman;
d) An additional annual CAD$75,000 retainer for the Chairmanship of the Restructuring Committee(1);
e) An additional annual CAD$50,000 retainer for the Chairmanship of Committees other than Restructuring;
f) An additional annual CAD$25,000 for service on each Committee, where they are not Chairman, over two (2) committees;
g) For additional compensation set forth in (c), (d), (e), and (f) above, a minimum of twenty-five (25) percent of the compensation shall be in the form of options. The remaining seventy-five (75) percent can be in any combination of options or cash as desired by each recipient director based on an annual election(2).

Base grant of options under (b) shall vest and become exercisable in accordance with the following schedule:

| Number of Stock Options | Date of Vesting | Date of Expiry |
|---|---|---|
| One-third to be granted on start date | 1st anniversary date | 2nd anniversary date |
| One-third to be granted on 1st anniversary date | 2nd anniversary date | 3rd anniversary date |
| One-third to be granted on 2nd anniversary date | 3rd anniversary date | 4th anniversary date |

Additional grant of options under (g) shall vest and become exercisable in accordance with the following schedule:

| Number of Stock Options | Date of Vesting | Date of Expiry |
|---|---|---|
| 100 percent to be granted on commencement of the Board term, starting at the later of: | Six months after the later of: | One year after the later of: |
| (i) the date of the annual general meeting of the Company, or<br>(ii) the start date of the director | (i) the date of the previous annual general meeting of the Company, or<br>(ii) the start date of the director | (i) the date of the previous annual general meeting of the Company, or<br>(ii) the start date of the director |

Notes:
(1) The Restructuring Committee was disbanded in October 2014.
(2) Effective August 2015, the Board approved of the recommendation from the Compensation Committee to compensate directors fully payable in cash with no minimum allocation to securities purchase. The plan is to be implemented on a go forward basis with no retroactive effect.

## *Option-based Awards*

All option-based awards referred to in this section relate to Options granted under the Option Plan, as described earlier in this Information Circular. The Company uses a Black-Scholes-Merton option-pricing model to calculate the grant date fair value of option-based awards. It is based on the Black-Scholes-Merton option-pricing model and modified to consider expected annual dividends per share. The methodology has been elected as it was the most commonly used methodology for valuing options. The weighted average assumptions used by the Company in fiscal 2015 for the Black-Scholes-Merton option-pricing model with respect to the Options granted to the directors named above were a volatility rate of 68%, a forfeiture rate of 13%, an interest rate of 1.1%, an annual dividend rate of 0% per share and expected life of 0.7 years.

Effective August 2015, the Board approved of the recommendation of the Compensation Committee to compensate directors fully payable in cash with no minimum allocation to securities purchase. The plan is to be implemented on a go forward basis with no retroactive effect.

## *Incentive Plan Awards – Outstanding Option-based Awards*

Mr. Bubrosky ceased to act as a director of the Company effective July 2014. Mr. Cummings, Mr. Lekyum, Mr. Kathol, Mr. Hesje, Mr. Louie, Mr. Gossen, and Mr. Robinson ceased to act as directors of the Company effective September 2014. Each individual's options expired during the year ended March 31, 2015. No options were granted to Mr. Knowles, Mr. Gendal and Mr. Raj during the fiscal year as the Company's share trading policy did not permit grants during the period of directorship.

There are no option-based awards outstanding for each director, other than directors who are also Named Executive Officers, as at March 31, 2015. The option-based awards of the directors who are also Named Executive Officers, are included under "Statement of Executive Compensation – Incentive Plan Awards".

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth details of the value of options vested or non-equity plan compensation earned during the year ended March 31, 2015 for each incentive plan award to directors of the Company who are not also Named Executive Officers. The vested value of option-based awards of the directors who are also Named Executive Officers, namely, the President, Chief Executive Officer and Chairman of the Board and the Chief Operating Officer, are included under "Statement of Executive Compensation – Incentive Plan Awards – Incentive Plan Awards – Value Vested or Earned During the Year".

| Name | Option-based awards<br>Number of Options vested during the year | Option-based awards<br>Value vested during the year (US$)[1] |
|---|---|---|
| C. J. (Jim) Cummings | 106,894 | 7,789 |
| Conrad P. Kathol | 142,525 | 10,034 |
| Murray E. Hesje | 37,500 | - |
| Wendell W. Robinson | 178,156 | 12,542 |

Notes:

(1) The value of option-based awards vested during the year is the aggregate dollar value that would have been realized if the Options constituting the option-based awards had been exercised on their respective vesting dates and was calculated based on the difference between the closing market price of the underlying securities on the applicable vesting date and the exercise price of the in-the-money Options on such vesting date. The values of option-based awards vesting during the year in the above table were converted to US Dollars using the average exchange rate for the year ended March 31, 2015 of US$0.88 per CAD$1.00. As at March 31, 2015, all Options were out-of-the-money.

(2) Mr. Cummings, Mr. Kathol, Mr. Hesje, and Mr. Robinson ceased as directors of the Company effective September 2014. Each individual's options expired during the year ended March 31, 2015.

(3) Mr. Gossen was granted 16,667 options during fiscal 2015 but options did not vest. Mr. Gossen ceased to act as a director of the Company effective September 2014.

(4) No options were granted to Mr. Knowles, Mr. Gendal and Mr. Raj during the fiscal year as the Company's share trading policy did not permit grants during the period of directorship.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets out information with respect to compensation plans under which equity securities of the Company were authorized for issuance as at March 31, 2015:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights (CAD$)<br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br>(c) |
|---|---|---|---|
| Equity compensation plans approved by securityholders[1] | 2,241,431 | 20.00 | 9,071,294[1] |
| Equity compensation plans not approved by securityholders | N/A | N/A | N/A |
| Total | 2,241,431 | 20.00 | 9,071,294[1] |

Note:

(1) This number represents ten (10) percent of the total outstanding Common Shares less the number of Options outstanding as at March 31, 2015. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Comparative Compensation Discussion – Option Plan".

# INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, each proposed nominee for election as a director of the Company and each associate of the foregoing, has been, at any time, indebted to the Company or has indebtedness to another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

# INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company (meaning any director or executive officer of the Company, any insider of the Company, and any director or executive officer of a person or company that is itself an informed person of the Company), nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any one of them, has had any material interest in any transaction or proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries at any time since the beginning of the most recently completed financial year of the Company.

# CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**") provides guidance on corporate governance practices. These guidelines, while not mandatory, deal with the constitution of boards of directors and board committees, their functions, their independence from management and other means of addressing corporate governance practices. National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, certain prescribed disclosure respecting corporate governance matters be included in its management information circular.

Set out below is a description of the Company's current corporate governance practices, relative to Form 58-101F1 requirements (which are set out below in italics).

## 1. Corporate Governance

*Disclose the identity of directors who are independent.*

E. Alan Knowles, Joshua A. Sigmon, Steven K. Gendal, and Vivek Raj are independent, unrelated directors of the Company. Joshua A. Sigmon will cease to act as a director of the Company effective September 30, 2015.

*Disclose the identity of directors who are not independent, and describe the basis for that determination.*

Kevin J. Clarke and William T. Hornaday are not independent directors as they are executive officers of the Company.

*Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

A majority of the Company's directors are independent.

*If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

No directors of the Company are directors of other reporting issuers listed on the TSX.

*Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

The independent directors of the Company meet regularly without non-independent directors and management at the conclusion of each scheduled Board meeting and whenever they see fit. There were eight (8) scheduled Board meetings and three (3) unscheduled Board meetings held between April 1, 2014 and March 31, 2015 including in-camera meetings.

In addition, the Audit Committee and the Compensation Committee, are comprised of all independent directors. Meetings of these committees provide a forum for open and candid discussion among the Company's independent directors. There were thirty (30) scheduled committee meetings of the independent directors held between April 1, 2014 and March 31, 2015. The committees held additional meetings during the year that were not scheduled.

*Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*

The Chairman of the Board is Kevin J. Clarke who is also an executive officer. The Board supports independent directors and provides leadership for them by facilitating direct communication and free access to the executive management team, encouraging in camera meetings without management, striking ad hoc committees of independent directors as needed to deal with particular issues and, when necessary, by encouraging the independent directors to seek outside advisors at the expense of the company.

*Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

The director attendance at both Board and committee meetings for the year ended March 31, 2015 is outlined under section “Meeting Attendance” or under “Election of Directors – Nominees – Director Biographies”.

## 2. Board Mandate

*Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.*

The Board's written mandate is attached as **Appendix A** to this Information Circular.

## 3. Position Descriptions

*Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

The Board, in conjunction with the Chairman of the Board, has developed written position descriptions for the Chairman of the Board and for the chair of each Board committee.

*Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.*

Kevin J. Clarke holds the position of interim Chief Executive Officer of the Company with a written position description as outlined in his executive employment agreement. Refer to “Statement of Executive Compensation – Executive Employment Agreement”.

Frederic F. (Jake) Brace held the position of former President of the Company with a written position description as outlined in his consulting agreement. Refer to “Statement of Executive Compensation - Consulting Agreement”.

## 4. Orientation and Continuing Education

*Briefly describe what measure the board takes to orient new directors regarding the role of the board, its committees and its directors and the nature and operation of the issuer's business.*

The Company has an orientation program for its new directors. The orientation program is designed to build each director's understanding of and identification with the Company by:

- providing an introduction to the Company, notably through an interview with the Chairman of the Board and other Board members;
- providing presentations on the Company's operations in all countries;
- providing an introduction to selected members of the Company's team, notably through an interview with the Chairman and management;
- providing an overview of the Company's corporate governance practices;
- providing an introduction to governance practices;
- acquainting the directors with the Company's Ethics and Anti-Corruption Compliance Program;
- clarifying the expectations of directors, noting that this process will have begun from the initial contact of the director by the Corporate Governance Committee;
- exposing the directors to the Company's organizational structure; and
- acquainting directors with the Company's annual objectives and ongoing operations.

*Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

The Company provides educational information on relevant topics in the form of documents and formal presentations to the Board. The Company encourages the directors to enrol in courses and programs that will enhance their knowledge and skills in areas that are relevant to their roles as directors and members of Board committees.

The directors of the Company are encouraged to make site visits and participate in an annual strategic planning session. The Company places an obligation on its directors to maintain a high level of knowledge of the industry and a high level of professional skills.

## 5. Ethical Business Conduct

*Disclose whether or not the board has adopted a written code for the directors, officers and employees. Disclose how a person or company may obtain a copy of the code. Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code.*

A written Code of Ethics and Business Conduct have been implemented by the Company for all directors, officers and employees. A person may obtain a copy of the code by visiting the Company's page on SEDAR at www.sedar.com. The Board monitors compliance with the Code through communications with management, reports from the Chief Compliance Officer, reports through the whistleblower policy (as described below) and employee signoff of compliance with the code.

*Describe any steps the board takes to ensure directors exercise independent judgment considering transactions and agreements in respect of which a director or executive officer has a material interest.*

The directors and officers of the Company are required to complete an annual statement of compliance under the Company's Code of Ethics and Business Conduct. This ensures directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Board ensures that a director who has a material interest in a transaction or agreement does not participate in discussions if competitive information is being presented or vote on that matter at Board meetings.

Should such a circumstance arise, the matter would be referred to the Audit Committee and the Chairman of the Board for appropriate action.

*Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

The Company is committed to the highest standards of openness, honesty and accountability. To this end, the Company has implemented an Ethics and Anti-Corruption Compliance Program based upon three policies governing ethical business practices as follows:

- a Code of Ethics and Business Conduct to provide guidance on the conduct of the Company's business in accordance with all applicable laws, rules and regulations and with the highest ethical standards;
- an Anti-Corruption Policy which requires adherence to established standards of business conduct to ensure that the Company's business and operations shall be conducted in compliance with the *Corruption of Foreign Public Officials Act* (Canada);
- a Whistleblower Policy to encourage reporting of misconduct and to ensure that concerns regarding questionable business practices can be raised without fear of discrimination, retaliation or harassment. This policy provides an avenue for individuals to confidentially and anonymously report directly to the Board complaints and concerns regarding unlawful or unethical conduct, violation of any corporate policy or accounting, internal auditing controls or auditing matters without fear of victimization, discrimination or disadvantage.

All directors, officers and employees of the Company are required to complete an annual statement of compliance under the Company's Code of Ethics and Business Conduct, the Anti-Corruption Policy, the Share Trading Policy and the Communications Policy.

The Company provides training on ethical and anti-corruption matters to directors, officers and employees through an online training program delivered by an independent service provider, and monitors participation in the training program. The Company also provides training sessions on ethical and anti-corruption matters to selected officers and employees at each of the Company’s subsidiary locations.

The Board of Directors reviews compliance with the Code of Ethics and Business Conduct, the Anti-Corruption Policy and the Whistleblower Policy on an annual basis.

The Corporate Governance Committee monitors compliance with the Code of Ethics and Business Conduct, the Anti-Corruption Policy and the Whistleblower Policy.

As required by the Anti-Corruption Policy, the Board has appointed a Chief Compliance Officer. The Chief Compliance Officer oversees the Ethics and Anti-Corruption Compliance Program and reports directly to the Corporate Governance Committee.

The Company also has a share trading policy (the "**Share Trading Policy**"). The Share Trading Policy prescribes rules for Restricted Persons and Employees (as such terms are defined in the Share Trading Policy) with respect to trading in securities in the capital of the Company by these individuals when there is undisclosed material information or undisclosed pending material developments with respect to the Company.

## 6. Nomination of Directors

*Describe the process by which the board identifies new candidates for board nomination.*

The Corporate Governance Committee, consisting of a majority of independent directors, considers and recommends candidates to fill new positions on the Board created either by expansion or vacancies created by the resignation, retirement or removal of any of the Company's directors. The Board composition is assessed by the Governance Committee to ensure the Board has the right mix of skills and expertise that will enable the Board to provide strong stewardship for the Company. A skills matrix of director talents and board requirements is maintained and considered in evaluating potential new candidates. Board nominations and appointments are assessed based upon the merits of the candidates and board requirements. The Board is mindful of the benefits of diversity and is committed to a corporate culture of inclusiveness and tolerance where a diversity of views, backgrounds and experiences are represented at the Board to enhance the effectiveness of decision-making processes. In identifying director nominee candidates, the Board will continue to consider numerous other factors beyond gender, such as the candidate’s skills, expertise, industry experience and leadership qualities.

*Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Board does not have a separate nominating committee; however, the Corporate Governance Committee is charged with the responsibility for handling the nomination process. The Corporate Governance Committee is comprised of a majority of independent directors. The fact that all the members of the Corporate Governance Committee are independent ensures that the nomination process is objective.

## 7. Compensation

*Describe the process by which the board determines the compensation for the issuer's directors and officers.*

The Board has created the Compensation Committee to review and approve the compensation for the officers of the Company and to ensure that compensation is fair, equitable and consistent with that of its industry peers. The members of the Compensation Committee have diverse professional backgrounds and rely on industry experts to augment their knowledge. The Company compensates its named executive officers through a base salary, an annual performance based bonus plan, retention bonus and the award of Options. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Overview of Executive Compensation".

The Compensation Committee historically used independent industry benchmark surveys and comparable company payment statistics for comparative analysis to determine executive officers’ compensation. However based on the recent structure of the Company, the historical approach was no longer applicable. The Compensation Committee assessed compensation using practical metrics for determining salaries, bonuses and other compensation arrangements. Metrics included review of the current market compensation and health of the energy market including oil prices. The Board, through the Compensation Committee, also periodically reviews the adequacy and form of compensation of the directors. See "Statement of Executive Compensation – Director Compensation".

*Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Compensation Committee is composed entirely of independent directors.

*If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The responsibilities, powers and operations of the Compensation Committee are set forth in the mandate of the Compensation Committee, which is attached as **Appendix B** to this Information Circular.

## 8. Other Board Committees

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

In addition to the Audit Committee and the Compensation Committee, the Board has a Corporate Governance Committee and a Reserves and Health, Safety & Environmental Committee.

The function of the Corporate Governance Committee is set forth in the mandate of the Corporate Governance Committee, which is attached as **Appendix C** to this Information Circular.

The function of the Reserves and Health, Safety & Environmental Committee is set forth in the mandate of the Reserves and Health, Safety & Environmental Committee, which is attached as **Appendix D** to this Information Circular.

The Restructuring Committee was disbanded in October 2014.

## 9. Assessments

*Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.*

The Board uses one assessment tool to evaluate the effectiveness and contribution of the Board, its committees and individual directors. Directors complete an annual Board Effectiveness Questionnaire commenting on Board responsibility, organization, composition, independence from management, operations, effectiveness and performance. The results of the questionnaires are analyzed by the Chairman of the Board together with the Corporate Governance Committee, who then recommend and implement changes to enhance the overall performance of the Board and monitor ongoing progress in any areas identified for improvement.

In addition to the guidelines under NP 58-201, the Company has implemented the following policies and procedures:

- Each of the committees of the Board can have no more than one-third of its members be acting chief executive officers of any publicly-traded corporation, partnership, trust or other entity.
- Instead of a Compensation Committee work plan, the Company has adopted a mandate for the Compensation Committee and regular meetings are held in order to fulfill the responsibilities outlined in the mandate.

# AUDIT COMMITTEE INFORMATION

For information on the charter of the Audit Committee and for the disclosure regarding the Audit Committee required under NI 52-110, please see the information provided under the heading "Audit Committee" in the Company's Annual Information Form for the year ended March 31, 2015, which document can be found at the Company's page on SEDAR at www.sedar.com.

# OTHER MATTERS TO BE ACTED UPON

Management of the Company is not aware of any matter to come before the Meeting other than as set forth in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

# ADDITIONAL INFORMATION

The Company shall provide to any person, without charge, following a written or oral request to Mr. Glen Valk, Vice President of Finance and Chief Financial Officer of the Company, by mail at Suite 4600 Devon Tower, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 or by telephone at (403) 262-1020, copies of this Information Circular, the Company's annual consolidated financial statements and management's discussion and analysis and any interim consolidated financial statements since March 31, 2015. Additional information relating to the Company is available on SEDAR at www.sedar.com. Furthermore, financial information is provided in the Company's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

# APPENDIX A
# BOARD MANDATE

The Board of Directors (the "**Board**") of NIKO RESOURCES LTD. ("**NIKO**") has the oversight responsibility and duties as described herein. In addition, each Director has the responsibility and duties provided in any other mandate or Position Description that applies to them.

**General**

The Board has responsibility for the stewardship of NIKO and its subsidiaries to ensure the long-term financial operational viability and efficiency of the Company, and to generally further NIKO's objectives by establishing policies and implementing, directing and monitoring the same exercising the care, diligence and skill of a reasonably prudent person in comparable circumstances, in good faith with a view to the best interests of NIKO. Without limiting the generality of the foregoing, the Board will perform the following duties.

**Strategic, Operating, Capital Plans and Financing Plans**

- in consultation with the management of NIKO, define the principal objectives of NIKO;
- require the Chief Executive Officer to present periodically to the Board for approval a long range strategic plan of NIKO designed to achieve the principal objectives as adopted by the Board;
- establish a strategic planning process and monitor performance versus plans;
- review and approve annual budgets, operating plans, and corporate objectives and monitor performance and compliance;
- identify the principal risks to NIKO and ensure the implementation of systems to manage such risks;
- review the integrity of internal control and management information systems;
- approve acquisitions and dispositions and the establishment of credit facilities;
- confirming on an annual basis the appointment of Officers;

**Monitoring/Implementing**

- monitor NIKO's progress toward its goals, and revise and amend strategic planning in response to change in business and corporate circumstances;
- monitor employment policies including compensation, performance and succession planning;
- in consultation with the Chief Executive Officer, establish and monitor and foster ethical and responsible decision making by management, and ethical standards to be observed by NIKO and its employees;
- approve all matters relating to any takeover bid of NIKO;
- with the advice of the Compensation Committee, monitor and approve compensation of senior management personnel and appropriate compensation programs for NIKO's employees;
- on the recommendation of the Corporate Governance Committee and Audit Committee, approve NIKO's Ethics Policy;
- with the Audit Committee and the Board Chair, respond to potential conflict of interest situations;
- monitor compliance with NIKO's Ethics Policy, and provide for appropriate disclosure of any waivers of the policy for directors and officers;
- review and approve succession, including approving development of and monitoring of the performance of senior management personnel;
- with the Corporate Governance Committee, develop NIKO's approach to corporate governance;

- receive for consideration the Corporate Governance Committees evaluation and recommendations of amendments to Corporate Governance Policies, the Board Mandate and Position Descriptions;
- on an annual basis review:
- The Capital Management Policy
- The Code of Conduct and Compliance Sign-offs
- The Communications Policy
- The Whistleblower Policy
- The Document Preservation Guidelines
- The Share Trading Policy
- and amend the same if considered necessary to ensure that such policies are achieving their intended purpose.

**Communications, Disclosure and Compliance**

- ensure timely compliance with the reporting obligations of NIKO, and that the financial performance of NIKO is properly reported to shareholders, other security and regulators on a timely and regular basis;
- recommend to shareholders of NIKO a firm of chartered accountants to be appointed as NIKO's auditors;
- ensure the timely reporting of any change in the business, operations or capital of NIKO that would reasonably be expected to have a significant effect on the market price or value of the shares of NIKO;
- ensure the corporate oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles;
- report annually to shareholders on the Boards' stewardship for the preceding year;
- establish a process for direct communications with shareholders and other stakeholders through appropriate directors, including through the Whistleblower Policy; and
- ensure that NIKO has a policy in place to enable effective communication with its shareholders and the public generally.

**Governance**

- in consultation with the Chairman of the Board develop a position description for the Chairman of the Board and in consultation with the Chief Executive Officer a position description for the Chief Executive Officer and review such position descriptions as necessary to ensure the same are practical and appropriate;
- facilitate the continuity, effectiveness and principles of independence of the Board by, among other things:
- appointing a Chair of the Board with experience and expertise in foreign investment and operations;
- appointing an Audit Committee comprised solely of financially competent independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; (iv) the system of internal accounting and financial reporting controls that Management has established; (v) performance of the internal and external audit process and of the independent auditor; and (vi) implementation and effectiveness of the Ethics Policy and the compliance programs under the Ethics Policy;
- appointing a Compensation Committee comprised solely of independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) key compensation and employment policies; (ii) Chief Executive Officer and executive Management compensation; and, (iii) executive Management succession and development;

- appointing an Reserves and Health, Safety & Environmental Committee comprised of a majority of independent directors with the responsibility to assist the Audit Committee and the Board in fulfilling their oversight responsibilities with respect to the annual review of NIKO's petroleum and natural gas reserves, and disclosure of reserves data and related oil and gas and mining activities, and environmental practices;

- appointing a Corporate Governance Committee comprised of a majority of independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; and, (iii) evaluations of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs, all with a view to ensuring NIKO has corporate governance practices appropriate for NIKO;

- in the Board's discretion, appointing any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board;

- defining the terms of reference for the Chairs of such Committees;

- ensuring that processes are in place and are utilized to assess the effectiveness of the Board and the Committees established by the Board;

- establishing a system to enable any director or Committee to engage an outside advisor at the expense of NIKO;

- overseeing the development and implementation of the Director orientation program;

- overseeing the process of the Corporate Governance Committee's annual evaluation of the performance and effectiveness of the Board and Board Committees and participate in the annual evaluation of Board performance by the Corporate Governance Committee;

- receiving and considering a report and recommendations of the Corporate Governance Committee or the results of the annual evaluation of Board Performance;

- review annually the compensation of directors.

**Delegation**

The Board may delegate its duties to and receive reports from the Audit, Reserves and Health, Safety & Environmental , Compensation and Corporate Governance and any other committee created by the Board to assist the Board in the performance of its duties.

**Composition**

- the Board shall be comprised of at least six individuals appointed by the shareholders at the Annual Meeting;

- a majority of the Board Members will be independent (within the meaning of National Instrument 58.101) and free from any direct or indirect material relationship which could in the opinion of the Board, reasonably interfere with the members independent judgment;

- all Board members will have the skills and abilities appropriate to their appointment as directors, it being recognized that an appropriate combination of education, experience and competencies will ensure that the Board will discharge its duties effectively. Board members should have sufficient knowledge of NIKO and petroleum industry to assist in providing advice and counsel on relevant issues;

- Board members shall review available materials in advance of meetings and endeavour to attend all meetings of the Board and its subcommittees;

- once or more annually, as the Corporate Governance Committee decides, this Mandate shall be evaluated and updates recommended to the Board for consideration.

# APPENDIX B
# COMPENSATION COMMITTEE MANDATE

The Compensation Mandate Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") to assist the Board in fulfilling its oversight responsibilities with respect to compensation policies of the Company ("**NIKO**"), and such other matters as may be delegated by the Board.

## 1. General

The purpose of the Committee is:

(a) to review and report to the Board on matters of compensation provided to all employees of NIKO; and

(b) to review and report to the Board on matters respecting the policies of NIKO concerning employee benefits; and

(c) to monitor and make recommendations to the Board with respect to recruitment, retaining and motivating employees and ensuring conformity between compensation and other objectives of the Company.

The Committee will continuously review and modify its terms of reference with regards to changes in the business environment, industry standards, matters of compensation in corporate governance and additional standards which the Committee believes may be applicable to NIKO's business in consultation with the Committee and submit such modifications to the Board for approval.

## 2. Composition, Procedures and Organization

(a) The Compensation Committee will be comprised of three or more Directors as determined from time to time by resolution of the Board.

(b) Each member of the Compensation Committee must be independent as that term is defined in NI58-101 and as such must be free from any material relationship that may interfere with the exercise of his or her independent judgment as a member of the Compensation Committee.

(c) Consistent with the appointment of other Board committees, the members of this committee will be appointed by the Board at the first meeting of the Board following each annual general meeting or at such of the time as may be determined by the Board.

(d) The Board will designate the Chairman of the Compensation Committee. The presence in person or by telephone of a majority of the committees' members constitutes a quorum for any meeting.

(e) All actions of the Compensation Committee will require a vote of the majority of its members present at a meeting of such Committee at which a quorum is present.

(f) The Compensation Committee will meet at least twice annually or otherwise as may be directed by the Board or as circumstances warrant.

(g) Meetings of the Committee may be called by any member.

(h) The Chairman of the Compensation Committee will appoint a member to act as secretary for the purposes of recording the minutes of each meeting.

(i) All members of the Committee must be familiar with any corporate governance guidelines established by the Canadian Securities Administrators and relevant securities regulators with respect to compensation matters at the time of their appointment or become so within a reasonable period of time following such appointment. The competence of the members of the Compensation Committee in this regard will be determined by the Board in the exercise of its business judgment.

## 3. Accountability and Reporting

The Compensation Committee is accountable to the Board. The Compensation Committee must provide the Board with a summary of all meetings and its recommendations, together with a copy of the minutes of each such meeting. If applicable, the Chairman will provide oral reports as requested.

All information reviewed and discussed by the Compensation Committee at any meeting must be retained and made available for examination by the Board. The Compensation Committee will review its mandate annually and will forward to the Corporate Governance Committee any recommended alterations to that mandate.

**4. Responsibilities**

The Compensation Committee must:

(a) review and recommend the annual salary, incentive compensation and other benefits or perquisites, direct or indirect, of the employees and officers of NIKO and to ensure the compensation is fair, equitable and comparable with others in the petroleum industry.

(b) review and recommend the policies of NIKO concerning employee benefits and perquisites and periodically review their application;

(c) review and recommend incentive compensation for employees of NIKO;

(d) review with the CEO the performance, development of management of NIKO;

(e) ensure compliance with management compensation disclosure rules in the annual management information circular and proxy statement;

(f) review and approve corporate goals and objectives relevant to senior management and the CEO compensation, evaluating the performance of senior management and the CEO in light of those corporate goals and objectives and making recommendations to the Board with respect to the compensation of senior management and the level based on this evaluation; and

(g) review and make recommendations to the Board for determining and establishing compensation of Directors.

The Compensation Committee may request such officers of NIKO as it may see fit to attend its meeting and to assist in the discussion and consideration of such matters as the committee may determine.

The Compensation Committee may retain, on a periodic basis, an outside consulting firm to evaluate the overall compensation arrangements for executives or to develop new incentive plans.

**5. Communication, Authority to Engage Advisors and Expenses**

The Committee shall have direct access to such officers and employees of NIKO and to any other consultants or advisors, and to such information respecting NIKO it considers necessary to perform its duties and responsibilities.

Any employee may bring before the Committee, on a confidential basis, any concerns relating to matters over which the Committee has oversight responsibilities.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and other advisors, such engagement to be at NIKO's expenses. NIKO shall be responsible for all other expenses of the Committee that are deemed necessary or appropriate by the Committee in order to carry out its duties.

# APPENDIX C
# CORPORATE GOVERNANCE COMMITTEE MANDATE

The Corporate Governance Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") to assist the Board in fulfilling its oversight responsibilities with respect to the Corporate governance and nomination issues facing the Company ("**NIKO**"), and such other matters as may be delegated by the Board.

## 1. General

The purpose of the Committee is:

(a) to review and report to the Board on matters of corporate governance and Board composition; and

(b) to provide oversight review of NIKO's systems for achieving compliance with regulatory and legal requirements provided the Committee's oversight role shall not include responsibility for NIKO's actual compliance with applicable laws and regulations; and

(c) to monitor NIKO's corporate process and structure used to direct and manage the business and affairs of NIKO in assisting the Board in discharging its legal and fiduciary obligations; and

(d) to promote appropriate standards of behaviour with respect to all aspects of NIKO's business.

The Committee will continuously review and modify its terms of reference with regards to changes in the business environment industry, standards on matters of corporate governance, and additional standards which the Committee believes may be applicable to the business of NIKO and submit such modifications to the Board for approval.

## 2. Composition, Procedures and Organization

(a) The Committee will be comprised of three or more Directors as determined from time to time by resolution of the Board.

(b) The majority of the members of the Committee must be independent as that term is defined in NI 58-101 and as such must be free from any material relationship that may interfere with the exercise of his or her independent judgment as a member of the Committee. A Director who is part of management may be appointed to the Committee on the unanimous approval of the Board to assist in promoting prudent corporate governance policies and procedures.

(c) Consistent with the appointment of other Board committees, the members of the Committee will be appointed by the Board at the first meeting of the Board following each annual general meeting or at such of the time as may be determined by the Board.

(d) The Board will designate the Chairman of the Committee. The presence in person or by telephone of a majority of the Committee's member's constitutes a quorum for any meeting.

(e) All actions of the Committee will require a vote of the majority of its members present at a meeting of such Committee at which a quorum is present.

(f) The Committee will meet at least twice annually or otherwise as may be directed by the Board or as circumstances warrant.

(g) Meeting of the Committee may be called by any member.

(h) The Chairman of the Committee will preside at Committee meetings, and the Committee will appoint a secretary for the purposes of recording the minutes of each meeting.

(i) All members of the Committee must be familiar with any corporate governance guidelines established by the Canadian Security Administrators and relevant securities regulatory authorities at the time of their appointment or become so within a reasonable period of time following such appointment. The competence of the members of the Committee in this regard will be determined by the Board in the exercise of its business judgment.

## 3. Accountability and Reporting

The Committee is accountable to the Board. The Committee must provide the Board with a summary of all meetings and its recommendations together with a copy of the minutes of each such meeting. If applicable, the Chairman will provide oral reports as requested.

All information reviewed and discussed by the Committee at any meeting must be retained and made available for examination by the Board. The Committee will review its mandate annually. The Committee will also review the mandate and responsibilities of other committees of the Board annually.

(a) monitor procedures to ensure that the Board can function independently of management;

(b) ensure that there is a process in place to allow all levels of employees access to the Board to bring "whistleblower" issues to the Board which are not being adequately dealt with by the management of the Company;

(c) ensure that the Company's legal counsel, external engineering consultants and external auditors are currently instructed to make the Company aware of current and evolving legislation, regulations and guidelines relating to applicable corporate governance issues;

(d) establish procedures, as required, to enable individual directors to engage outside advisors under appropriate circumstances;

(e) make recommendations to the Board for the appropriate resolutions of any conflict of interest between or among an officer, Director or shareholder, which is properly directed to the Committee by the Chair of the Board, a Director, a shareholder, the Board, the external Auditors, or an officer of the Company (in respect of conflicts of interest relating to audit, finance or risk matters, the Committee will liaise with the Audit Committee);

(f) after consultation with the Chair of the Board, identify, evaluate and if appropriate recommend those circumstances which warrant a request by a Board for the retirement of a Director or which should act to disqualify a Director from re-election (including, but not limited to the level of attendance at, or participation in, meetings of the Board or a committee thereof, or a change in the affiliation or employment of a Director.

## 4. Corporate Governance Responsibilities

The Corporate Governance Committee is responsible for proposing to the full Board new nominees to the Board and for assessing the effectiveness of the Directors and Committees of the Board on an ongoing basis. Further, the Corporate Governance Committee is responsible for NIKO's response to, and implementation of, the guidelines of the Canadian Securities Administrators and relevant securities regulatory authorities relating to the corporate governance, as amended from time to time. The specific functions of the corporate Governance Committee in carrying out these areas of responsibility are set out below.

The Corporate Governance Committee must:

(a) consider and review NIKO's corporate governance principles and processes and compare the same to the guidelines of the Canadian Securities Administrators and relevant securities regulatory authorities relating to corporate governance as amended from time to time;

(b) propose changes to the Board necessary to respond to the guidelines;

(c) review NIKO's disclosure of its corporate governance program and compliance with the guidelines in the management proxy circular for each annual general meeting; and

(d) monitor compliance with, and review and approve, if considered appropriate, all proposed waivers to NIKO's Code of Conduct.

## 5. Nomination and Assessment of Directors

The Corporate Governance Committee must:

(a) after consultation with the Chairman of the Board, consider and recommend candidates to fill new positions on the Board created by either expansion or vacancies that occur by resignation, retirement or for any other reason;

(b) review Board candidates recommended by Shareholders;

(c) conduct inquiries into the backgrounds and qualifications of potential candidates;

(d) recommend the suitable director nominees for approval by the Board and the Shareholders;

(e) consider questions of possible conflicts of interest of Directors;

(f) recommend members and chairs of committees;

(g) establish and implement a Director Orientation Program; and

(h) make a recommendation to the Board as to whether to accept or reject any resignation tendered by a Director as provided in the Mandate of the Board of Directors.

**6. Communication, Authority to Engage Advisors and Expenses**

The Committee shall have direct access to such officers and employees of NIKO and to any other consultants or advisors, and to such information respecting NIKO it considers necessary to perform its duties and responsibilities.

Any employee may bring before the Committee, on a confidential basis, any concerns relating to matters over which the Committee has oversight responsibilities.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and other advisors, such engagement to be at NIKO's expenses. NIKO shall be responsible for all other expenses of the Committee that are deemed necessary or appropriate by the Committee in order to carry out its duties.

# APPENDIX D
# RESERVES AND HEALTH, SAFETY & ENVIRONMENTAL COMMITTEE MANDATE

*Purpose*

The purpose of the Reserves and Health, Safety & Environmental Committee (the "**Reserve Committee**") is to provide assistance to the Board of Directors (the "**Board**") with respect to Niko Resources Ltd.'s ("**Niko**"):

- Selection and remuneration of the Reserves Evaluator;
- Establishment of processes and procedures to ensure flow of relevant information to the Reserves Evaluator;
- Review of the annual and periodic independent engineering reports;
- Compliance with regulatory requirements;
- Disclosure of reserves information;
- Review of the disclosed oil and gas reserves data; and
- Review of the reserves data of the Reserves Evaluator charged with evaluating Niko's reserves;
- Legal and fiduciary obligations in ensuring regulatory compliance and in ensuring that Niko's policies and procedures meet acceptable industry standards with respect to environmental matters which might arise as a result of the business and operations of Niko.

*Composition, Procedures and Organization*

The Reserves and Health, Safety & Environmental Committee will be comprised of three or more directors as determined from time to time by resolution of the Board.

The objective is for majority of the members of the Reserves and Health, Safety & Environmental Committee to be independent and, as such, must be free from any material relationship that may interfere with the exercise of his or her independent judgment as a member of the Environment and Reserves Committee. However currently the Reserves and Health, Safety & Environmental Committee has only one independent director, as such the Board of Directors are involved in approving reserves at the end of each fiscal year.

Consistent with the appointment of other Board committees, the members of the Environment and Reserves Committee will be appointed by the Board at the first meeting of the Board following each annual general meeting of the Shareholders or at such other time as may be determined by the Board.

The Environment and Reserves Committee will designate the Chairman of the Environment and Reserves Committee by majority vote. The presence in person or by telephone of a majority of the Environment and Reserves Committee's members constitutes a quorum for any meeting. All actions of the Environment and Reserves Committee will require a vote of the majority of its members present at a meeting of such committee at which a quorum is present.

All members of the Environment and Reserves Committee must have expertise in oil and gas evaluation processes and procedures, as such qualification may be determined in the business judgment of the Board.

*Accountability and Reporting*

The Environment and Reserves Committee is accountable to the Board. The Environment and Reserves Committee must provide the Board with a summary of all meetings and its recommendations together with a copy of the minutes of each such meeting. If applicable, the Chairman of the Environment and Reserves Committee will provide oral reports as discussed.

All information reviewed and discussed by the Environment and Reserves Committee at any meeting must be retained and made available for examination by the Board.

The Environment and Reserves Committee shall have access to such officers and employees of Niko and to such information regarding Niko, and may engage independent environmental and health consultants and advisors at the expense of Niko, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

The Environment and Reserves Committee may consider meeting "in camera" without management; after any committee meeting.

*Meetings*

The Environment and Reserves Committee will meet with such frequency and at such intervals as it determines necessary to carry out its duties and responsibilities.

Generally, the Environment and Reserves Committee will meet at least two times annually: once prior to the selection of the Reserves Evaluator and once prior to public release of the annual reserve estimates. The Environment and Reserves Committee may also be directed by the Board to meet more frequently, as circumstances warrant.

The Chairman of the Environment and Reserves Committee will appoint a director, officer or employee of Niko to act as secretary for the purpose of recording the minutes of each meeting.

*Reserves Responsibilities*

The Environment and Reserves Committee must:

(a) Annually review with management of Niko the selection or retention, as the case may be, of a recognized Reserves Evaluator that is qualified to prepare an evaluation of the oil and gas reserves of Niko in a manner consistent with industry and regulatory standards and requirements and, in the case of a proposed change in the Reserves Evaluator, determine the reasons for the proposal and whether there have been any disputes between the Reserves Evaluator and management of Niko;

(b) Annually review and approve the expected fees of the Reserves Evaluator;

(c) Receive the annual independent evaluation of the oil and gas reserves of Niko and review the scope of work, reserves estimates and any material changes to Niko's reserves;

(d) Consider and review the input of management into the independent evaluation, the processes for providing information and they key assumptions used therein and review Niko's procedures relating to disclosure of information with respect to oil and gas activities, including its procedures for complying with disclosure requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities ("NI 51-101")*;

(e) Meet with representatives of the Reserves Evaluator to consider and review the overall preparation of the evaluation, including:

- The independence of the Reserves Evaluator;
- Details of arrangements, if any, between Niko and the Reserves Evaluator;
- Sources of information used in preparing the evaluation;
- Access to information;
- Production estimates;
- Price forecasts;
- Sales contracts;
- Operating and capital cost estimates;
- Ownership interests;
- Royalty burdens;
- Reconciliation of reserve additions and revisions;
- Results of field inspections, if any; and
- Matters that would have an effect on the quantity of reserves, production profile or estimated cash flow from the oil and gas assets;

(f) Review compliance with applicable regulations and policies, including NI 51-101, and, in particular, before filing the reserves data and the report of the Reserves Evaluator referred to in section 2.1 of NI 51-101, meet with management and the Reserves Evaluator to (i) determine whether any restrictions affect the ability of the Reserves Evaluator to report on the reserves data without reservation, (ii) review the reserves data and the report of the Reserves Evaluator, and (iii) review and approve the content and filing of Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor;

(g) Review and execute Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure; and

(h) Present reports to the Board of consideration, where necessary.

*Assessments*

Disclosure whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

Directors complete an annual Board Effectiveness Questionnaire commenting on Board responsibility, organization, composition, independence from management, operations, effectiveness, and performance. The results of the questionnaires are analyzed by the Chairman of the Corporate Governance Committee who then recommends and implements changes to enhance the overall performance of the Board and monitors ongoing progress in any areas identified for improvement.

# APPENDIX E
# MAJORITY VOTING POLICY

The board believes that each director should have the confidence and support of the shareholders of the Company. To this end, the board has unanimously adopted this policy and future nominees for election to the board will be required to confirm that they will abide by the policy.

Forms of proxy for the election of directors will permit a shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If the vote was by a show of hands, the Company will disclose the number of shares voted by proxy in favour or withheld for each director.

If a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered by the board not to have received the support of the shareholders, even though duly elected as a matter of corporate law. Such a nominee will be expected to forthwith submit his or her resignation to the board of directors, effective on acceptance by the board. The board will refer the resignation to the nominating/corporate governance committee (or equivalent) for consideration.

The Corporate Governance Committee will consider all factors deemed relevant by the members of the corporate governance committee including, without limitation, the stated reason or reasons why shareholders who cast "withhold" votes for the director did so, the qualifications of the director including, the impact the director's resignation would have on the Company, and whether the director's resignation from the Board would be in the best interest of the Company and the Shareholders. Within ninety (90) days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept the resignation.

Subject to any corporate law restrictions, the board of directors may (1) leave a vacancy in the board unfilled until the next annual general meeting, (2) fill the vacancy by appointing a new director whom the board considers to merit the confidence of the shareholders, or (3) call a special meeting of shareholders to consider new board nominee(s) to fill the vacant position(s).

This policy does not apply where an election involves a proxy battle, *i.e.*, where proxy material is circulated in support of one or more nominees