



## **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that the annual general and special meeting (the “Meeting”) of shareholders of New Zealand Energy Corp. (the “Company”) will be held at the offices of Straterra, Ground Floor 93 The Terrace, Wellington, New Zealand on **27 JULY 2017** at 10:00 a.m. (New Zealand Time) for the following purposes:

1. to receive and consider the audited financial statements of the Company for its fiscal year ended December 31, 2016, together with the auditors’ report thereon;
2. to fix the number of directors of the Company to be elected at the Meeting at three (3);
3. to elect the Board of Directors of the Company for the ensuing year;
4. to appoint PricewaterhouseCoopers, Chartered Accountants, New Zealand, as auditors for the Company for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Information Circular prepared for the purpose of the Meeting, relating to the approval of the stock option plan of the Company;
6. to transact any other business which may properly come before the Meeting, or any adjournment thereof.

Accompanying this Notice of Meeting is an Information Circular and a form of proxy. The Information Circular includes more detailed information relating to the matters to be addressed at the Meeting, and forms part of this Notice of Meeting.

The Board of Directors has fixed the close of business on 20 June 2017 as the record date for determining shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment of the Meeting. A shareholder entitled to vote at the Meeting is entitled to appoint a proxyholder to attend and vote in his/her stead. If you are unable to attend the Meeting, or any adjournment thereof, in person, please date, execute, and return the enclosed form of proxy in accordance with the instructions set out in the notes to the proxy and any accompanying information from your intermediary.

DATED this 26th day of June 2017

### **BY ORDER OF THE BOARD OF DIRECTORS**

James Willis  
Chairman

*These shareholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*



## MANAGEMENT INFORMATION CIRCULAR AS AT 26 JUNE 2017

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of New Zealand Energy Corp. for use at the annual general and special meeting (the “Meeting”) of shareholders of New Zealand Energy Corp. (the “Shareholders”) to be held on 27 July 2017 (New Zealand Time) and any adjournment thereof, for the purposes set forth in the attached Notice of Annual General and Special Meeting. Except where otherwise indicated, the information contained herein is stated as of 26 June 2017.

In this Information Circular, references to the “Company” and “we” refer to New Zealand Energy Corp. “Common Shares” means common shares in the capital of the Company. “Registered Shareholders” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “Non-Registered Shareholders” means Shareholders who do not hold Common Shares in their own name. “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

#### Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers of the Company or solicitors for the Company (the “**Management Designees**”). If you are a Registered Shareholder, you have the right to attend the Meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy, or by completing and delivering another suitable form of Proxy. Registered Shareholders electing to submit a Proxy may do so by:

- (i) completing, dating and signing the enclosed form of Proxy and returning it to the Company’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”), by fax within North America at 1-866-249-7775, or by mail or hand delivery at 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada;
- (ii) using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder’s account number and the Proxy Control Number; or
- (iii) using the internet through the website of Computershare at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders who choose this option must follow the instructions that appear on the screen and refer to the enclosed Proxy for the holder’s account number and the Proxy Control Number.

In all cases you should ensure that the Proxy is received at least 48 hours before the Meeting or the adjournment thereof at which the Proxy is to be used.

Every Proxy may be revoked by an instrument in writing that is:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

### **Exercise of Discretion by Proxyholder**

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the Meeting.

### **Voting by Non-Registered Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s Intermediary or an agent of that Intermediary. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company's proxy to represent you at the Meeting. Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity. To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

**If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting – the voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.**

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

No person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors. For the purpose of this paragraph, "person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person as defined in (a) or (b).

#### **RECORD DATE AND QUORUM**

The board of directors (the "**Board**") of the Company has fixed the record date for the Meeting as the close of business on 20 June 2017 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Articles of the Company, the quorum for the transaction of business at a meeting of Shareholders is one person who is a Shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of Shareholders, present in person or by Proxy.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

On the Record Date, there were 232,123,459 Common Shares issued and outstanding, with each Common Share carrying the right to one vote. Except as set out under "Record Date and Quorum" above, only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by Proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, no one Shareholder beneficially owns or exercises control or direction over Common Shares carrying 10% or more of the votes attached to Common Shares, except for the following:

| Name                | Number of Common Shares<br>Beneficially Owned Directly or<br>Indirectly | Percentage of Common Shares Held |
|---------------------|-------------------------------------------------------------------------|----------------------------------|
| Geoservices Limited | 46,000,000 <sup>(1)(2)</sup>                                            | 19.82%                           |

**Notes:**

- (1) In addition to these Common Shares, Geoservices Limited holds 17,000,000 common share purchase warrants, exercisable at \$0.07 per share until 15 December 2018.
- (2) Two nominees of Geoservices Limited are directors of the Company, namely, Mark Dunphy and James Willis.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and discussed below.

### 1. Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended 31 December 2016, together with the auditor's report thereon, will be placed before the Meeting. The Company's financial statements are available on the System of Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

### 2. Fix Number of Directors to be elected at the Meeting

Shareholders of the Company will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that three (3) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at three (3).**

### 3. Election of Directors

The Company currently has three (3) directors. All three of these directors are nominated for re-election at the Meeting. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the director nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares which each beneficially owns or over which control or direction is exercised.

| Name, Residence and Present Position within the Company                         | Director Since | Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised | Principal Occupation <sup>(1)</sup>                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| James Willis (2)<br>Chairman and Director<br>Kelburn, Wellington<br>New Zealand | 23 March 2015  | Nil                                                                                                           | Barrister and Solicitor and adviser to participants in the petroleum industry and other sectors. Mr. Willis is a Director of Octanex NL and was latterly Managing Director of Albers Group and prior to that a partner in the leading New Zealand national law firm Bell Gully. |
| Mark Dunphy (2)<br>Director<br>Auckland<br>New Zealand                          | 23 March 2015  | Nil                                                                                                           | Chairman, CEO and founder of Greymouth Petroleum (New Zealand's fourth largest petroleum company by reserves and production). Mr. Dunphy previously served as Chairman of Australian stock exchange listed Cultus Petroleum.                                                    |

| <b>Name, Residence and Present Position within the Company</b>         | <b>Director Since</b> | <b>Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised</b> | <b>Principal Occupation<sup>(1)</sup></b>                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dr. David Llewellyn (2)<br>Director<br>Monmouth, Wales, United Kingdom | 16 June 2015          | Nil                                                                                                                  | Dr Llewellyn holds an MA (Hons) in Geology and completed his doctorate in Geophysics. Dr Llewellyn has held senior management positions with Shell International (Netherlands; Singapore; New Zealand; Thailand) and before that with Mobil International spanning a 35 year career. |

**Notes:**

- (1) The information as to principal occupation, business or employment is not within the knowledge of the management of the Company and has been furnished by the respective directors and officers.
- (2) Denotes a member of the Audit Committee of the Company. James Willis is Chair of the Audit Committee

*Cease Trade Orders*

No proposed director, within 10 years before the date of this Information Circular, has been, a director, chief executive officer or chief financial officer of any company that:

- (i) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an 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”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

*Bankruptcies*

No proposed director, within 10 years before the date of this Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

*Personal Bankruptcies*

No proposed director has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

*Penalties and Sanctions*

No proposed director has been subject to:

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

other than a settlement agreement entered into before 31 December 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### 4. Appointment of Auditor

The Shareholders of the Company will be asked to vote for the appointment of PricewaterhouseCoopers, Chartered Accountants, New Zealand (“**PricewaterhouseCoopers NZ**”), as auditor of the Company. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing PricewaterhouseCoopers NZ, as auditor of the Company,** to hold office until the close of the next annual general meeting of shareholders or until PricewaterhouseCoopers NZ is removed from office or resigns as provided by the Company's constituting documents, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favor of a resolution authorizing the Board of Directors to fix the compensation of the auditor.

PricewaterhouseCoopers LLP, Chartered Accountants, Vancouver, British Columbia, the former auditor, resigned as auditor effective 20 June 2017, at the request of the Company. Given the consolidation of the Company head office and administrative functions in New Zealand, it was deemed appropriate for the audit to be managed by PricewaterhouseCoopers, based in New Zealand. PricewaterhouseCoopers NZ, the current auditor of the Company, was appointed auditor of the Company effective 20 June 2017, by the Board of Directors.

In accordance with Part 4.11 of National Instrument 51-102, the “Reporting Package”, which includes the notice of change of auditor, letter from the former auditor, and the letter from the successor auditor, was filed on 20 June 2017, with the necessary securities commissions and on SEDAR, and copies of these documents are attached hereto and made a part hereof as Exhibit I.

#### 5. Approval of Stock Option Plan

At the Meeting, Shareholders of the Company will be asked to re-approve the Company's Amended 2015 Stock Option Plan (the “**Plan**”). The purpose of the Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

The following summary of the Plan does not purport to be complete and is qualified in its entirety by reference to the Plan. A full copy of the Plan will be available at the Meeting for review by Shareholders. Shareholders may also obtain copies of the Plan from the Company prior to the Meeting on written request.

Eligible Participants. Incentive stock options (“**Options**”) may be granted under the Plan to directors, officers, employees, management company employees and consultants of the Company, or its subsidiaries, or any company owned by a director, officer, employee, management company employee, or consultant of the Company, or its subsidiaries, at the time the option is granted (collectively, the “**Permitted Optionees**”). The Board of the Company, in its discretion, determines which of the Permitted Optionees will be awarded Options under the Plan.

Number of Shares Reserved. The number of Common Shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding Common Shares at the date of granting of Options (including all Options granted by the Company under the Plan). Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Plan.

Term of Options. Subject to the termination and change of control provisions noted below, the term of any Options granted under the Plan is determined by the Board and may not exceed ten years from the date of grant.

Exercise Price. The exercise price of Options granted under the Plan is determined by the Board, provided that it is not less than the discounted market price, as that term is defined in the TSX Venture Exchange (“**TSXV**”) policy manual (“**TSXV Manual**”) or such other minimum price as is permitted by the TSXV in accordance with the policies in effect at the time of the grant, or, if the Common Shares are no longer listed on the TSXV, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of Options granted to insiders may not be decreased without disinterested Shareholder approval at the time of the proposed amendment.

Vesting. All Options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the TSXV, if applicable, or as may be imposed by the Board.

Termination. Any Options granted pursuant to the Plan will terminate upon the earliest of:

- (i) such date as fixed by the Board, provided that the date is no more than one year from the date on which the holder ceases to be eligible to hold the Option (the “**Cessation Date**”);
- (ii) the end of the term of the Option;
- (iii) immediately on the Cessation Date, if the Cessation Date is as a result of dismissal for cause or regulatory sanction;
- (iv) one year from the date of death or disability, if the Cessation Date is as a result of death or disability; or
- (v) 90 days from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause and the Board has not fixed a later date under (i) above.

Disinterested Shareholder approval will be sought in respect of any material amendment to the Plan.

Policy 4.4 of the TSXV requires that rolling stock option plans must receive shareholder approval yearly, at an issuer’s annual general meeting. In accordance with Policy 4.4, Shareholders will be asked to consider and if thought fit, approve an ordinary resolution re-approving, adopting and ratifying the Plan as the Company’s stock option plan.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

**“Be it resolved as an ordinary resolution of the Company that:**

- 1. the 2015 Amended Stock Option Plan of the Company (the “Plan”) be approved and the Plan be and is hereby ratified, approved and adopted as the stock option plan of the Company;**
- 2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company;**
- 3. the issued and outstanding stock options previously granted shall be continued under and governed by the Plan;**
- 4. the shareholders of the Company hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**
- 5. the Chairman or any two directors of the Company is/are authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”**

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution re-approving the Plan.** In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution.

A copy of the Plan is available at the records office of the Company at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2Z7, until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

## **OTHER BUSINESS**

As of the date of this Information Circular, management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby, will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that allows the Company to attract and retain qualified, experienced employees, and is in line with the Company's financial resources and prospects. The Company compensates its executive officers based on their skill, qualifications, experience, level of responsibility, the Company's resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long-term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Company does not provide medical, dental, pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board. The Board from time to time determines the stock option grants to be made pursuant to the Plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

The Board of Directors is satisfied that there were not any identified risks arising from the Company's compensation plans or policies that would have had any negative or material impact on the Company. The Company does not have any policy in place to permit an executive officer or director to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

Set out below are particulars of compensation paid to the following persons (the "**Named Executive Officers**" or "**NEOs**"):

- (i) the Company's chief executive officer ("**CEO**");
- (ii) the Company's chief financial officer ("**CFO**"); and
- (iii) in respect of the Company, including any of its subsidiaries, the three most highly compensated executive officers other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (iv) each individual who would be an NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

### Option-based Awards

The Company took into account the options granted during the previous financial year in determining the grant of options in the financial year ended 31 December 2016. The allocation of the number of options granted among the directors and officers of the Company is determined by the entire Board of Directors.

### Summary Compensation Table

The following table is a summary of compensation paid to the NEOs for the three most recently completed financial years of the Company.

| Name and principal position                                               | Year ended | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) <sup>(1)</sup> | Non-equity incentive plan compensation (\$) |                           | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|---------------------------------------------------------------------------|------------|-------------|-------------------------|-----------------------------------------|---------------------------------------------|---------------------------|--------------------|-----------------------------|-------------------------|
|                                                                           |            |             |                         |                                         | Annual incentive plans                      | Long-term incentive plans |                    |                             |                         |
| <b>Michael Adams</b><br>CEO <sup>(2)</sup>                                | 2016       | \$471,455   | Nil                     | \$48,634                                | Nil                                         | Nil                       | Nil                | Nil                         | \$520,089               |
|                                                                           | 2015       | \$217,603   | Nil                     | \$8,106                                 | Nil                                         | Nil                       | Nil                | Nil                         | \$225,709               |
| <b>Derek Gardiner</b><br>CFO <sup>(3)</sup>                               | 2016       | \$277,005   | Nil                     | \$167                                   | Nil                                         | Nil                       | Nil                | Nil                         | \$277,173               |
|                                                                           | 2015       | \$268,517   | Nil                     | \$8,746                                 | Nil                                         | Nil                       | Nil                | Nil                         | \$277,264               |
|                                                                           | 2014       | \$272,052   | Nil                     | \$30,398                                | Nil                                         | Nil                       | Nil                | Nil                         | \$302,450               |
| <b>Michael G. Oakes</b> <sup>(4)</sup><br>GM Operations                   | 2016       | \$352,016   | Nil                     | \$2,052                                 | Nil                                         | Nil                       | Nil                | Nil                         | \$354,068               |
|                                                                           | 2015       | \$305,992   | Nil                     | \$26,268                                | Nil                                         | Nil                       | Nil                | Nil                         | \$332,260               |
|                                                                           | 2014       | \$323,657   | Nil                     | \$97,973                                | Nil                                         | Nil                       | Nil                | Nil                         | \$421,630               |
| <b>David J. Pay</b><br>Legal Counsel & Corporate Secretary <sup>(5)</sup> | 2016       | \$275,514   | Nil                     | Nil                                     | Nil                                         | Nil                       | Nil                | Nil                         | \$275,514               |
|                                                                           | 2015       | \$254,531   | Nil                     | Nil                                     | Nil                                         | Nil                       | Nil                | Nil                         | \$254,531               |
|                                                                           | 2014       | \$29,378    | Nil                     | Nil                                     | Nil                                         | Nil                       | Nil                | Nil                         | \$29,378                |

**Notes:**

- (1) The determination of the value of Options is based upon the Black-Scholes Option Pricing Model, details and assumptions of which are set out in Note 10 to the Company's financial statements for the fiscal year ended 31 December 2016.
- (2) Michael Adams was appointed CEO effective 17 July 2015
- (3) Derek Gardiner was appointed CFO on 13 January 2014.
- (4) Michael G. Oakes joined the Company as General Manager Midstream Operations on 11 July 2012.
- (5) David J. Pay joined the Company as Legal Counsel on 28 October 2014

**Outstanding Share-Based Awards and Option-Based Awards**

The Company has not granted any share-based awards to the NEOs.

The Company has granted option-based awards to Michael Adams and amended the vesting date for some existing awards to NEOs as set out in the following table.

The following table contains information on outstanding option-based awards granted to the NEOs as at the end of the most recently completed financial year:

| Option-based Awards                                        |                                                         |                            |                   |                        |                                                          |
|------------------------------------------------------------|---------------------------------------------------------|----------------------------|-------------------|------------------------|----------------------------------------------------------|
| Name and Title                                             | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option grant date | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> |
| <b>Michael Adams</b><br>CEO                                | 10,000,000                                              | \$0.05                     | 25 November 2015  | 30 June 2020           | Nil                                                      |
| <b>Derek Gardiner</b><br>CFO                               | 220,000                                                 | \$0.45                     | 13 January 2014   | 13 January 2019        | Nil                                                      |
| <b>Michael G. Oakes</b><br>GM Operations                   | 240,000                                                 | \$0.45                     | 11 July 2012      | 11 July 2017           | Nil                                                      |
|                                                            | 260,000                                                 | \$0.45                     | 13 January 2014   | 13 January 2019        | Nil                                                      |
|                                                            | 500,000                                                 | \$0.45                     | 24 April 2014     | 24 April 2019          | Nil                                                      |
| <b>David J. Pay</b><br>Legal Counsel & Corporate Secretary | Nil                                                     | N/A                        | N/A               | N/A                    | N/A                                                      |

**Notes:**

- (1) Value of unexercised in-the-money options is calculated by determining the difference between the market value of the securities underlying the options at 31 December 2016 and the exercise price of the options, and is not necessarily indicative of the value that will actually be realized by the NEOs if the options are exercised.

## Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

| Name and Title                                      | Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup> | Non-Equity Incentive Plan Compensation - Value earned during the year (\$) |
|-----------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Michael Adams<br>CEO                                | Nil                                                                    | N/A                                                                        |
| Derek Gardiner<br>CFO                               | Nil                                                                    | N/A                                                                        |
| Michael G. Oakes<br>GM Operations                   | Nil                                                                    | N/A                                                                        |
| David J. Pay<br>Legal Counsel & Corporate Secretary | Nil                                                                    | N/A                                                                        |

**Note:**

- (1) Based on the difference between the market prices of the Common Shares on the vesting dates and the exercise price.

## Pension Plan Benefits

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

## Termination and Change of Control Benefits

In the financial year ended 31 December 2016, there were no severance payments made. Currently, neither the Company nor any of its subsidiaries have any agreements, plans or arrangements with respect to compensation of its NEOs in connection with a resignation, retirement or any other termination of the NEOs' employment with the Company and its subsidiaries, or from any change of control of the Company or any subsidiary of the Company, or a change in the NEOs' responsibilities, where the value of such compensation would exceed \$50,000.

## DIRECTOR COMPENSATION

### Director Compensation Table

During the year ended 31 December 2016, the Company had three (3) directors during the year.

The following table sets forth all compensation provided to directors of the Company who were not also a NEO at any time during the previous year ("**Outside Directors**"), for the financial year ended 31 December 2016.

| Name            | Fees Earned (\$) | Share-Based Awards (\$) | Option-Based Awards (\$) <sup>(1)</sup> | Non-Equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------|------------------|-------------------------|-----------------------------------------|---------------------------------------------|--------------------|-----------------------------|------------|
| James Willis    | \$73,878         | Nil                     | Nil                                     | Nil                                         | Nil                | Nil                         | \$73,878   |
| Mark Dunphy     | Nil              | Nil                     | Nil                                     | Nil                                         | Nil                | Nil                         | Nil        |
| David Llewellyn | \$7,789          | Nil                     | Nil                                     | Nil                                         | Nil                | Nil                         | \$7,789    |

**Notes:**

- (1) The determination of the value of Options is based upon the Black-Scholes Option Pricing Model, details and assumptions of which are set out in Note 10 to the Company's financial statements for the fiscal year ended 31 December 2016.

**Outstanding Share-Based Awards and Option-Based Awards**

The Company has not granted any share-based awards to its Outside Directors.

The following table contains information on outstanding Options granted by the Company to the Outside Directors as at the end of the most recently completed financial year

| <b>Option-based Awards</b> |                                                                |                                   |                          |                               |                                                  |
|----------------------------|----------------------------------------------------------------|-----------------------------------|--------------------------|-------------------------------|--------------------------------------------------|
| <b>Name</b>                | <b>Number of securities underlying unexercised options (#)</b> | <b>Option exercise price (\$)</b> | <b>Option grant date</b> | <b>Option expiration date</b> | <b>Value of unexercised in-the-money options</b> |
| James Willis               | Nil                                                            | N/A                               | N/A                      | N/A                           | N/A                                              |
| Mark Dunphy                | Nil                                                            | N/A                               | N/A                      | N/A                           | N/A                                              |
| David Llewellyn            | Nil                                                            | N/A                               | N/A                      | N/A                           | N/A                                              |

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

The following table sets forth the value of option-based awards which vested or were earned during the most recently completed financial year for each Outside Director.

| <b>Name</b>     | <b>Option-Based Awards - Value vested during the year (\$)<sup>(1)</sup></b> | <b>Non-Equity Incentive Plan Compensation - Value earned during the year (\$)</b> |
|-----------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| James Willis    | Nil                                                                          | N/A                                                                               |
| Mark Dunphy     | Nil                                                                          | N/A                                                                               |
| David Llewellyn | Nil                                                                          | N/A                                                                               |

**Note:**

- (1) Based on the difference between the market prices of the Common Shares on the vesting dates and the exercise price.

**Other Compensation**

Other than as set forth herein, the Company did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

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

The following table sets out information as at the end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance.

| <b>Plan Category</b>                                                   | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<br/>(a)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights<br/>(b)</b> | <b>Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))<br/>(c)</b> |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by Shareholders (Stock Option Plan) | 12,284,200                                                                                                 | \$0.12                                                                                     | 10,928,146                                                                                                                                                |
| Equity compensation plans not approved by Shareholders                 | N/A                                                                                                        | N/A                                                                                        | N/A                                                                                                                                                       |
| <b>Total</b>                                                           | 12,284,200                                                                                                 | \$0.12                                                                                     | 10,928,146                                                                                                                                                |

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

Since the beginning of the most recently completed financial year, none of the directors, nominees for directors, executive officers, employees, or their associates have been indebted to the Company.

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

Except as disclosed herein or as previously disclosed, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction since the commencement of the Company's most recently completed financial year that has materially affected or would materially affect the Company or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than the directors or executive officers of the Company.

## **STATEMENT OF CORPORATE GOVERNANCE**

### **Corporate Governance**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day-to-day management of the Company. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 Corporate Governance Guidelines, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101"), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### **Board of Directors**

The Board currently consists of three (3) members: James Willis, Mark Dunphy and David Llewellyn.

It is proposed the number of directors to be elected at the Meeting be fixed at three (3) directors comprising James Willis, Mark Dunphy and David Llewellyn. The Board has concluded Mark Dunphy and David Llewellyn are "independent" for purposes of membership on the Board, as provided in NI 58-101. James Willis, as a member of management, is not "independent" for purposes of membership on the Board, as provided in NI 58-101.

The Board of Directors of the Company facilitates independent supervision of management through meetings of the Board of Directors and through frequent informal discussions among independent members of the Board of Directors and management. In addition, the Board of Directors has free access to the Company's external auditors, legal counsel and to any of the Company's officers.

## Other Directorships

The following table sets forth the directors of the Company who are directors of other reporting issuers:

| Name            | Name of other reporting issuer |
|-----------------|--------------------------------|
| James Willis    | Octanex NL                     |
| Mark Dunphy     | Nil                            |
| David Llewellyn | Nil                            |

## Orientation and Continuing Education

Orientation of new members of the Board is conducted informally by management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

## Ethical Business Conduct

The Board has not adopted a formal code of business conduct and ethics. The Board is of the view the fiduciary duties placed on individual directors by the Company's governing legislation and common law together with corporate statutory restrictions on an individual director's participation in Board decisions in which the director has an interest are sufficient to ensure the Board operates independently of management and in the best interests of the Company.

## Nomination of Directors

The Board does not have a nomination committee. The Board determines new nominees to the Board although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members including both formal and informal discussion among the Board members and officers.

## Compensation

The Company does not have a compensation committee. The Board will itself as necessary:

- (i) Assess the Company's policies and practices respecting compensation of executive officers and directors of the Company; and
- (ii) Oversee the preparation of the Company's public disclosure regarding executive compensation practices.

The members of the Board are knowledgeable about the Company's compensation programs and possess an understanding of compensation theory and practice, personnel management and development, succession planning and executive development. In addition, all members are "financially literate" within the meaning of National Instrument 52-110 and have accounting or related financial management experience or expertise and also have the ability to engage outside advisors to assist the Board.

## Board Committees

The Board has no committees other than the Audit Committee.

## Assessments

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. The contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## AUDIT COMMITTEE

National Instrument 52-110 of the CSA ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually certain information concerning the constitution of its audit committee (the "**Committee**") and its relationship with its independent auditor, as set forth below.

The primary function of the Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii)

implementing the systems for internal corporate controls that have been established by the Board and management; and (iii) overseeing the Company's financial reporting processes generally. In meeting these responsibilities the Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Committee is also mandated to review and approve all material related party transactions.

The text of the Charter of the Committee is set out at Schedule "A" to the Company's Information Circular dated 20 May 2014 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on 28 May 2014, which is incorporated by reference herein.

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

The Committee currently comprises James Willis (Chair and non-independent), Mark Dunphy (independent) and David Llewellyn (independent). Each member of the Committee is considered to be financially literate as defined by NI 52-110 as they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee are elected by the Board at its first meeting following the annual Shareholders' meeting. Unless a Chair is elected by the full Board, the members of the Committee designate a Chair by a majority vote of the full Committee membership.

### **Relevant Education and Experience**

*James Willis* – Mr. Willis has served on several Boards and held senior positions for a number of exploration and development companies in New Zealand and Australia including as Managing Director of Albers Group and director of Octanex NL.

*Mark Dunphy* – Mr. Dunphy is Chairman and Chief Executive Officer of Greymouth Petroleum and has previously held the position of Chairman of Cultus Petroleum NL and Chairman of Interstate Energy.

*David Llewellyn* – Dr. Llewellyn has held senior management positions with Shell International and Mobil International and has a depth and breadth of practical expertise in technical, business and commercial disciplines in the international oil and gas business.

### **Audit Committee Membership and Oversight**

The three professionals above each possess an understanding of the accounting principles used by the Company to prepare its financial statements and to analyze or evaluate those financial statements.

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Committee to nominate or compensate an external auditor.

### **Exemptions**

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

The Company is relying upon the exemption in section 6.1 of NI 52-110, the exemption for Venture issuers in relation to the requirement that every audit committee member be independent.

### **Pre-approval Policies and Procedures**

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Committee, on a case-by-case basis.

### **External Auditor Service Fees**

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor

for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

| <b>Financial Year Ending</b> | <b>Audit Fees</b> | <b>Audit Related Fees</b> | <b>Tax Fees</b> | <b>All Other Fees</b> |
|------------------------------|-------------------|---------------------------|-----------------|-----------------------|
| 31 December 2015             | \$128,905         | Nil                       | \$23,757        | Nil                   |
| 31 December 2016             | \$142,670         | Nil                       | \$10,899        | Nil                   |

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year, and available online at [www.sedar.com](http://www.sedar.com). Shareholders may request additional copies by (i) mail to 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2Z7; or (ii) telephone to: +644-471-1464.

### **DIRECTORS' APPROVAL**

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board.

DATED at Wellington, New Zealand, this 26th day of June 2017

### **BY ORDER OF THE BOARD OF DIRECTORS**

*"James Willis"*

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James Willis  
Chairman

**EXHIBIT I**  
**REPORTING PACKAGE**

Attached.