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**NOTICE AND INFORMATION CIRCULAR – PROXY STATEMENT**

**FOR**

**THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

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**To be held at**

**3:00 pm (Calgary time) on Tuesday June 11, 2013**

**In the McMurray Room of the Calgary Petroleum Club**

**319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta**

**MAY 8, 2013**

**MANITOK ENERGY INC.**

**Notice of Annual and Special Meeting of Shareholders**

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting (the "**Meeting**") of the holders of common shares ("**Manitok Shares**") in the capital of Manitok Energy Inc. (the "**Corporation**") will be held at 3:00 p.m. (Calgary time) on Tuesday June 11, 2013 in the McMurray Room at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta for the following purposes:

1. to receive and consider the audited financial statements of the Corporation as at and for the financial year ended December 31, 2012, and the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at seven;
3. to elect the directors of the Corporation for the ensuing year;
4. to re-appoint Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the board of directors to fix their remuneration;
5. to re-approve the Corporation's stock option plan; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders are referred to the accompanying Information Circular – Proxy Statement of the Corporation dated May 8, 2013 for more detailed information regarding the matters to be considered at the Meeting.

**Proxies are being solicited by management of the Corporation. A shareholder may attend the Meeting in person or may be represented there at by proxy. A form of proxy for use at the Meeting or any adjournment thereof is enclosed with this Notice of Meeting. Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy to the Corporation's registrar and transfer agent, Valiant Trust Company, 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta, T2P 1T1, in the enclosed self-addressed envelope or by facsimile to 403-233-2857. In order to be valid and acted upon at the Meeting, forms of proxy must be received by Valiant Trust Company not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.**

**Shareholders are cautioned that the use of mail to transmit proxies is at each shareholder's risk.**

The board of directors of the Corporation has fixed the record date for the Meeting as the close of business on Wednesday, May 8, 2013 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of and to attend and vote at the Meeting, unless after that date a shareholder of record transfers any Manitok Shares and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established ownership of such shares, requests, not later than 10 days prior to the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

**DATED** at Calgary, Alberta this 8<sup>th</sup> day of May, 2013.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF MANITOK ENERGY INC.**

Per: (signed) "Massimo M. Geremia"  
President and Chief Executive Officer

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**MANITOK ENERGY INC.**

**INFORMATION CIRCULAR – PROXY STATEMENT**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 11, 2013**

**MANAGEMENT SOLICITATION OF PROXIES**

This Information Circular – Proxy Statement (this "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Manito Energy Inc. (the "**Corporation**" or "**Manitok**") for use at the Annual and Special Meeting (the "**Meeting**") of the holders of common shares in the capital of the Corporation (the "**Manitok Shares**"), to be held at 3:00 p.m. (Calgary time) on Tuesday June 11, 2013 in the McMurray Room at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting. It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally by directors, officers or employees of the Corporation. The cost of solicitation by or on behalf of management will be borne by the Corporation. The information contained herein is given as of May 8, 2013, except where otherwise indicated.

The board of directors of the Corporation (the "**Board**") has fixed the record date for the Meeting as the close of business on May 8, 2013 (the "**Record Date**"). Shareholders of record at the Record Date are entitled to receive notice of and to attend and vote at the Meeting or any adjournment or adjournments thereof, unless after the Record Date a shareholder of record transfers ownership of any Manito Shares, and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established ownership of such shares, requests, not later than 10 days prior to the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

The applicable form of proxy must be executed by the shareholder or by the shareholder's attorney duly authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder submitting a proxy has the right to appoint a person other than the persons designated in the proxy, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided in the form of proxy.**

A registered shareholder is a shareholder who has a share certificate registered in his or her own name. If you are a registered shareholder, you can attend the Meeting and vote in person or appoint someone to vote at the Meeting on your behalf in the manner described above.

Registered shareholders may vote by proxy in the following ways: (1) by mailing the completed form of proxy enclosed with the Information Circular to the offices of Valiant Trust Company, 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta, T2P 1T1, or by facsimile to 403-233-2857 at least 48 hours before the Meeting for which it is to be used; and (2) by internet by accessing Valiant Trust Company's website at [www.valianttrust.com](http://www.valianttrust.com) to transmit their voting instructions. Shareholders who vote using the website 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 shareholders vote using the website, their votes must be received not later than 3:00 p.m. (Calgary time) on June 9, 2013 or 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 a shareholder's behalf at the Meeting and to convey a shareholder's voting instructions. Please note that if a shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, such shareholder may resubmit its proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, 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.

### REVOCABILITY OF PROXIES

A shareholder of the Corporation who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be 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 instrument in writing executed by the shareholder or the shareholder's attorney duly authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited at the offices of Valiant Trust Company, 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta, T2P 1T1, or by facsimile to 403-233-2857, at any time up to and including the close of business on the last business day preceding the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy shall be revoked.

### BENEFICIAL HOLDERS OF MANITOK SHARES

**The information set forth in this section is of significant importance to beneficial holders of Manitok Shares who do not hold their Manitok Shares in their own names ("Beneficial Shareholders").** Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Manitok Shares can be recognized and acted upon at the Meeting. If Manitok Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name in the records of the Corporation. Such shares will more likely be registered under the name of the Beneficial 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 Limited, which acts as nominees for many Canadian brokerage firms). Manitok 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, the brokers/nominees are prohibited from voting Manitok Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Manitok Shares registered in the name of CDS & Co. or 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 Manitok 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 provides a scannable voting instruction form (a "**VIF**") in lieu of the form of proxy provided by the Corporation. The VIF will name the same person as named in the form of proxy to represent the Beneficial Shareholder at the Meeting. A Beneficial Shareholder has the right to appoint a person (who need not be a shareholder), other than the persons designated in the VIF, to represent the Beneficial Shareholder at the Meeting. To exercise this right, the Beneficial Shareholder should insert the name of the desired representative in the blank space provided in the VIF. You are asked to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, you can provide voting instructions by calling Broadridge's toll-free telephone number or by internet by accessing the website address indicated on the VIF and following the instructions thereon. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Manitok Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it cannot be used as a form of proxy to vote your Manitok Shares directly at the Meeting, as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have such shares voted or to appoint an alternative representative to attend the Meeting in person to vote such shares.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Manitok Shares registered in the name of its broker, or agent of the broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote Manitok Shares in that capacity. A Beneficial Shareholder who wishes to attend the Meeting and indirectly vote its Manitok Shares as proxyholder for the registered shareholder should enter its own name in the blank space on the form of proxy provided to it and return the same to its broker, or such broker's agent, in accordance with the instructions provided by such broker or agent, well in advance of the Meeting.

### **PERSONS MAKING THE SOLICITATION**

**The solicitation is made on behalf of management of the Corporation.** The costs incurred in the preparation and mailing of the form of proxy, the Notice of Annual and Special Meeting and this Information Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

### **EXERCISE OF DISCRETION OF PROXIES**

The Manitok Shares represented by the form of proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the Manitok Shares shall be voted on any ballot in accordance with the specification made.

**In the absence of such specification, the Manitok Shares will be voted in favour of the matters to be acted upon. The persons appointed under the form of proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments to or variations of those matters specified in the form of proxy and Notice of Annual and Special Meeting and with respect to other matters which may properly be brought before the Meeting. As at the date hereof, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.**

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **Receipt of Financial Statements and Auditors' Report**

The shareholders will receive and consider the financial statements of the Corporation as at and for the year ended December 31, 2012 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

#### **Fixing Number of Directors**

The Articles of the Corporation state that the Board shall consist of a minimum of three and a maximum of 15 directors, and shall be fixed from time to time by resolution of the shareholders. There are currently seven directors of the Corporation. At the Meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution fixing the number of directors of the Corporation at seven.

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders at the Meeting.

**Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at seven.**

## Election of Directors

### Nominees

At the Meeting, shareholders will be asked to elect seven directors to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed pursuant to the Corporation's By-laws, unless the director's office is earlier vacated. The accompanying form of proxy provides for individual voting on directors rather than slate voting.

**Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election to the Board of each of the seven nominees hereinafter set forth.**

Robert J. Dales  
Bruno P. Geremia  
Massimo M. Geremia  
Wilfred A. Gobert

Gregory E. Peterson  
Tom Spoletini  
Cameron G. Vouri

The name of each proposed nominee, together with his city, province and country of residence, period served as a director, principal occupation(s) for the last five years and membership on committees on the Board, as well as the number of Manitok Shares beneficially owned, controlled or directed, directly or indirectly, by such nominee, are set forth below:

Nominee for Election as Director	Director Since	Present Occupation and Positions Held During the Last Five Years	Manitok Shares Owned, Controlled or Directed
<b>Massimo M. Geremia</b> Calgary, Alberta, Canada	July 8, 2010	Mr. M. Geremia has been the President and Chief Executive Officer and a director of Manitok since July 8, 2010. He co-founded Manitok Exploration Inc. (predecessor company) and served as President, Chief Executive Officer and Chief Financial Officer from April 20, 2005 to July 8, 2010. Prior thereto, Mr. M. Geremia was a manager at Birchcliff Energy Ltd., a Toronto Stock Exchange ("TSX") listed oil and gas company, from April 2005 to May 2008.	484,150 (0.69%)
<b>Bruno P. Geremia</b> Calgary, Alberta, Canada	July 8, 2010	Mr. B. Geremia is chairman of the Board, chairman of the Audit Committee and a member of the Compensation Committee and Reserves and Occupational Health and Safety Committee. He has been the Vice-President and Chief Financial Officer of Birchcliff Energy Ltd., a TSX listed oil and gas company, from October 2004 to present. Mr. B. Geremia was chairman of the board of Manitok Exploration Inc. from April 20, 2005 to July 8, 2010.	879,000 (1.25%) <sup>(1)</sup>
<b>Robert J. Dales</b> Calgary, Alberta, Canada	July 8, 2010	Mr. Dales is a director of Manitok and is a member of the Audit Committee and Reserves and Occupational Health and Safety Committee. He has been the President of Valhalla Ventures Inc., a private investment corporation, since January 1999.	1,029,513 (1.46%)
<b>Wilfred A. Gobert</b> Calgary, Alberta, Canada	July 8, 2010	Mr. Gobert is a director of Manitok and is a member of the Audit Committee and chairman of the Compensation Committee. He has been an independent businessman since May 2006 and, prior thereto, he was Managing Director, Research of Peters & Co. Limited, an investment dealer, from August 1979 to September 2002. Mr. Gobert was a director of Manitok Exploration Inc. from February 28, 2007 to July 8, 2010.	580,500 (0.83%)

Nominee for Election as Director	Director Since	Present Occupation and Positions Held During the Last Five Years	Manitok Shares Owned, Controlled or Directed
<b>Gregory E. Peterson</b> Calgary, Alberta, Canada	July 8, 2010	Mr. Peterson is a director and Corporate Secretary of Manitok and is a member of the Compensation Committee. He has been a Partner with Gowling Lafleur Henderson LLP, a national Canadian law firm, since 1990. Mr. Peterson was a director and Corporate Secretary of Manitok Exploration Inc. from April 20, 2005 to July 8, 2010.	193,112 (0.27%)
<b>Tom Spoletini</b> Calgary, Alberta, Canada	July 8, 2010	Mr. Spoletini is a director of Manitok and is a member of the Audit Committee, Compensation Committee and Reserves and Occupational Health and Safety Committee. He has been a founding partner and the President of Spolumbo's Deli, a private company based out of Calgary, Alberta since 1991, and the President and Chief Executive Officer of Rosa Capital Inc., a capital pool corporation listed on the TSX Venture Exchange (" <b>TSX-V</b> ") since October 2010. Mr. Spoletini was a director of Manitok Exploration Inc. from April 20, 2005 to July 8, 2010.	653,025 (0.93%)
<b>Cameron G. Vouri</b> Calgary, Alberta, Canada	July 8, 2010	Mr. Vouri is a director of Manitok and is the chairman of the Reserves and Occupational Health and Safety Committee. He has been an independent businessman since March 1, 2011. Prior thereto, he was Vice President, Operations and Chief Operating Officer of Renegade Petroleum Ltd., a TSX-V listed oil and gas company, from September 2010 to February 2011 and President, Canadian Oil and Gas Division of Provident Energy Trust from May 2000 to April 2010. Mr. Vouri was a director of Manitok Exploration Inc. from February 1, 2007 to July 8, 2010.	100,000 (0.14%)

- (1) Mr. B. Geremia exercises control over 879,000 Manitok Shares, with 819,500 held directly, 49,500 held in trust for the benefit a minor and 10,000 held by a third party.

#### *Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

To the knowledge of management of the Corporation, no proposed director: (a) is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) while that person was acting in that capacity was the subject to a cease trade order or similar order to a cease trade order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**order**"), (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (iii) 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, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or (c) has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.



## **Appointment of Auditors**

Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants are the Corporation's current auditors and were first appointed as auditors of the Corporation on July 8, 2010.

At the Meeting, shareholders will be asked to re-appoint Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants as auditors of the Corporation to serve until the close of the next annual meeting of shareholders, and to authorize the Board to fix their remuneration.

**Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of an ordinary resolution to re-appoint the firm of Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants to serve as auditors of the Corporation until the next annual meeting of shareholders, and to authorize the Board to fix their remuneration as such.**

## **Re-approval of the Stock Option Plan**

**Unless otherwise directed, it is management's intention to pass an ordinary resolution to re-approve the Corporation's stock option plan (the "Option Plan").** The Option Plan, approved by the Board and the shareholders effective June 25, 2010, is attached hereto as Schedule "A".

The Option Plan is made in accordance with the TSX-V policy on listed company share incentive arrangements. The purpose of the Option Plan is to afford persons who provide services to the Corporation, whether as directors, officers, employees or otherwise, an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Manitoq Shares. The Option Plan also aims to attract and retain persons of desired experience and ability to the Corporation and to retain and encourage the continued involvement of such persons with the Corporation.

The Option Plan is administered by the Board, who will, from time to time, grant stock options to eligible participants. Directors, officers and employees of, and consultants and advisors to, the Corporation are eligible to participate in the Option Plan.

The aggregate number of authorized but unissued Manitoq Shares allocated and made available to be granted to eligible participants under the Option Plan may not exceed 10% of the outstanding Manitoq Shares at any time. At no time may the number of Manitoq Shares reserved or granted under stock options exceed 10% of the aggregate number of the then issued and outstanding Manitoq Shares. The Manitoq Shares in respect of which stock options are exercised or cancelled or expire unexercised for any reason shall be available for subsequent stock option grants. The terms of any stock options granted shall be for a period of time determined by the Board in its discretion, provided that the term may not exceed 10 years and subject to earlier automatic termination when the holder ceases to be an eligible participant in accordance with the terms of the Option Plan.

The aggregate number of Manitoq Shares subject to an option to an eligible participant under the Option Plan will be determined by the Board, but no participant may be granted options representing more than 5% of the issued and outstanding Manitoq Shares within any 12-month period (the maximum number permitted by the TSX-V to be granted to any one individual in a year). The aggregate number of options to be granted to any consultant or any participant conducting investor relation activities shall not exceed 2% of the issued and outstanding Manitoq Shares within any 12-month period. Please refer to the discussion under "Statement of Executive Compensation – Incentive Plans – The Option Plan" for more information.

In accordance with the rules of the TSX-V, the Option Plan must be approved by the shareholders annually. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution re-approving the Option Plan.

**The Option Plan must be approved by a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting.**

## MANAGEMENT CONTRACTS

Manitok has no management contracts or other similar arrangements in place.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Manitok Shares and an unlimited number of preferred shares issuable in series. As of the date hereof, there are (a) 70,357,180 Manitok Shares issued and outstanding and entitled to vote at the Meeting on the basis of one vote for each Manitok Share held and (b) no preferred shares issued or outstanding.

To the knowledge of the directors and officers of the Corporation, as at the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to the total issued and outstanding Manitok Shares.

As at the date hereof, 4,278,986, or 6.1%, of the total issued and outstanding Manitok Shares are beneficially owned, directly or indirectly, or controlled or directed by all the directors and officers of the Corporation as a group.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Governance

#### *Compensation Committee*

The Board has appointed a compensation committee (the "**Compensation Committee**") comprised of Wilfred A. Gobert (Chair), Bruno P. Geremia, Gregory E. Peterson and Tom Spoletini. Messrs. Gobert, Peterson and Spoletini are considered independent within the meaning of National Instrument 58-201 *Corporate Governance Guidelines*. Mr. Bruno P. Geremia, an immediate family member of an officer of the Corporation, is not considered independent. Each member of the Compensation Committee has direct experience that is relevant to his responsibilities in executive compensation, as well as the skills and experience necessary to enable him to make decisions as to the suitability of the Corporation's policies and practices. These skills were acquired, in part, through their involvement in executive management and other roles with other companies. Mr. Gobert is currently a director of Canadian Natural Resources Limited, Catapult Energy 2011 LP., Gluskin Sheff + Associates and Trilogy Energy Inc. Mr. Gobert is also the chairman of the compensation committee of Trilogy Energy Inc. and a member of the compensation committee of Canadian Natural Resources Limited. Mr. B. Geremia is the Vice-President and Chief Financial Officer of Birchcliff Energy Ltd. Mr. Peterson is a Partner in the Corporate Finance, M&A and Private Equity group at the law firm Gowling Lafleur Henderson LLP, a director of Rosa Capital Inc. and DevCorp Capital Inc. and the Corporate Secretary of Wenzel Downhole Tools Ltd. Mr. Spoletini is a founding partner of Spolumbo's Deli and the President and Chief Executive Officer of Rosa Capital Inc. In connection with their various responsibilities, all of the members of the Compensation Committee have experience in the implementation and management of compensation policies and practices.

The mandate of the Compensation Committee is to:

- (a) review the Corporation's compensation philosophy and remuneration policy for employees of the Corporation and to recommend to the Board changes to improve the Corporation's ability to recruit, retain and motivate employees;
- (b) consider the implications and the risks associated with the Corporation's compensation policies and practices;
- (c) review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("**CEO**"), evaluate the CEO's performance in light of those

corporate goals and objectives and determine (or make recommendations to the Board with respect to) the CEO's compensation level based on such evaluation;

- (d) recommend to the Board with respect to non-CEO officer and director compensation, including the review of management's recommendations for proposed stock option plans, share purchase plans and other incentive-compensation plans for non-CEO officer and director compensation and make recommendations in respect thereof to the Board;
- (e) review the succession planning process and results of the process as it relates to executive roles;
- (f) determine and recommend for approval of the Board bonuses to be paid to officers and employees of the Corporation and to establish targets or criteria for the payment of such bonuses, if appropriate; and
- (g) review and recommend to the Board the compensation to be provided to members of the Board and ensure its competitiveness.

The Compensation Committee convenes at least once a year and at such other times as the Chair of the Compensation Committee may determine. The Compensation Committee submits its recommendations to the Board. The Compensation Committee has the goal of achieving an effective compensation structure that aligns the interests of management with those of the shareholders.

### **Compensation Discussion and Analysis**

#### *Compensation Principles and Objectives*

The Corporation's compensation program is based on a "pay-for-performance" philosophy which supports the Corporation's commitment to delivering continuous strong performance for its shareholders. The Corporation's compensation policies are founded on the principle that compensation should be aligned with shareholders' interests, while also recognizing that the Corporation's corporate performance is dependent upon the retention of highly trained, experienced and committed directors, officers and employees who have the necessary skill sets, education, experience and personal qualities required to successfully manage the business.

The Corporation's compensation program for all its employees, including officers, is comprised of three principal components: base salary; short-term incentive compensation comprised of annual discretionary cash bonuses; and long-term incentive compensation comprised of stock options. Together, these components are designed to achieve the following key objectives:

- (a) to support the Corporation's overall business strategy and objectives;
- (b) to provide market competitive compensation that is substantially performance based;
- (c) to provide incentives which encourage superior corporate performance and retention of highly skilled and talented employees; and
- (d) to align executive compensation with corporate performance and therefore shareholders' interests.

The fixed element of compensation provides a competitive base of secure compensation required to attract and retain talented employees. The variable performance based, or "at risk", compensation is designed to encourage both short-term and long-term performance of the Corporation.

## *Elements of Compensation Program*

The executive compensation package provides a balanced set of elements designed to deliver the objectives of the compensation philosophy and includes strong performance orientation. The fixed elements (base salaries and other typical employment benefits) provide a competitive base of secure compensation necessary to attract and retain executive talent. The variable components (bonus and long-term incentives) are designed to balance short-term goals with the long-term interests of the Corporation and motivate superior performance of both. The long-term incentive plan also aligns executive officers with shareholders and helps retain executive talent. The combination of the fixed element and the variable incentive opportunities delivers a competitive, performance-oriented compensation package as compared to the Corporation's selected peer group.

### *Base Salary*

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities and the level of skills and experience required to successfully perform the role. The Corporation intends to pay base salaries to its executive officers, including the CEO, that are competitive with those for similar positions within the Corporation's selected peer group.

### *Short-Term Incentive Compensation – Annual Cash Bonuses*

In addition to base salaries, the Corporation has a discretionary bonus plan pursuant to which the Board, upon recommendation of the Compensation Committee, may award annual cash bonuses to all employees, including executive officers. To determine bonus awards for senior personnel, including the executive officers, the Compensation Committee considers both the employee's personal performance and the performance of the Corporation relative to its peers.

### *Long-Term Incentive Compensation – Stock Options*

Executive officers, along with all of Manitok's directors, employees and *bona fide* consultants and advisors, are eligible to participate in the Option Plan. The Option Plan promotes an ownership perspective among executives, encourages retention and provides an incentive to enhance shareholder value by furthering Manitok's growth and profitability. Participation in the Option Plan rewards overall corporate performance, as measured through the trading price of Manitok Shares. Awards of stock options increase the pay-at-risk component for employees and align their interests with the achievement of business results and long-term value creation. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation. This results in a significant portion of executive compensation being "at risk" and directly linked to the achievement of business results and long-term value creation.

Stock options are normally recommended by management and approved by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants are made periodically, generally on an annual basis, to ensure that the number of stock options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, the board has flexibility in the determination of the size of the award and takes into account all relevant circumstances, including the number of stock options held by such individual, the exercise price and implied value of the stock options, the term remaining on the stock options and the total number of stock options the Corporation has available for grant under the Option Plan. The size of the annual stock option award to individual executives is determined by considering individual performance, level of responsibility, authority and overall importance to the Corporation and the degree to which each executive's potential and contribution will be critical to the long-term success of the Corporation. See "Statement of Executive Compensation – Incentive Plans – The Option Plan" for a description of the detailed terms of the Option Plan.

### *Compensation of the Chief Executive Officer*

The factors considered by the Compensation Committee in determining total compensation for the CEO, as well as the manner in which these factors are reviewed, are similar to those used in determining total compensation for the other officers of the Corporation. However, in the case of the CEO, more weight is generally given to strategic planning to support future shareholder value and the reward for high performance generally takes the form of stock options (rather than some other component(s) of executive compensation discussed above). Following the Compensation Committee's evaluation of the CEO's performance, the Compensation Committee prepares a compensation recommendation for review and approval by the Board.

The Compensation Committee's review of Mr. M. Geremia's 2012 performance recognized the progress made on significant strategic and operational initiatives, which are expected to support long-term shareholder value. In addition, Mr. M. Geremia has kept the Board fully and transparently informed on issues of financial, operational and strategic importance and has ensured that executive officers and technical experts have been available to the Board.

### *Compensation Risk*

The Compensation Committee reviewed the elements of compensation of the Corporation to identify any risks arising from the Corporation's compensation policies and practices that could reasonably be expected to have a material adverse effect on the Corporation as well as the practices used to mitigate any such risks. The Compensation Committee concluded that the compensation program and policies of the Corporation did not encourage its executives to take inappropriate or excessive risks. This assessment was based on a number of considerations, including, without limitation, the following: (i) the compensation program of the Corporation attempts to achieve a balance between cash and equity compensation; (ii) the Corporation's compensation policies and practices are generally uniform throughout the organization such that there are no significant differences in compensation structure among the executive officers; (iii) in exercising its discretion under the cash bonus plan and option grants, the Compensation Committee reviews individual and corporate performance taking into account the long-term interests of the Corporation; (iv) options granted under the Option Plan are generally granted annually and vest over a three-year period, which further mitigates any short-term risk-taking potential; and (v) results of annual assessments of executives' goals, objectives and performance are reviewed and considered in awarding compensation and such discretionary judgement is applied in awarding both discretionary bonuses under the cash bonus plan and future compensation.

### *Restrictions on Purchase of Financial Instruments*

Although the Corporation has not adopted a formal policy forbidding an insider from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the insider, the Corporation is not aware of any insider having entered into this type of transaction.

## Summary Compensation Table

The following table sets forth, for the years ended December 31, 2012, 2011 and 2010, a summary of all direct and indirect compensation paid to the CEO and the Corporation's Chief Financial Officer, Chief Operating Officer and Vice President, Land (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs"):

Name and Principal Position	Year <sup>(1)</sup>	Salary (\$)	Share-based Awards (\$)	Option-based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup> (\$)	Long-Term Incentive Plans (\$)			
<b>Massimo M. Geremia</b> <i>President and Chief Executive Officer</i>	2012	186,000	-	225,545	83,000	-	-	9,402	503,947
	2011	140,000	-	148,982	-	-	-	9,405	298,387
	2010	70,000	-	179,292	-	-	-	5,807	255,099
<b>Robert G. Dion</b> <i>Vice President, Finance and Chief Financial Officer</i>	2012	156,000	-	112,772	36,000	-	-	12,890	317,662
	2011	125,000	-	74,491	-	-	-	11,736	211,227
	2010	62,500	-	89,646	-	-	-	5,170	157,316
<b>Tim de Freitas</b> <i>Vice President, Exploration and Chief Operating Officer</i>	2012	186,000	-	225,545	83,000	-	-	8,922	503,467
	2011	140,000	-	148,982	-	-	-	7,836	296,818
	2010	70,000	-	179,292	-	-	-	3,407	252,699
<b>Dorothy Else</b> <i>Vice President, Land</i>	2012	147,000	-	112,772	31,000	-	-	8,056	298,828
	2011	125,000	-	74,491	-	-	-	7,697	207,188
	2010	62,500	-	89,646	-	-	-	3,070	155,216

- (1) The compensation shown for 2010 represents payments received by the NEOs from July 8, 2010 until December 31, 2010, as the Corporation was formed on July 8, 2010.
- (2) Reflects stock options issued under the Option Plan based on the grant date fair value of the applicable awards. The grant date fair value of each stock option granted is determined using the Black-Scholes option-pricing model based on the following assumptions: risk-free interest rate of 1.16% (2011 – 2.29%); volatility of 95.5% (2011 – 89.8%); average expected life of 4.2 years (2011 – 4.4 years); estimated forfeiture rate of 0.9% (2011 – 1.1%); and expected dividends of nil (2011 – nil).
- (3) The amounts shown in this column reflect the cash bonus awards paid to the NEOs for personal and corporate performance during the year.
- (4) The Corporation provides all of the NEOs with health and dental prerequisites and parking.

## Incentive Plans

### *Securities Authorized for Issuance Under Equity Compensation Plans*

The following table details all compensation plans under which equity securities of the Corporation were authorized for issuance as at December 31, 2012:

<b>Plan Category</b>	<b>Number of Voting ManitoK Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Voting ManitoK Shares Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity Compensation Plans approved by shareholders <sup>(1)</sup>	4,783,833	\$1.46	2,250,068
Equity Compensation Plans not approved by shareholders	-	-	-
Total	4,783,833	\$1.46	2,250,068

(1) The Option Plan was approved by the shareholders on June 25, 2010 and currently authorizes the issuance of stock options entitling the holders to acquire, in the aggregate, up to 10% of the issued and outstanding ManitoK Shares from time to time. See "The Option Plan" below.

### *The Option Plan*

The Option Plan authorizes the Board to issue stock options to certain directors, officers and employees of, and consultants and advisors to, the Corporation (collectively, "**Participants**"). The policies of the TSX-V require that the Option Plan be approved annually by the shareholders.

The purpose of the Option Plan is to afford Participants an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase ManitoK Shares, to aid in attracting as well as retaining new personnel and to encourage the continued involvement of all such persons with the Corporation. The Option Plan is administered by the Board. The Board, from time to time, grants options to Participants under the Option Plan in such numbers and with such vesting provisions and additional conditions as are determined by the Board from time to time subject to the conditions contained in the Option Plan.

No financial assistance is provided by the Corporation to Participants to facilitate the purchase of ManitoK Shares upon the exercise of options granted under the Option Plan.

As of May 8, 2013, an aggregate of 6,487,100 ManitoK Shares were issuable upon the exercise of options previously granted under the Option Plan (representing approximately 9.2% of the currently outstanding ManitoK Shares).

Currently, under the Option Plan:

- (a) The maximum number of ManitoK Shares issuable shall not exceed 10% of the issued and outstanding ManitoK Shares from time to time. ManitoK Shares in respect of which options are exercised, cancelled or expire unexercised for any reason shall be available for subsequent option grants.
- (b) Any grant of options is subject to the following limitations: (i) the aggregate number of ManitoK Shares reserved for issuance pursuant to options granted to any one Participant under the Option Plan in any 12-month period may not exceed 5% of the total issued and outstanding ManitoK Shares; (ii) the aggregate number of ManitoK Shares reserved for issuance pursuant to options granted to any one consultant to the Corporation (or any of its subsidiaries) in any 12-month period may not exceed 2% of the issued and outstanding ManitoK Shares; and (iii) the aggregate number of ManitoK Shares reserved for issuance pursuant to options granted to any one person employed to

provide investor relations activities in any 12-month period may not exceed 2% of the issued and outstanding Manitoq Shares.

- (c) The exercise price of options shall be determined by the Board, provided that if the Manitoq Shares are listed and posted for trading on any exchange, the exercise price shall not be less than that permitted by such exchange.
- (d) Subject to any specific requirements of any stock exchange upon which the Manitoq Shares are then listed and posted for trading, the Board shall determine the vesting period or periods within the option term during which a Participant may exercise options or a portion thereof.
- (e) The term of any option granted under the Option Plan shall be a period of time fixed by the Board, not to exceed 10 years, and, unless the Board determines otherwise, options 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) as are contained in the Option Plan or as the Board may from time to time impose or as may be required by any stock exchange or under applicable securities laws.
- (f) Subject to the terms of the applicable stock option agreement, in the event that a Participant ceases to be a director, officer, employee of, or a consultant or advisor to, the Corporation or a subsidiary of the Corporation: (i) by reason of the Participant's permanent physical or mental disability, all of the unexercised options held by such Participant, whether or not the rights to purchase some or all of those options have previously vested, may be exercised up to and including the earlier of the expiry time of the option and the date that is 90 days following the date that the Participant ceases to be a director, officer, employee of, or a consultant or advisor to, the Corporation or a subsidiary of the Corporation by reason of the Participant's permanent physical or mental disability; (ii) by reason of the death of the Participant, all of the unexercised options held by such Participant, whether or not the rights to purchase some or all of those options have previously vested, may be exercised up to and including the earlier of the expiry time of the option and the date that is one year from the date of death of such Participant; (iii) by reason of termination of the Participant for cause, all of the unexercised vested options held by such Participant may be exercised up to and including the earlier of the expiry time of the vested options and the date that is 30 days from the time of delivery of the notice of termination; and (iv) by reason of termination of the Participant without cause, all of the unexercised vested options held by such Participant may be exercised up to and including the earlier of the expiry time of the vested options and where the Participant is given a reasonable period of notice prior to termination, the date the Participant ceases to be a director, officer, employee of, or a consultant or advisor to, the Corporation or a subsidiary of the Corporation, or where the Participant is paid compensation in lieu of reasonable notice of termination, the date that is 30 days after the Participant ceases to be a director, officer, employee of, or a consultant or advisor to, the Corporation or a subsidiary of the Corporation.
- (g) Options are not transferable or assignable except in accordance with the Option Plan or to the extent, if any, permitted by the stock exchange upon which the Manitoq Shares are then listed and posted for trading.
- (h) Subject to applicable regulatory approval, the Board may from time to time amend the Option Plan and the terms and conditions of any option and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, stock exchange policy, rule or regulation applicable to the Option Plan or any option, in order to meeting minimum listing requirements of a stock exchange or for any other purposes which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any option or impair any right of any Participant pursuant to any option awarded prior to such amendment without sufficient compensation being agreed to between the Board and the Participant and the receipt of any regulatory approvals or, if applicable,



stock exchange approvals. Any amendment to this Plan is subject to receipt of any necessary regulatory approvals and any amendment required by applicable law or regulatory policy to be approved by shareholders does not become effective until so approved. With the consent of the affected Participants, the Board may amend the terms of any outstanding option so as to reduce the number of Manitoq Shares issuable upon the exercise of options, increase the option price or cancel an option without stock exchange approval.

- (i) If the outstanding Manitoq Shares are increased or decreased or changed into or exchanged for a different number or kind of shares or securities of the Corporation through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share, as regards previously granted and unexercised options. In addition, in certain circumstances, the Board has been granted the discretion to provide for accelerated vesting of stock options.

## Incentive Plan Awards

### *Outstanding Option-based Awards*

The following table sets out for each NEO all option-based awards outstanding as at December 31, 2012:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
Massimo M. Geremia	240,000	1.10	August 16, 2015	446,400
	180,000	1.23	January 3, 2016	311,400
	180,000	1.85	February 1, 2017	199,800
Robert G. Dion	120,000	1.10	August 16, 2015	223,200
	90,000	1.23	January 3, 2016	155,700
	90,000	1.85	February 1, 2017	99,900
Tim de Freitas	240,000	1.10	August 16, 2015	446,400
	180,000	1.23	January 3, 2016	311,400
	180,000	1.85	February 1, 2017	199,800
Dorothy Else	120,000	1.10	August 16, 2015	223,200
	90,000	1.23	January 3, 2016	155,700
	90,000	1.85	February 1, 2017	99,900

- (1) Calculation based on the difference between the closing price of the Manitoq Shares on December 31, 2012 of \$2.96 and the exercise price of the stock option.

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

The following table sets forth for each NEO the value of option-based awards which vested during the year ended December 31, 2012 and non-equity incentive plan compensation payments during the year ended December 31, 2012. The Corporation did not have any outstanding share-based awards during the year ended December 31, 2012.

<b>Name</b>	<b>Option-based Awards Value Vested During the Year<sup>(1)(2)</sup> (\$)</b>	<b>Share-based Awards Value Vested During the Year (\$)</b>	<b>Non-equity Incentive Plan Compensation Value Earned During the Year<sup>(3)</sup> (\$)</b>
Massimo M. Geremia	252,600	-	83,000
Robert G. Dion	126,300	-	36,000
Tim de Freitas	252,600	-	83,000
Dorothy Else	126,300	-	31,000

- (1) Calculation based on the difference between the closing price of the Manitoq Shares on December 31, 2012 of \$2.96 and the exercise price of the stock option.
- (2) A total of 420,000 stock options held by NEOs vested during 2012.
- (3) The amounts shown in this column reflect the cash bonus awards paid to the NEOs for personal and corporate performance during the year.

### **Pension Plan Benefits**

The Corporation does not have a pension plan or similar benefit program.

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

The Corporation does not have any contracts, agreements, plans or arrangements that provide for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in such NEO's responsibilities.

## Remuneration of Directors

### Directors' Compensation Table

The following table sets forth for the year ended December 31, 2012 information concerning the compensation provided to the Corporation's directors, other than directors who are also NEOs:

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Bruno P. Geremia	-	-	40,097	-	-	-	40,097
Robert J. Dales	-	-	40,097	-	-	-	40,097
Wilfred A. Gobert	-	-	40,097	-	-	-	40,097
Gregory E. Peterson	-	-	40,097	-	-	-	40,097
Tom Spoletini	-	-	40,097	-	-	-	40,097
Cameron G. Vouri	-	-	40,097	-	-	-	40,097

- (1) Reflects stock options issued under the Option Plan based on the grant date fair value of the applicable awards. The grant date fair value of each option granted is determined using the Black-Scholes option-pricing model based on the following assumptions: risk-free interest rate of 1.16%; volatility of 95.5%; average expected life of 4.2 years; estimated forfeiture rate of 0.9%; and expected dividends of nil.
- (2) Mr. M. Geremia, a director of the Corporation, is the President and Chief Executive Officer of the Corporation, and is therefore also a NEO. See "Statement of Executive Compensation – Summary Compensation Table".

### Directors' Outstanding Option-based Awards

The following table sets out for each director of the Corporation, other than directors who are also NEOs, all option-based awards outstanding as at December 31, 2012:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)
Bruno P. Geremia	45,000	1.10	August 16, 2015	83,700
	33,000	1.23	January 3, 2016	57,090
	32,000	1.85	February 1, 2017	35,520
Robert J. Dales	45,000	1.10	August 16, 2015	83,700
	33,000	1.23	January 3, 2016	57,090
	32,000	1.85	February 1, 2017	35,520
Wilfred A. Gobert	45,000	1.10	August 16, 2015	83,700
	33,000	1.23	January 3, 2016	57,090
	32,000	1.85	February 1, 2017	35,520
Gregory E. Peterson	45,000	1.10	August 16, 2015	83,700
	33,000	1.23	January 3, 2016	57,090
	32,000	1.85	February 1, 2017	35,520
Tom Spoletini	55,000	1.10	August 16, 2015	102,300
	33,000	1.23	January 3, 2016	57,090
	32,000	1.85	February 1, 2017	35,520
Cameron G. Vouri	45,000	1.10	August 16, 2015	83,700
	33,000	1.23	January 3, 2016	57,090
	32,000	1.85	February 1, 2017	35,520

- (1) Calculation based on the difference between the closing price of the Manitok Shares on December 31, 2012 of \$2.96 and the exercise price of the stock option.

### *Director's Incentive Plan Awards - Value Vested or Earned During the Year*

The following table sets forth for each of the Corporation's directors, other than directors who are also NEOs, the value of option-based awards which vested during the year ended December 31, 2012. The Corporation did not have any outstanding share-based awards and did not have any non-equity incentive plan compensation payments during the year ended December 31, 2012.

<b>Name</b>	<b>Option-based Awards Value Vested During the Year<sup>(1)</sup> (\$)</b>	<b>Share-based Awards Value Vested During the Year (\$)</b>	<b>Non-equity Incentive Plan Compensation Value Earned During the Year (\$)</b>
Bruno P. Geremia	46,930	-	-
Robert J. Dales	46,930	-	-
Wilfred A. Gobert	46,930	-	-
Gregory E. Peterson	46,930	-	-
Tom Spoletini	53,130	-	-
Cameron G. Vouri	46,930	-	-

(1) Calculation based on the difference between the closing price of the Manitok Shares on December 31, 2012 of \$2.96 and the exercise price of the stock option

(2) A total of 159,333 stock options held by directors of the Corporation vested during 2012.

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

No director, officer, employee or former director, officer or employee of the Corporation, or any associate of any such director, officer or employee is, or has been, at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation 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 Corporation.

### **CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 *Corporate Governance Guidelines* provides guidance on corporate governance practices. These guidelines, while not mandatory, deal with the constitution of boards of directors and board committees, their functions and their independence from management, as well as other means of addressing corporate governance practices. National Instrument 58-101 *Disclosure of Corporate Governance Practices ("NI 58-101")* mandates that an issuer disclose, on an annual basis, its approach to corporate governance in accordance with Form 58-101F2.

Disclosure of the Corporation's corporate governance practices is set forth below. This disclosure is in accordance with Form 58-101F2.

#### **Board of Directors**

The Board is comprised primarily of independent directors, allowing it to exercise independent supervision over management. Robert J. Dales, Wilfred A. Gobert, Gregory E. Peterson, Tom Spoletini and Cameron G. Vouri are independent directors. Massimo M. Geremia, as an officer of the Corporation, is not independent and Bruno P. Geremia, as an immediate family member of an officer of the Corporation, is not independent. The Chairman of the Board is Bruno P. Geremia. A majority of the directors (five of seven) are independent.

## Directorships

Some directors of the Corporation are presently directors of other reporting issuers. The following table sets forth such directorships as at May 8, 2013:

Name	Name of Reporting Issuer	Exchange	Term
Massimo M. Geremia	Amarok Energy Inc.	TSX-V	August 2012 – Present
	Rosa Capital Inc.	TSX-V	October 2012 – Present
Robert J. Dales	Amarok Energy Inc. (formerly Drako Capital Corp.)	TSX-V	January 2010 – Present
	Arcan Resources Inc. (formerly Desco Energy Ltd.)	TSX-V	January 2007 – Present
	Kelt Exploration Ltd.	TSX	October 2012 – Present
Wilfred A. Gobert	Canadian Natural Resources Limited	TSX and New York Stock Exchange	November 2010 – Present
	Catapult Energy 2011 LP.	TSX	August 2008 – Present
	Gluskin Sheff + Associates	TSX	May 2006 – Present
	Trilogy Energy Inc.	TSX	November 2006 – Present
Gregory E. Peterson	DevCorp Capital Inc.	TSX-V	February 2011 – Present
	Rosa Capital Inc.	TSX-V	February 2011 – Present

## Mandate of the Board

The Board, either directly or through its committees, is responsible for the supervision of management of the Corporation and the business and affairs of the Corporation with the objective of enhancing shareholder value. The Board's written mandate is attached hereto as Schedule "B".

## Orientation and Continuing Education

Due to the size of the Board, no formal education program currently exists for the orientation of new directors and existing directors. While the Corporation does not currently have a formal orientation program for new directors, they are provided with a review of the business, policies and practices of the Corporation, access to all background documents of the Corporation, including all corporate records, prior board materials and copies of the mandates of the Board and each of the Audit Committee, the Reserves and Occupational Health and Safety Committee and the Compensation Committee. As part of continuing education, the Board receives management presentations with respect to the operations and risks of the business of the Corporation at least four times per year, with a more significant presentation provided in conjunction with the annual budgeting process and annual strategic planning meeting with all directors and officers in attendance. In addition, the opportunity is available for individual directors to identify their respective continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

## **Ethical Business Conduct**

The Corporation presently has no formal code of ethics for its directors and officers. However, the Corporation requires the highest standards of professional and ethical conduct from its directors and officers and believes that its reputation for honesty and integrity among its stakeholders is key to the success of its business. In that regard, to create a culture of honesty, integrity and accountability, discussion, on an informal basis, occurs amongst the Board and management respecting such matters as the retention of confidential information, insider trading rules, the obligation to declare conflicts of interest and the necessity to comply with applicable laws, regulations and rules.

The Board also believes that the fiduciary duties placed on individual directors by the *Business Corporations Act* (Alberta) (the "**ABCA**"), the common law and securities legislation have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

The Board has also adopted a "Whistleblower Policy" wherein employees, consultants and external stakeholders of the Corporation are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

## **Nomination of Directors**

Once a decision has been made to add or replace a director, the task of identifying new candidates falls on the Board and management. Proposals are put forth by the Board and management and are considered and discussed. The Board and management consider, among other factors, the competencies and skills the Board considers necessary to possess as a whole, the competencies and skills the Board considers each existing director to possess and the competencies and skills each new nominee will bring to the Board. Consideration is also given to whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

## **Compensation**

The Compensation Committee is composed of four directors, being Mr. Wilfred A. Gobert (Chair), Mr. Bruno P. Geremia, Mr. Gregory E. Peterson and Mr. Tom Spoletini. All of the members of the Compensation Committee are independent, except for Mr. Bruno P. Geremia, who is an immediate family member of an officer of the Corporation. The Compensation Committee implements and oversees human resources and compensation policies recommended by such committee and approved by the Board, specifically those concerning executive compensation, contracts and stock option plans and those concerning proposed changes involving officers reporting to the CEO. The committee also (a) ensures that the Corporation has programs in place to attract and develop management of the highest caliber and a process in place to provide for the orderly succession of management, (b) sets the annual base salary, bonus, and other benefits of the CEO and (c) approves the compensation for all other NEOs. For information concerning the compensation program for the Corporation's NEOs, see "Statement of Executive Compensation – Compensation Discussion and Analysis".

## **Other Board Committees**

In addition to the Audit Committee and the Compensation Committee, the Board also has a Reserves and Occupational Health and Safety Committee (the "**ROH&S Committee**").

The ROH&S Committee is responsible for various matters relating to the petroleum and natural gas reserves of the Corporation that may be delegated pursuant to National instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and any environmental and occupational health and safety issues, including:

- (a) reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;

- (b) reviewing the Corporation's procedures for providing information to the independent evaluator;
- (c) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservations on the Reserves Data (as defined in NI 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator;
- (d) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- (e) providing a recommendation to the Board as to whether to approve the content and filing of the statement of Reserves Data and other information that may be prescribed by applicable securities requirements, including any reports of the independent evaluator;
- (f) generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves;
- (g) reviewing the Corporation's fundamental policies pertaining to environment, health and safety and ensuring that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value; and
- (h) reviewing the Corporation's performance with all applicable laws and regulations with respect to environment, health and safety.

The ROH&S Committee is currently comprised of Mr. Cameron G. Vouri (Chair), Mr. Robert J. Dales, Mr. Bruno P. Geremia, Mr. Tom Spoletini and Mr. Massimo M. Geremia. All of the members of the ROH&S Committee are independent, except for Mr. Massimo M. Geremia, who is an officer of the Corporation, and Mr. Bruno P. Geremia, who is an immediate family member of an officer of the Corporation.

### **Board Assessments**

The Board has not considered it necessary to date to conduct an assessment of the Board, its committees and its individual members on a formal basis. Any concerns about the effectiveness of the foregoing can be addressed to the Chairman of the Board.

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

Except as disclosed elsewhere in this Information Circular, there are no material interests, direct or indirect, of any informed person, any proposed director, or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

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

Other than as set forth herein, management of the Corporation 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 Corporation, any proposed nominee for election as a director of the Corporation, or any associate or affiliate of the foregoing in any matter to be acted upon at the Meeting other than the election of directors and the re-approval of the Option Plan pursuant to which the directors are eligible to receive options.

## **CONFLICTS OF INTEREST**

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject to in connection with the operations of the Corporation. In particular, certain of the directors and officers of the Corporation are involved in managerial or director positions with other oil and natural gas companies whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. In accordance with the ABCA, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. Certain of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation.

## **AUDIT COMMITTEE**

Please see the section entitled "Audit Committee" in the Annual Information Form of the Corporation dated April 17, 2013 (the "AIF"), which section is specifically incorporated by reference in this Information Circular, for information on the Audit Committee, as required to be disclosed under National Instrument 52-110 *Audit Committees*. A copy of the AIF is available electronically under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.manitokenergy.com](http://www.manitokenergy.com).

## **AUDITORS**

The current auditors of the Corporation are Kenway Mack Slusarchuk Stewart, LLP, Chartered Accountants, Suite 1500, 333 – 11<sup>th</sup> Avenue S.W., Calgary, Alberta, T2R 1L9. Kenway Mack Slusarchuk Stewart LLP have been the auditors of the Corporation since July 8, 2010.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.manitokenergy.com](http://www.manitokenergy.com). Shareholders requiring further information may also contact Massimo M. Geremia, the President and Chief Executive Officer of the Corporation, or Robert G. Dion, the Vice President, Finance and Chief Financial Officer of the Corporation, at Suite 2500, 639 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0M9, or by telephone at 403-984-1750.

Financial information in respect of the Corporation is provided in the Corporation's annual audited financial statements for the year ended December 31, 2012 and the related management's discussion and analysis.

## **OTHER MATTERS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.



**SCHEDULE "A"**  
**STOCK OPTION PLAN**

**1. INTERPRETATION**

In this Plan (including this clause), unless there is something in the subject or context inconsistent therewith, words importing the singular number includes the plural and vice versa, words importing the masculine gender includes the feminine and neuter genders and the expressions following have the following meanings, respectively:

- (a) "**Associate**" has the meaning ascribed thereto in the Securities Act;
- (b) "**Board**" means the board of directors of the Corporation;
- (c) "**Committee**" means a committee of directors appointed by the Board as contemplated by Clause 3 hereof;
- (d) "**Common Share**" means a voting common share in the capital stock of the Corporation as constituted at June 25, 2010 and, after any adjustments pursuant to Clause 7 hereof, means the shares or other securities or property which, as a result of such adjustments and all prior adjustments pursuant to Clause 7, the holders of Options are then entitled to receive on the exercise thereof;
- (e) "**Consultant**" means an individual or company other than an employee or a director of the Corporation that is engaged to provide on an ongoing basis consulting, technical or management or other services to the Corporation under a written contract and spends a significant amount of time and attention on the affairs of the Corporation such that they are knowledgeable about the business and affairs of the Corporation;
- (f) "**Corporation**" means Manito Energy Inc. and any successor or continuing corporation resulting from any form of corporate reorganization;
- (g) "**Early Termination Date**" means, in respect of any Option, 5:00 p.m. (Calgary time) on the date that an Option terminates prior to the Normal Expiry Date;
- (h) "**Expiry Date**" means the Normal Expiry Date or the Early Termination Date, as the case may be;
- (i) "**Insider**" has the meaning ascribed thereto in the Securities Act;
- (j) "**Market Price**" at any date and in respect of an Option, means:
  - (i) where the Common Shares are not listed and posted for trading on a stock exchange, the value conclusively determined by the Board or Committee, as the case may be, on the Option Date; or
  - (ii) where the Common Shares are listed and posted for trading on a stock exchange, either:
    - A. the closing price of the Common Shares on the principal stock exchange on which they are traded on the last business day preceding the Option Date; or
    - B. if the Common Shares did not trade on the last business day preceding the Option Date, the average of the bid and ask prices in respect of the Common Shares at the

close of trading on such date on the principal stock exchange on which the Common Shares are listed and posted for trading;

- (k) **"Normal Expiry Date"** means, in respect of any Option, 5:00 p.m. (Calgary time) on the date determined by the Corporation and specified in the particular Option Agreement on which the Option would normally terminate, which date may not be later than ten years after the Option Date;
- (l) **"Option"** means a right to purchase Common Shares pursuant to the Plan and an Option Agreement;
- (m) **"Option Agreement"** means an agreement entered into between the Corporation and a Participant pursuant to which an Option is granted to a Participant and which contains such provisions not inconsistent with the Plan as the Board or the Committee may determine;
- (n) **"Option Date"** means the date on which an Option is granted by the Corporation to a Participant which for greater certainty is the date on which the grant of the Option is approved by the Board or the Committee, as the case may be;
- (o) **"Option Shares"** means the Common Shares which a Participant is entitled to purchase under an Option whether or not the rights to purchase all such Common Shares have vested in and to the Optionee;
- (p) **"Optionee"** means a Participant who has entered into an Option Agreement with the Corporation;
- (q) **"Participant"** means, on any date, a person who is at least one of the following:
  - (i) a person who is bona fide regularly employed by the Corporation or one of its subsidiaries on that date;
  - (ii) an officer of the Corporation or one of its subsidiaries on that date;
  - (iii) a director of the Corporation or one of its subsidiaries on that date;
  - (iv) a bona fide consultant or advisor to the Corporation or one of its subsidiaries on that date; or
  - (v) to a corporation, the shares of which are wholly owned by a person described in Subclauses 1(q)(i), 1(q)(ii), 1(q)(iii) or 1(q)(iv);
- (r) **"Plan"** means this incentive stock option plan of the Corporation;
- (s) **"Purchase Price"** means the purchase price of Option Shares under an Option Agreement determined as provided in Subclause 6(b) of this Plan; and
- (t) **"Securities Act"** means the *Securities Act* (Alberta), as amended.

## 2. PURPOSE OF THE PLAN

The purpose of the Plan is to develop the interest of Optionees in the growth and development of the Corporation by providing such persons with the incentive and opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

## 3. ADMINISTRATION, PARTICIPANTS AND ALLOTMENTS

- (a) The Board will administer the Plan. The Board may at any time or from time to time delegate to a Committee the responsibility for administering the Plan or elements thereof. The Board, or the Committee if so empowered, will determine from time to time those Participants to whom Options should be granted, the Normal Expiry Date, the number of Common Shares which should be optioned from time to time to any Participant, the Purchase Price and such other terms and conditions of the Option Agreement, not inconsistent with the Plan, as the Board or the Committee in its discretion may determine. The Board or the Committee may prescribe rules and regulations relating to the Plan and any Options granted hereunder and may approve the form and content and prescribe the use of such forms of applications, directions, powers of attorney, and other documents or instruments, either generally or in specific cases, as may be deemed necessary or advisable, for the grant or issuance of Options under the Plan and for the proper administration and operation of the Plan. The Board or the Committee will review the Plan from time to time with a view to making revisions to it, granting additional Options and, in the case of the Committee, making appropriate recommendations to the Board. Nothing contained in the Plan or in any resolution adopted or to be adopted by the Board or by the Committee constitutes an Option hereunder. An Option granted by the Board or the Committee to a Participant pursuant to the Plan is subject to, and is of no force and effect until, the execution and delivery of, an Option Agreement by both the Corporation and such Participant.
- (b) The Corporation is responsible for all costs of administration of the Plan.
- (c) The implementation of the Plan, the grant or exercise of any Options pursuant to the Plan and, from time to time, the operation and administration of the Plan is subject to receipt by the Corporation of all necessary approvals, advance rulings, exemptions or registrations required or deemed advisable under applicable law or regulatory policy including without limiting the generality of the foregoing, all necessary approvals or registrations required by any and all stock exchanges upon which the Common Shares are listed and posted for trading.
- (d) The Board or the Committee, as the case may be, may at any time and subject to regulatory approvals:
  - (i) discontinue or terminate the Plan; or
  - (ii) amend or revise the terms and conditions of the Plan and any outstanding Options granted under the Plan,

provided that no such action adversely affects any Options previously granted under the Plan or the rights of Optionees in respect of those Options without the prior written consent or agreement of those Optionees. Disinterested shareholder approval will be obtained for any reductions in the exercise price of Options held by Insiders.

#### **4. COMMON SHARES SUBJECT TO PLAN**

- (a) The Corporation reserves for issuance that number of Common Shares equal to 10% of the Corporation's outstanding Common Shares from time to time, for the purposes of issuance pursuant to the exercise of outstanding Options granted to the Participants pursuant to the Plan. In no event may the number of Option Shares issued under the Plan exceed the total number of Common Shares reserved for issuance hereunder.
- (b) The number of Option Shares that may be reserved for allotment to any one Participant pursuant to Options in any 12 month period must not exceed 5% of the issued and outstanding Common Shares.
- (c) The number of Option Shares that may be reserved for allotment to any one consultant of the Corporation (or any of its subsidiaries) pursuant to Options in any 12 month period must not exceed 2% of the issued and outstanding Common Shares.
- (d) The number of Option Shares that may be reserved for allotment to any one person employed to provide investor relations activities pursuant to Options in any 12 month period must not exceed 2% of the issued and outstanding Common Shares. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than  $\frac{1}{4}$  of the Options vesting in any 3 month period and a condition that such Options will expire 30 days after the Optionee ceases to be employed to provide investor relations activities.

For the purposes hereof, the number of issued and outstanding Common Shares is determined as the number of Common Shares that are issued and outstanding immediately prior to a proposed grant of Options.

#### **5. PARTICIPATION VOLUNTARY**

Participation in the Plan by a Participant is entirely voluntary and does not affect the Participant's employment or continued retainer by, or other engagement with, the Corporation or its subsidiaries. None of the Plan or any Options granted under the Plan of itself gives any Participant the right to continue to be an employee, officer, director or consultant of the Corporation or any subsidiary thereof. None of the terms and conditions governing the Option are affected by any change in the Optionee's employment by or engagement with the Corporation so long as the Optionee continues to be a Participant.

#### **6. CERTAIN TERMS OF OPTION AGREEMENTS**

In order to constitute a valid Option granted under this Plan, the Optionee and the Corporation must enter into an Option Agreement in the form acceptable to the Board or the Committee, as the case may be.

An Option Agreement may, in respect of any Option, specify a number or percentage of Option Shares that the Participant may exercise in any specified period, year or number of years. In addition, Option Agreements are deemed to contain the following provisions with respect to the exercise of Options under the Plan:

- (a) An Option under the Plan is only exercisable for a minimum of 100 Common Shares at any one time.
- (b) The Purchase Price must not be less than the Market Price subject always to the discount from the Market Price allowed under the policies, rules or by-laws of the applicable stock exchange(s) on which the Common Shares are listed and posted for trading, which discount is to be considered in setting the Purchase Price wholly at the discretion of the Board or Committee, as the case may be, and upon exercise of the Option must be paid in

full in respect of those Option Shares being acquired in Canadian funds by cash, certified cheque or bank draft payable to or to the order of the Corporation at the time of exercise.

- (c) Each Option terminates on its Normal Expiry Date but subject always to the provisions of Subclause 6(d) of this Plan.
- (d) If, after the Option Date and on or before the exercise in full of the Option or the Normal Expiry Date, the Optionee ceases to be a Participant:
  - (i) by reason of the Optionee's permanent physical or mental disability, then such Optionee's Option may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee whether or not the rights to purchase some or all of those Option Shares have previously vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 90 days after the date the Optionee ceases to be a Participant due to such permanent physical or mental disability. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder cease and expire and are of no further force and effect. For greater certainty but without limiting the generality of the foregoing, if the Optionee is deemed to be an employee of the Corporation pursuant to a medical or disability plan of the Corporation or a subsidiary thereof, the Optionee is deemed to be an employee for the purpose of the Plan and the Option; or
  - (ii) by reason of the Optionee's death, then such Optionee's Option may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee whether or not the rights to purchase some or all of those Option Shares have previously vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is one (1) year after the date the Optionee ceases to be a Participant due to such death. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder cease and expire and are of no further force and effect; or
  - (iii) by reason of the Optionee's office, directorship or employment or services agreement with the Corporation terminating or ending otherwise than by reason of permanent physical or mental disability, or death or termination with or without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, then such Optionee's Option may be exercised to purchase the total number of Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 30 days after the date the Optionee ceases to be a Participant due to the termination or ending of the Participant's office, directorship or employment or services agreement. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or
  - (iv) by reason of the Optionee's termination without notice or entitlement to a period of notice of such termination or compensation in lieu thereof, the Optionee may

exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee as at the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and the date that is 30 days after the date the Optionee ceases to be a Participant. Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect; or

- (v) by reason of the Optionee's termination, and the Optionee is entitled to reasonable notice of termination or compensation in lieu thereof, then:
  - A. the Optionee may exercise the Option to purchase Option Shares not previously purchased by the Optionee but only to the extent that rights to purchase Option Shares have vested in and are exercisable by the Optionee on or before the date of such ceasing to be a Participant, provided that such exercise occurs at any time on or before the earlier of the Normal Expiry Date and:
    - (1) where the Optionee is given a reasonable period of notice prior to termination, the date the Optionee ceases to be a Participant; or
    - (2) where the Optionee is paid compensation in lieu of reasonable notice of termination, the date that is 30 days after the Optionee ceases to be a Participant; and
  - B. the Optionee is not entitled:
    - (1) to further time to exercise the Option during such reasonable notice period or during such specific notice period; or
    - (2) compensation in lieu thereof by way of general damages, or special damages, whether in contract, tort or otherwise.

Thereafter, the Option and all unexercised rights to acquire Option Shares thereunder, whether or not such rights have vested to and in favour of the Optionee, cease and expire and are of no further force and effect.

- (e) With respect to Subclauses 6(d)(i) and 6(d)(ii), the rights under the Option exercisable after the death or disability of the Optionee, as therein specified, may be exercised by the person or persons to whom the Optionee's rights under the applicable Option Agreement pass by will or applicable law or, if no such person has such right, by the deceased or disabled Optionee's legal representatives.
- (f) An Optionee has no rights whatsoever as a shareholder in respect of any of the Option Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Common Shares in respect of which the Optionee has exercised his Option to purchase thereunder, which the Optionee has actually taken up and paid for, and which have been duly issued to the Optionee and are outstanding as fully paid and non-assessable Common Shares.

## **7. CHANGES IN STOCK**

In the event:

- (a) of any change or proposed change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
- (b) of any issuance, dividend or distribution to all or substantially all the holders of Common Shares of any shares, securities, property or assets of the Corporation other than in the ordinary course;
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares at prices materially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares or securities;
- (e) then in any such case:
- (f) the Board will proportionately adjust the number of Option Shares available for Options, the number of Option Shares covered by outstanding Options, the securities or other property that may be acquired upon the exercise of an Option and the price per Option Share in such Option, or one or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees/Participants; and
- (g) the Board, in its discretion, may determine that:
  - (i) all or any part of the unexercised and unvested outstanding Options granted under the Plan vest and are exercisable on a date specified by the Board and the unexercised and unvested portion of such Options are thereupon deemed to have been vested and are exercisable on and after the date so specified in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year); or
  - (ii) such Options may be exercisable for a limited period of time only and, if so, the Board will determine such period of time,

and such determination or limitation, once made or set, is deemed to be incorporated into the applicable Option Agreement(s).

## **8. TAKEOVER BID**

Notwithstanding the terms of any Option Agreement and Clause 6 of this Plan:

- (a) where an unsolicited Offer for the Common Shares is made, all unexercised and unvested outstanding Options granted under the Plan vest and become immediately exercisable in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year); or

- (b) where an Offer for the Common Shares (other than an unsolicited Offer) is made, the Board may by resolution and subject to regulatory approval accelerate the unexpired portions of any outstanding Options so that any unexercised and unvested Options granted under the Plan vest and become exercisable on such terms as the Board so determines (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year).

For the purposes hereof, "Offer" means an offer made generally to the holders of the Corporation's voting securities in one or more jurisdictions to acquire, directly or indirectly, voting securities of the Corporation and which is in the nature of a "takeover bid" as defined in the Securities Act and, where the Common Shares are listed and posted for trading on a stock exchange, not exempt from the formal bid requirements of the Securities Act. For the purposes hereof, an "unsolicited Offer" means an Offer in respect of which neither the Board nor management of the Corporation solicited, sought out, or otherwise arranged for the offeror party to make such Offer. Any Option remaining unexercised following the earlier of the withdrawal of such Offer and the expiry of such Offer in accordance with its terms again becomes vested or unvested subject to the original terms of the Option Agreement as if the Offer had not been made.

## **9. SALE OF ASSETS OR CHANGE IN CONTROL**

Notwithstanding the terms of any Option Agreement and Clause 6 of this Plan, if:

- (a) the Corporation sells or otherwise disposes of all or substantially of its assets; or
- (b) any person who does not hold more than 20% of the issued and outstanding Common Shares acquires more than 20% of the outstanding Common Shares without the prior consent of the Board, in any way other than by way of takeover bid (which circumstance is addressed in Clause 8 of this Plan),

all unexercised, unvested and outstanding Options granted under the Plan vest and are immediately exercisable in respect of any and all Option Shares for which the Optionee has not exercised the Option (notwithstanding that an Option Agreement states that those Options are exercisable only during a later period or year). The Board, in its discretion, may determine whether such Options may be exercisable for a limited period of time only and, if so, the Board will determine such period of time and such determination or limitation, once made or set, is deemed to be incorporated into the applicable Option Agreement(s).

## **10. COMMON SHARES FULLY PAID AND NON-ASSESSABLE**

All Common Shares issued upon the exercise of any Option are to be issued as fully paid and non-assessable Common Shares.

## **11. CONDITIONS OF ISSUANCE OF SHARES**

- (a) If at any time the Board or Committee (as the case may be) determines, in its discretion that:
  - (i) the registration or qualification of the Common Shares which are the subject of any Option Agreement upon, or the consent or approval of, any securities exchange or any stock exchange upon which the Common Shares are listed;
  - (ii) the registration or qualification under any laws of Canada or any Province thereof or of the United States or any state thereof or the consent or approval of any regulatory authority thereof;



- (iii) evidence (in form and content satisfactory to the Board) of the investment intent of the Optionee; or
- (iv) an undertaking of the Optionee as to the sale or disposition of such Option Shares that may be purchased pursuant to an Option Agreement to the effect that such Option Shares once purchased are not to be traded by the Optionee for a specified period of time,

is necessary or desirable as a condition of the issuance of any Option Shares pursuant to any Option Agreement, then the issuance of any Common Shares is not to be made unless and until such registration, qualification, consent, approval, evidence or undertaking has been effected or obtained free of any condition not acceptable to the Board or Committee.

- (b) Any trade by the Optionee in any Common Shares issued to the Optionee pursuant to the Plan including, without limiting the generality of the foregoing, any sale or disposition for valuable consideration, and any transfer, pledge or encumbrance of any Common Shares issued to an Optionee pursuant to the Plan, is subject to such regulatory approvals and other restrictions under applicable securities laws and regulatory policies as may be required at the time of such trade. Accordingly, the Corporation makes no representation as to the ability of any Optionee to trade in such Common Shares.
- (c) The Corporation cannot assure a profit or protect the Optionee against a loss on the Common Shares purchased under the Plan. The Corporation assumes no responsibility relating to any tax liability of the Optionee by reason of the exercise of any Option or any subsequent trade.

## **12. WITHHOLDING**

- (a) The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right (and the Optionee shall consent to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Option Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Option shall consent to such sale and grant to the Corporation an irrevocable power of attorney to affect the sale of such Option Shares and shall acknowledge and agree that the Corporation does not accept responsibility for the price obtained on the sale of such Option Shares.
- (b) Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation makes no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of the Corporation, or any of its employees or representatives shall have any liability to a Participant with respect thereto.

### **13. ACCOUNTS AND STATEMENTS**

The Corporation will maintain records indicating the number of Options granted to each Optionee and the number of Options exercised under the Plan. Upon written request from an Optionee, the Corporation will furnish to that Optionee a statement indicating the number of Options held on his behalf.

### **14. RESTRICTION ON TRANSFER**

The Options granted to an Optionee are personal and non-assignable and any rights in regard thereto cannot be transferred or assigned except upon the death of the Optionee as provided for in the Plan.

### **15. INTERPRETATION, AMENDMENT AND DISCONTINUANCE**

The Board may interpret the Plan, prescribe, amend or rescind rules and regulations relating to it, and make all other determinations necessary or advisable for its administration. In the event of a conflict between the terms of the Plan and an Option Agreement, the terms of the Plan prevail. The Board may from time to time alter, suspend or discontinue the Plan provided that such alteration, suspension or discontinuance does not, except as specifically noted in this Plan or the Option Agreement, alter or impair any Option such Optionee may have under any Option Agreement previously executed and delivered by the Corporation and such Optionee. Any amendment to this Plan is subject to receipt of any necessary regulatory approvals and any amendment required by applicable law or regulatory policy to be approved by shareholders does not become effective until so approved. Subject to the foregoing provisions of this Clause, the Board may terminate the Plan at any time and, upon such termination, any outstanding Option remains exercisable in accordance with its terms as specified herein and in the Option Agreement.

### **16. WAIVER**

No waiver by the Corporation of any term of this Plan or any breach thereof by an Optionee is effective or binding on the Corporation unless the same is expressed in writing and any waiver so expressed does not limit or affect its rights with respect to any other or future breach.

### **17. NOTICES**

The manner of giving notices to the Corporation or to an Optionee is to be specified in the Option Agreement with such Optionee.

### **18. GENERAL**

- (a) This Plan and each Option granted under the Plan are to be governed by and construed in accordance with the laws of the Province of Alberta and any Option Agreement entered into pursuant to the Plan is to be treated in all respects as an Alberta contract.
- (b) Nothing contained herein restricts or limits or is deemed to restrict or limit the rights or powers of the Board in connection with any allotment and issuance of shares in the capital stock of the Corporation which are not reserved for issuance hereunder.
- (c) The Plan and any Option Agreement entered into pursuant hereto enure to the benefit of and are binding upon the Corporation, its successors and assigns. The interest of any Optionee hereunder or under any Option Agreement is not transferable or alienable by the Optionee either by assignment or in any other manner whatsoever and, during his lifetime, is vested only in him, but, subject to the terms hereof and of the Option Agreement, enures to the benefit of and is binding upon the legal personal representatives of the Optionee.

## **19. SHAREHOLDER APPROVAL AND EFFECTIVE DATE**

Although this Plan is effective as and from the date hereof, each of the Option Agreements in respect of Options granted pursuant to this Plan is to contain a restriction to the effect that, where the Common Shares are listed and posted for trading on a stock exchange, no Common Shares are to be issued pursuant to the exercise of an Option unless and until this Plan is approved by shareholders of the Corporation (such restriction to be removed or deemed hereby to be of no further effect once shareholder approval is obtained). Shareholder approval will be deemed to be received upon the completion of the Corporation's initial public offering provided a summary of this Plan is included in the Corporation's prospectus related to such initial public offering.

The Plan was created by the Board effective June 25, 2010.

**SCHEDULE "B"**  
**BOARD OF DIRECTORS MANDATE**

*(Adopted by the Board of Directors on April 20, 2011)*

**A. PURPOSE**

The Board of Directors (the "**Board**") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management, which is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure that the Corporation meets its obligations on an ongoing basis and to ensure that the Corporation operates in a reliable and safe manner. In performing its functions, the Board will also consider the legitimate interests its other stakeholders such as employees, customers and communities may have in the Corporation. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the Corporation.

**B. PROCEDURES AND ORGANIZATION**

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs, including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining director compensation. Subject to the Articles and By-laws of the Corporation and the *Business Corporations Act* (Alberta) (the "**Act**"), the Board may constitute, seek the advice of, and delegate powers, duties and responsibilities to committees of the Board.

**C. COMPOSITION**

The Board shall be composed of a majority of "independent" directors, as such term is defined under applicable securities legislation. The size of the Board shall be such that it will facilitate substantive discussions of the whole Board in which each director can participate meaningfully.

**D. DUTIES AND RESPONSIBILITIES**

The Board's principal duties and responsibilities fall into a number of categories which are outlined below:

**1. Legal Requirements**

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the statutory responsibility to:
  - (i) manage the business and affairs of the Corporation;
  - (ii) act honestly, in good faith and with a view to the best interests of the Corporation;
  - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
  - (iv) act in accordance with its obligations contained in the Act and the regulations thereto, the Corporation's Articles and By-Laws, securities legislation of each province and territory of Canada, and other relevant legislation and regulations.

- (c) Each member of the Board must:
  - (i) commit the time and energy necessary to properly carry out his or her duties;
  - (ii) attend all regularly scheduled Board and committee meetings, as applicable, in person or by telephone; and
  - (iii) review in advance all meeting materials and otherwise adequately prepare for all regularly scheduled Board and committee meetings, as applicable.
  
- (d) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
  - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - (ii) the filling of a vacancy among the directors or in the office of auditor;
  - (iii) the issuance of securities;
  - (iv) the declaration of dividends;
  - (v) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
  - (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - (vii) the approval of management proxy circulars;
  - (viii) the approval of any take-over bid circular or directors' circular;
  - (ix) the approval of financial statements of the Corporation; and
  - (x) the adoption, amendment or repeal of By-laws of the Corporation.

## 2. Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management. The independent directors may hold meetings at which non-independent directors and members of management are not in attendance if deemed necessary or appropriate.

## 3. Strategy Determination

The Board has the responsibility to ensure that there are long-term goals and a strategic planning process in place for the Corporation and to participate with management directly or through its committees, at least annually, in developing and approving the business goals of the Corporation and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Corporation's business.

#### 4. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

#### 5. Division of Responsibilities

The Board has the responsibility to:

- (a) appoint and delegate responsibilities to committees where appropriate to do so and hereby establishes three standing committees of the Board: an audit committee, a reserves committee and a compensation committee; each committee shall be composed entirely of independent directors or a majority of independent directors, as deemed appropriate, and each committee shall have a written charter; and
- (b) develop the mandate/position descriptions for:
  - (i) the Board;
  - (ii) the Chair of the Board (and of the committees, if deemed necessary);
  - (iii) the Chief Executive Officer;
  - (iv) the Chief Financial Officer; and
  - (v) the Chief Operating Officer.

#### 6. Appointment, Training and Monitoring Senior Management

The Board has the responsibility to:

- (a) appoint the Chief Executive Officer, to monitor and assess the Chief Executive Officer's performance and satisfy itself as to the integrity of the Chief Executive Officer, to determine the Chief Executive Officer's compensation and to provide advice and counsel in the execution of the Chief Executive Officer's duties;
- (b) approve the appointment of all officers, acting upon the advice of the Chief Executive Officer;
- (c) approve the remuneration of all officers in consultation with the Chief Executive Officer to the extent not delegated to the compensation committee;
- (d) ensure that adequate provision has been made to appoint, train and develop management and for the orderly succession of management; and
- (e) ensure that management is aware of the Board's expectations of management, including that management will, among other things:
  - (i) review continuously the Corporation's strategies and their implementation in light of evolving conditions;

- (ii) present a comprehensive annual operating plan and budget and report regularly on the Corporation's performance and results relative to that plan and budget;
- (iii) report regularly on the Corporation's business and affairs, with a focus on matters of material consequence to the Corporation;
- (iv) implement systems to identify and manage the principal risks of the Corporation's business;
- (v) implement and maintain appropriate systems of internal control; and
- (vi) implement and maintain appropriate disclosure controls and procedures.

## 7. Policies, Procedures and Compliance

The Board has the responsibility, either as a whole or through committees of the Board, to:

- (a) ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (c) ensure that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (d) ensure that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace;
- (e) ensure that the Corporation develops an approach to compensation of directors and officers;
- (f) ensure that the Corporation develops an approach to corporate governance, including developing a set of corporate governance principles and guidelines;
- (g) administer incentive or equity based compensation plans, recommend any amendments thereto and approve all grants thereunder; and
- (h) approve the content and filing of the information required to be filed under National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

## 8. Reporting and Communication

The Board has the responsibility to:

- (a) ensure that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally, including overseeing the effectiveness of the communications policy;
- (b) ensure that the financial performance of the Corporation is adequately reported to shareholders, other securityholders and regulators on a timely and regular basis;

- (c) ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards, consistently applied;
- (d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- (e) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and
- (f) develop appropriate measures for receiving shareholder feedback.

9. Monitoring and Acting

The Board has the responsibility to:

- (a) monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (c) ensure that the Corporation has implemented adequate internal control and management information systems which ensure the effective discharge of its responsibilities to the extent not delegated to the audit committee;
- (d) make regular assessments of the Board's effectiveness; and
- (e) review and assess the adequacy of this mandate on an annual basis, taking into account all legislative and regulatory requirements applicable to the Board.

10. Meetings

The Chair shall be responsible for developing the agenda and determining the time, place and frequency of Board meetings. Meetings of the Board will be conducted in accordance with the By-laws of the Corporation.