



U.S. OIL SANDS

US OIL SANDS INC.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To Be Held On May 23, 2012

**NOTICE OF MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

April 20, 2012

US OILS SANDS INC.

INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

May 23, 2012

SOLICITATION OF PROXIES BY MANAGEMENT

This Information Circular is furnished in connection with the solicitation of proxies by the management of US Oil Sands Inc. (the “**Corporation**”) for use at the annual and special meeting of the holders of common shares (“**Common Shares**”) of the Corporation to be held on Wednesday, May 23, 2012, at 3:30 p.m., Calgary time (the “**Meeting**”) or at any adjournment thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular.

There is enclosed herewith a form of proxy for use at the Meeting. A copy of the audited financial statements of the Corporation for the fiscal year ended December 31, 2011 has previously been disseminated to the shareholders. The holders of Common Shares of the Corporation (“**Shareholders**”) are entitled to vote and are encouraged to participate in the Meeting.

This solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Notice of Meeting, form of proxy and this Information Circular will be borne by the Corporation. Management does not contemplate a solicitation of proxies other than by mail.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

APPOINTMENT AND REVOCATION OF PROXIES

A Shareholder has the right to appoint a nominee, other than the persons designated in the enclosed form of proxy (who need not be a Shareholder), to represent him at the Meeting, by inserting the name of his chosen nominee in the space provided for that purpose on the form of proxy or by completing another proper form of proxy. Such a Shareholder should notify the nominee of his appointment, obtain his consent to act as proxy and instruct him on how the Shareholder’s shares are to be voted. In any case, the form of proxy should be dated and executed by the Shareholder or his attorney authorized in writing.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and received by Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment thereof.

In addition to revocation by any other manner permitted by law, a Shareholder who has given a proxy may revoke it, at any time before it is exercised, by instrument in writing executed by the Shareholder or by his attorney 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 registered office of the Corporation at

US Oil Sands Inc., Suite 950, 633 – 6th Ave. SW, Calgary, Alberta T2P 2Y5, Attention: Corporate Secretary, 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 with the Chairman of such meeting on the date of the Meeting or any adjournment thereof.

NOTICE TO BENEFICIAL HOLDERS OF COMMON SHARES

Only registered Shareholders or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Shareholder**”) are registered either (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self administered RRSPs, RRIFFs, RESPs and similar plans) that the Non-Registered Shareholder deals with in respect of the Common Shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will distribute copies of the Notice of Meeting, this Information Circular, and the enclosed form of proxy (collectively, the “**meeting materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Non-Registered Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-Registered Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Non-Registered Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy or voting instruction form provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and have indicated their willingness to represent as proxy the Shareholders who appoint them. Each Shareholder may instruct his proxy how to vote his shares by completing the blanks on the form of proxy.

Common Shares represented by properly executed proxy forms in favour of the persons designated on the enclosed proxy form will be voted for or withheld from voting in accordance with the instructions made on the proxy forms, on any ballot that may be called for and, if Shareholders specify a choice as to any matters to be acted upon, such Shareholders' shares shall be voted accordingly. In the absence of such instructions or choices, such shares will be voted **IN FAVOUR** of all matters identified in the Notice of Meeting accompanying this Information Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. The Common Shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting such shares. At the time of printing of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS OF COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of Preferred Shares which as class will have rights, privileges, restrictions and conditions as set, if as and when such Preferred Shares are issued. As of April 20, 2012, 251,606,329 Common Shares were issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of Common Shares are entitled to one vote for each Common Share held.

The Board of Directors (the "**Board**") has fixed April 20, 2012, as the record date (the "**Record Date**") for determining which Shareholders are entitled to receive notice of the Meeting. A Shareholder of record at the close of business on April 20, 2012, shall be entitled to vote the Common Shares registered in such Shareholder's name on that date, except to the extent that (a) such person transfers his Common Shares after the Record Date; and (b) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his ownership to the Common Shares, and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his name be included on the Shareholders' list.

To the knowledge of the directors and officers of the Corporation, as at April 20, 2012, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights of the Corporation.

QUORUM FOR MEETING

At the Meeting, a quorum shall consist of two persons who are, or who represent by proxy, shareholders who, in aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting. If a quorum is not present at the opening of a meeting, the Shareholders present may adjourn the meeting to a fixed time and place. Shareholders present at any duly adjourned meeting shall constitute a quorum.

MATTERS TO BE ACTED UPON AT THE MEETING

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

1. Consolidated Financial Statements

The audited consolidated financial statements of the Corporation for the year ended December 31, 2011 and the report of the auditor's thereon will be placed before the Meeting. These statements and the auditor's report thereon have previously been distributed to Shareholders.

2. Election of Directors

At the Meeting, it is proposed that six persons be elected as directors of the Corporation, to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed. There are currently five directors. Pursuant to the *Business Corporations Act* (Alberta), the current directors of the Corporation cease to hold office at the close of the Meeting.

The persons designated in the enclosed form of proxy, unless instructed otherwise intend to vote for the election of the following nominees. Management does not contemplate that any of the nominees will be unable to serve as a director, but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

The names and municipalities of residence of the six persons nominated for election as directors of the Corporation by Shareholders, the number of Common Shares of the Corporation beneficially owned or controlled or directed, directly or indirectly, the offices held by each in the Corporation, the period served as director of the Corporation and the principal occupation for the five preceding years of each are as follows:

Name and Municipality of Residence	Number Of Common Shares Beneficially Owned Or Controlled ⁽¹⁾	Director Since	Principal Occupation for Preceding Five Years
James A. Banister ⁽²⁾⁽⁴⁾ Alberta, Canada	7,847,252	December 2005	President and Chief Executive Officer of BanCor Inc., a private investment firm and successor company to Travis Chemicals Inc. since 1985.
Edward Chwyl ⁽³⁾⁽⁴⁾ British Columbia, Canada	2,769,212	April 2011	Retired Businessman.
H. Douglas Hunter ⁽²⁾⁽³⁾ Alberta, Canada	6,440,000	August 2005	President of RFM Capital Corporation, a private investment company since 1983.
Verne G. Johnson ⁽²⁾⁽⁴⁾ Alberta, Canada	5,267,000	July 2006	Chairman of US Oil Sands Inc. and President of KristErin Resources Ltd., a private family company since 2000.
Ken M. Stephenson Alberta, Canada	1,753,000	September 2006	President of Kenaco Capital Services Inc., a private investment firm since 1986.
Cameron M. Todd ⁽³⁾ Alberta, Canada	413,000	Proposed Nominee	Chief Executive Officer of US Oil Sands Inc. since April 2011. Prior thereto Senior Vice President – Operations, Refining and Marketing of Connacher Oil and Gas Limited.

Notes:

- (1) The information as to the number of Common Shares beneficially owned or controlled by directors, not being within the knowledge of the Corporation, has been furnished to the Corporation by the individual nominees.
- (2) Member of the Audit Committee.
- (3) Member of the Reserves Committee..
- (4) Member of the Compensation, Governance and Nominating Committee

Corporate Cease Trade Order or Bankruptcies

Other than as set forth below, none of those persons who are proposed directors of the Corporation is, or has been within the past ten years:

- (a) a director or chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or was subject to an event that resulted, after the proposed director ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) a director or executive officer of any company, including the Corporation, that while acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Verne G. Johnson was a director of Mystique Energy Inc. (“**Mystique**”) until April 24, 2007. On that date, Mystique obtained an order from the Alberta Court of Queen’s Bench (the “**Court**”) for creditor protection under the *Companies Creditor Arrangement Act* (Canada) (the “**CCAA**”). On October 29, 2009, pursuant to an order from the Court, Mystique was released and discharged from any restrictions upon its power to operate its business and affairs imposed on it under the CCAA.

3. Appointment of Auditors

At the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in favour of a resolution to appoint Deloitte & Touche LLP, Chartered Accountants, Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of shareholders and to authorize the Board to fix the remuneration of the auditors.

Deloitte & Touche LLP were appointed auditors of the Corporation on June 24, 2011 following the resignation of Morgan & Company, Chartered Accountants, auditors of the Corporation’s predecessor, International LMM Ventures Corp.

4. Approval of Stock Option Plan

Pursuant to TSX Venture Exchange Policy 4.4 – *Incentive Stock Options*, all rolling stock option plans, such as the incentive stock option plan (the “**Option Plan**”) of the Corporation must receive yearly approval by the Corporation’s shareholders. Shareholders will be asked at the Meeting to consider and, if thought fit, to approve the Stock Option Plan by passing the following resolutions:

“IT IS HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. the stock option plan of the Corporation be and is hereby approved; and
2. the board of directors of the Corporation be and it is hereby authorized to cause all such documents, instruments and other writings to be executed and delivered and to cause all such acts and things to be done, all for and on behalf of the Corporation, as the board may consider necessary or desirable to give effect to the foregoing resolution.”

In order to be approved, the foregoing resolution must be passed by a simple majority of the votes cast by shareholders of the Corporation who are represented in person or by proxy at the Meeting. In the absence of contrary directions, it is the intention of the persons identified in the enclosed form of proxy to vote proxies in favour of this ordinary resolution.

5. Approval of New General By-Law

On April 20, 2012, the Board adopted a resolution, subject to shareholder confirmation, to repeal the existing by-laws of the Corporation (the “**Repealed By-Laws**”) and adopt a new general by-law (“**By-Law No. 1**”) relating to the conduct of the business and affairs of the Corporation. The Repealed By-Laws were adopted by former management and shareholders of the Corporation prior to the Corporation being continued to the jurisdiction of Alberta on May 9, 2011.

By-law No. 1 is consistent with the provisions of the Business Corporations Act (*Alberta*) and modern corporate practice. By-law No. 1 governs all aspects of the business and affairs of the Corporation such as the establishment of a quorum at meetings of directors and shareholders of the Corporation, the conduct of business at such meetings, the appointment of officers and their respective duties. The full text of By-Law No. 1 is set out in Schedule “A” of this Information Circular.

Pursuant to the Business Corporations Act (*Alberta*), the adoption of By-Law No. 1 and the repeal of the Repealed By-Laws will cease to be effective unless confirmed by ordinary resolution passed by shareholders at the Meeting.

The text of the ordinary resolution which management intends to place before the Meeting to confirm the adoption of By-Law No. 1 and the repeal of the Repealed By-Laws is as follows:

“BE IT RESOLVED that the adoption of By-Law No. 1 and the repeal of the by-laws described in the Corporation’s Management Information Circular dated April 20, 2012 are hereby confirmed and, accordingly, the by-law set out in Schedule “A” of the Management Information Circular is hereby confirmed as By-Law No. 1 of the Corporation.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting on such resolution. Unless otherwise directed, the persons named in the enclosed form of proxy, if named as proxy, intend to vote for the approval of the foregoing resolution.

6. Other Matters to be Acted Upon

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

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

The Corporation is not aware of any material interest of any director, executive officer, nominee for election as a director of the Corporation or of any associate or affiliate of any of the foregoing in respect of any matter to be acted on at the Meeting other than the election of directors and the approval of the Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein, the Corporation is not aware of any material interest, direct or indirect, of any “informed person” of the Corporation, any proposed director of the Corporation or any associate or affiliate of any “informed person” or proposed director, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

For the purposes of the above, “informed person” means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or senior officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted to the Corporation or any of its subsidiaries at any time since the beginning of the most recently completed financial year.

MANAGEMENT CONTRACTS

There are currently no management contracts that the Corporation has entered into, as management functions of the Corporation are, and since the beginning of the most recently completed financial year have been, performed by the directors and senior officers of the Corporation, and are not to any substantial degree performed by any other person or corporation.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Governance

The Compensation, Governance and Nominating Committee is responsible for setting the overall compensation strategy of the Corporation and administering the Corporation's executive compensation program. As part of its mandate, the Compensation, Governance and Nominating Committee approves the appointment and remuneration of the Corporation's executive officers, including the Named Executive Officers identified in the Summary Compensation Table. The Compensation, Governance and Nominating Committee is also responsible for reviewing the Corporation's compensation policies and guidelines generally. In addition, the Compensation, Governance and Nominating Committee will receive and review recommendations of the Chief Executive Officer relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the executive officers.

All of the members of the Compensation, Governance and Nominating Committee have direct experience that is relevant to their responsibilities in executive compensation, as they have each managed executives and/or business leaders in their current and/or past roles. In these roles, they have participated in compensation planning sessions, made compensation decisions and participated in compensation discussions with external consultants.

Relevant Education and Experience (see previous comment)

Each member of the Compensation, Governance and Nominating Committee has experience in business management, executive compensation, employee benefits, and human resources through their long careers in industry as members of executive management teams. Collectively, the Compensation, Governance and Nominating Committee has the education and experience to fulfill the responsibilities outlined in the Compensation, Governance and Nominating Committee Charter. The education, and current and past experience of each Compensation, Governance and Nominating Committee member that is relevant to the performance of his responsibilities as a Compensation, Governance and Nominating Committee member is summarized below:

Name	Education and Experience
James A. Banister	Graduate with a Diploma of Business Administration in 1966 from Northern Alberta Institute of Technology. Mr. Banister was President and CEO of Travis Chemicals Inc. from 1985 to 1997, leading the executive management team in all areas concerning sales and compensation.
Verne G. Johnson	Mr. Johnson received a Bachelor of Science degree in Mechanical Engineering from the University of Manitoba in 1966. He has spent his entire career in the petroleum industry, primarily in western Canada, contributing to the growth of oil and gas companies of various sizes. Starting with Imperial Oil Limited in 1966, he has worked with Exxon Corporation and in senior capacities with various companies, achieving the positions of President of Paragon Petroleum Ltd., President and CEO of ELAN Energy Inc., and Senior Vice President of Enerplus Resources Group.
Ed Chwyl	With a B Sc. in Chemical Engineering (1965) and a M Sc. in Petroleum Engineering (1968) from the University of Alberta, Mr. Chwyl has had a long career in oil and gas. Notably as a founding partner, President and CEO of Tarragon Oil and Gas Limited from 1989 to 1998 and CEO of Marathon Oil Canada Ltd from 1998 to 2002.

In light of the current small size of the executive team and the experience of the Compensation, Governance and Nominating Committee compensation consultants have not been directly engaged.

Compensation Elements

The objective of the executive compensation program is to attract, motivate, reward and retain management talent that is needed to achieve the Corporation's business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Corporation. In evaluating performance, the Compensation Committee gives consideration to the Corporation's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements.

The executive compensation program is comprised of three principal components: base salaries, a bonus plan and a stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives. Each component of the executive compensation program is described below.

Base Salaries

Named Executive officers are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The base salaries for the executive officers are reviewed annually by the Board and are determined by considering the contributions made by the officers, how their compensation levels relate to compensation packages that would be achievable by such officers from other opportunities and commercially available salary survey data. Salaries of the executive officers are not determined based on benchmarks or a specific formula. The Compensation Committee submits its recommendation to the Board to determine the salary of the Chief Executive Officer. The Board considers, and if thought appropriate, approves salaries recommended by the Chief Executive Officer for the other executive officers of the Corporation.

Bonus Plan

The Board approves bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. The payment of bonuses is consistent with the overall objective of the Corporation to reward performance. Bonuses were paid in 2011 on a discretionary basis in recognition of past performance of duties prior to Earth Energy Resources Inc. being reconstituted as US Oil Sands Inc.

Option Plan

The Corporation has adopted the Option Plan pursuant to which options to purchase Common Shares may be granted to directors, officers, employees and consultants of the Corporation. The Option Plan is designed, through the grant of options, to reward key individuals in relation to the share price of the Corporation. The Option Plan is an integral component of the Corporation's total compensation program in terms of attracting and retaining key employees and enhances shareholder value by aligning the interests of executives and employees with the growth and profitability of the Corporation. The longer-term focus of the Option Plan complements and balances the short-term elements of the compensation program of the Corporation.

Pursuant to the Option Plan, the Board may, on the recommendation of the Compensation Committee, grant from time to time to directors, officers, employees and consultants of the Corporation options to

purchase Common Shares. In determining the number of options to be granted to the executive officers, the Compensation Committee considers the amount, terms and vesting levels of existing options held by the officers and also the number of options remaining available for grant by the Corporation in the future to attract and retain qualified technical and administrative staff. Generally, the number of options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made by the optionee to the business and affairs of the Corporation, the number of options that have already been granted to the optionee and such other factors as the Compensation Committee may consider relevant.

Risks Associated with Compensation Policies and Practices

The oversight and administration of the Corporation's executive compensation program requires the Board to consider risks associated with the Corporation's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at quarterly and annual meetings of the Board at which compensation related recommendations are considered.

The Corporation's executive compensation policies and practices are intended to align management incentives with the long-term interests of the Corporation and its shareholders. In each case, the Corporation seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements, (iii) spreading compensation across short and long-term programs and, and (iv) vesting of stock options over a period of years.

Financial Instruments

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

Option-Based Rewards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Compensation Committee. Option grants can be made at any time and there are no specific periods for the issuance of options. Option awards are determined based on the factors described above under the heading "Option Plan".

Summary Compensation Table

The following table sets forth a summary of all compensation for services paid during the three most recently completed financial years to Cameron M. Todd, Chief Executive Officer, D. Glen Snarr, Chief Financial Officer, Thomas O'Neill, former President and Chief Executive Officer and Peter Leitch, former Secretary and Chief Financial Officer (the "Named Executive Officers"). No other executive officers received total compensation of more than \$150,000 during the most recently completed financial year.

Name and principal position	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Cameron Todd ⁽²⁾ Chief Executive Officer	2011	176,923	Nil	594,305 ⁽⁶⁾	Nil	Nil	Nil	Nil	771,228
Thomas O'Neill ⁽³⁾ Former President and Chief Executive Officer	2011 2010 2009	Nil Nil Nil	Nil Nil Nil	Nil 9,757 ⁽⁷⁾ Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil 9,757 Nil
Glen Snarr ⁽⁴⁾ President and Chief Financial Officer	2011	160,096	Nil	445,728 ⁽⁶⁾	Nil	Nil	Nil	100,000 ⁽⁸⁾	705,824
Peter Leitch ⁽⁵⁾ Former Secretary and Chief Financial Officer	2011 2010 2009	Nil Nil Nil	Nil Nil Nil	Nil 9,757 ⁽⁷⁾ Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil 9,757 Nil

Notes:

- (1) The Corporation is operated as a continuation of Earth Energy Resources Inc., subsequent to an acquisition by US Oil Sands Inc. (formerly International LMM Ventures Corp. ("LMM")) and a subsequent amalgamation on May 8, 2011. Information disclosed represents executive compensation paid by LMM up to the date of April 18, 2011 and for US Oil Sands Inc. thereafter. Information for Year 2010 represents executive compensation incurred by LMM for the fiscal year ended November 30, 2010.
- (2) Cameron Todd has served as the Chief Executive Officer of the Corporation since April 19, 2011.
- (3) Thomas O'Neill served as the President and Chief Executive Officer of LMM since December 23, 2009 and resigned on April 18, 2011 upon acquisition of Earth Energy Resources Inc.
- (4) Glen Snarr has served as the President, Chief Financial Officer and Corporate Secretary of the Corporation since April 18, 2011.
- (5) Peter Leitch served as the Secretary and Chief Financial Officer of LMM since December 23, 2009 and resigned on April 18, 2011 upon acquisition of Earth Energy Resources Inc.
- (6) Cameron Todd and Glen Snarr were granted stock options of the Corporation on April 18, 2011. Cameron Todd was granted 2,000,000 options and Glen Snarr was granted 1,500,000 options to purchase common shares of the Corporation at an exercise price of \$0.36 per share expiring on April 18, 2021. 50% of the options were vested immediately on the date of grant, with 25% to be vested on April 18, 2012 and 25% on April 18, 2013. Using the Black-Scholes option pricing model, the fair value of the options granted was \$594,305 and 445,728, respectively, assuming a risk-free interest rate of 3.37%, expected life of 10 years, expected volatility of 80%, 0% forfeiture rate and 0% dividend rate.
- (7) Thomas O'Neill and Peter Leitch were each granted stock options on December 23, 2009 entitling each of them to purchase up to 250,000 common shares of LMM. at an exercise price of \$0.10 per share expiring December 23, 2019. Using the Black-Scholes option pricing model, the fair value of the options granted was \$9,757, assuming a risk-free interest rate of 3.96%, expected life of 10 years, expected volatility of 75% and 0% dividend rate. All of these options were exercised as of April 20, 2012.
- (8) Other compensation received represents bonus paid to senior management for duties performed prior to Earth Energy Resources Inc. being reconstituted as US Oil Sands Inc.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2011 to the Named Executive Officers of the Corporation.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Cameron Todd	2,000,000	0.36	April 18, 2021	Nil
Glen Snarr	1,500,000 2,000,000	0.36 0.3125	April 18, 2021 August 7, 2013	Nil Nil
Thomas O'Neill	Nil	Nil	Nil	Nil
Peter Leitch	Nil	Nil	Nil	Nil

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the TSX Venture Exchange on December 31, 2011 of \$0.19.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during the Corporation's financial year ended December 31, 2011 in respect of option-based awards and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Cameron Todd	Nil ⁽²⁾	Nil
Thomas O'Neill	Nil	Nil
Glen Snarr	Nil ⁽²⁾	Nil
Peter Leitch	Nil	Nil

Notes:

- (1) Value is calculated based on the difference between the exercise price of the options vested and the closing price of the Corporation's Common Shares on the TSX Venture Exchange on the vesting date, April 18, 2011.
- (2) Trading of the Corporation's stocks was halted from January 18, 2011 to April 19, 2011 pending on the acquisition of Earth Energy Resources; trading was resumed on April 20, 2011. The closing price of the Corporation's Common Shares prior to halting was \$0.36 per share.

Termination and Change of Control Benefits

The Corporation has employment agreements with each of Cameron Todd and Glen Snarr that provide for payments or benefits to Named Executive Officers in connection with any termination, resignation, retirement, change of control of the Corporation or change in the responsibilities of the executive officer, including provisions which provide for the exercise of unvested options in the event of a change of control of the Corporation. Pursuant to the employment agreements and in the event of termination without cause, each of Cameron Todd and Glen Snarr are entitled to compensation in an amount equal to a notice period of twenty four (24) months, consisting of the sum of base salary plus an average bonus calculated on a monthly basis over the preceding three years, if any. In the event that Mr. Todd is terminated without cause, compensation would have an estimated value of \$500,000. In the event that Mr. Snarr is terminated without cause, compensation would have an estimated value of \$650,000. The value

of unvested options held by Named Executive Officers at December 31, 2011 (based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2011) was \$Nil for Cameron Todd and \$Nil for Glen Snarr.

Director Compensation for Directors who are Not Named Executive Officers of the Corporation

Director Compensation Table

The following table sets forth information in respect of all amounts of compensation provided to the directors during the Corporation's financial year ended December 31, 2011.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) ⁽²⁾	Total (\$)
Doug Hunter	Nil	Nil	Nil	Nil	Nil	3,564	3,564
Verne Johnson	Nil	Nil	Nil	Nil	Nil	3,564	3,564
James Banister	Nil	Nil	Nil	Nil	Nil	2,648	2,648
Ken Stephenson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Edward Chwyl	Nil	Nil	148,576 ⁽¹⁾	Nil	Nil	Nil	148,576

Notes:

- (1) Edward Chwyl was granted 500,000 stock options of the Corporation on April 18, 2011 to purchase up to 500,000 common shares of the Corporation at an exercise price of \$0.36 per share expiring on April 18, 2021. 50% of the options were vested immediately on the date of grant, with 25% to be vested on April 18, 2012 and 25% on April 18, 2013. Using the Black-Scholes option pricing model, the fair value of the options granted was \$148,576, respectively, assuming a risk-free interest rate of 3.37%, expected life of 10 years, expected volatility of 80%, 0% forfeiture rate and 0% dividend rate.
- (2) Certain directors elected to participate in the Corporation's health care benefit program.

Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2011 to the directors of the Corporation.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Doug Hunter	1,000,000	0.25	August 13, 2013	Nil
Verne Johnson	1,000,000	0.3125	August 7, 2013	Nil
James Banister	1,000,000	0.25	August 13, 2013	Nil
Ken Stephenson	1,000,000	0.3125	August 7, 2013	Nil
Edward Chwyl	500,000	0.36	April 18, 2021	Nil

Note:

- (1) Value is calculated based on the difference between the exercise price of the options vested and the closing price of the Corporation's Common Shares on the TSX Venture Exchange on December 31, 2011 of \$0.19.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation’s financial year ended December 31, 2011 of option-based awards and non-equity incentive plan compensation for directors of the Corporation.

Name	Option-based awards – Value vested during the year (\$)⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Doug Hunter	Nil	Nil
Verne Johnson	Nil	Nil
James Banister	Nil	Nil
Ken Stephenson	Nil	Nil
Edward Chwyl	Nil ⁽²⁾	Nil

Note:

- (1) Value is calculated based on the difference between the exercise price of the options vested and the closing price of the Corporation’s Common Shares on the TSX Venture Exchange on the vesting date of April 18, 2011.
- (2) Trading of the Corporation’s stocks was halted from January 18, 2011 to April 19, 2011 pending on the acquisition of Earth Energy Resources; trading was resumed on April 20, 2011. The closing price of the Corporation’s Common Shares prior to halting was \$0.36 per share.

EQUITY COMPENSATION PLAN INFORMATION

As of December 31, 2011, equity securities are authorized for issuance as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders - Stock Option Plan	24,175,000	0.2623	760,632
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	24,175,000	0.2623	760,632

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Management Information Circular the disclosure required under Form 58-101F2 with respect to the corporate governance guidelines set out under National Policy 58-201 *Corporate Governance Guidelines*.

Board of Directors

The Board is responsible for supervising the management of the business and affairs of the Corporation and is comprised of five directors, all of which are independent. The independent directors are H. Douglas

Hunter, Verne G. Johnson, James A. Banister, Ken M. Stephenson and Edward Chwyl. The Board facilitates its exercise of independent supervision over management by holding Board meetings without management present. Four of the Corporation's directors serve as directors of other reporting issuers as indicated in the table below.

Director	Directorships Held
Verne G. Johnson	Gran Tierra Energy Inc. Petromanas Energy Inc.
James A. Banister	Essential Energy Services Ltd.
Ken M. Stephenson	Clearview Resources Ltd. Donnycreek Energy Inc. Calvalley Petroleum Inc. Donnybrook Energy Inc.
Edward Chwyl	Baytex Energy Corp. WestFire Energy Ltd.

Orientation and Continuing Education

The Corporation has developed an orientation program for new directors which provides each new director with all applicable information regarding the roles and responsibilities of the Board and each Committee of the Board, as well as information regarding the nature and operation of the Corporation's business, its organizational structure and governance policies. The Corporation arranges for presentations to be made to the Board and each Committee of the Board to inform directors regarding corporate developments and changes in legal, regulatory and industry requirements affecting the Corporation. As well, directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

Ethical Business Conduct

The Board consults regularly with legal, accounting and auditing advisors to ensure compliance with all applicable legal, accounting and other applicable regulatory requirements.

Nomination

Responsibility for identifying candidates to join the Board belongs to the Compensation, Governance and Nominating Committee. The criteria that Compensation, Governance and Nomination Committee members are asked to consider in identifying candidates includes the independence of the individual, his or her financial acumen and skills, and availability to devote sufficient time to the duties of the Board. Compensation, Governance and Nomination Committee members who have identified new candidates present information regarding the candidate at the next meeting of the Compensation, Governance and Nomination Committee, the Compensation, Governance and Nomination Committee makes an assessment of the candidate, determining whether the candidate meets the criteria established by the Compensation, Governance and Nomination Committee, and then makes a decision whether to interview the candidate. If the committee members who interviewed the candidate are in favour of having the candidate stand for election, the Board takes a vote and if the candidate is approved, the candidate becomes a nominee for election by shareholders at the next shareholder meeting of the Corporation.

In addition, the Compensation, Governance and Nomination Committee is empowered to recommend candidates to fill any vacancy in the Board that arises between annual meetings. Subject to the articles of the Corporation, the Compensation, Governance and Nomination Committee also has the ability to recommend the appointment of additional directors between annual meetings.

Compensation

Responsibility for determining the compensation of the directors and each Executive Officer belongs to the Compensation, Governance and Nomination Committee. The criteria that Compensation, Governance and Nomination Committee members are asked to consider in determining compensation includes the objectives and goals set by the Corporation for the directors and each Executive Officer as against their performance, shareholder returns and other achievements of the Corporation. The Compensation, Governance and Nomination Committee may engage the services of a compensation advisor to advise the Corporation regarding the form and amount of compensation awarded by corporations similar in size and industry to the Corporation, including competitors. The Compensation, Governance and Nomination Committee also considers publicly available information regarding compensation of other listed issuers. In considering Executive Officers other than the Chief Executive Officer, the Compensation, Governance and Nomination Committee shall take into account the recommendation of the Chief Executive Officer. The Compensation, Governance and Nomination Committee holds an annual meeting to discuss compensation, review any proposals of the CEO or management (without the CEO being present in the case of the CEO's compensation), and then votes on the proposed compensation.

Board Committees

The Board has established an Audit Committee, a Reserves Committee, and a Compensation, Governance and Nomination Committee. The function of the Compensation, Governance and Nomination Committee is to:

- determine the appropriate compensation for each Executive of the Corporation Officer (as defined under National Instrument 51-102 on "Continuous Disclosure Obligations).
- recommend governance policies for adoption by the Corporation, and to amend, administer and monitor compliance with the Corporation's governance policies.
- identify qualified individuals for nomination to the Board of Directors to ensure the Corporation has strong, relevant and capable members.

The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually assess the work of the reserves evaluator and approve the Corporation's annual reserve report and consent forms of management and the reserves evaluator thereto.

The function of the Audit Committee is outlined below.

Assessment

The Board takes steps to satisfy itself that the Board, its Committees and individual directors are performing effectively by conducting an annual informal evaluation and assessment of the performance, contribution and effectiveness of the Board, Committees and individual directors.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F2 under the Canadian Securities Administrators' National Instrument 52-110 *Audit Committees* ("NI 52-110").

Audit Committee Charter

The Audit Committee Charter is attached as Schedule "B" to this Information Circular.

Composition of the Audit Committee

The Audit Committee is comprised of Verne G. Johnson, H. Douglas Hunter and James A. Banister. Each director is considered "financially literate" and "independent" (as such terms are defined in NI 52-110).

Relevant Education and Experience

Each member of the Audit Committee is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education, and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized below:

Name	Education and Experience
Verne G. Johnson	Mr. Johnson received a Bachelor of Science degree in Mechanical Engineering from the University of Manitoba in 1966. He has spent his entire career in the petroleum industry, primarily in western Canada, contributing to the growth of oil and gas companies of various sizes. Starting with Imperial Oil Limited in 1966, he has worked with Exxon Corporation and in senior capacities with various companies, achieving the positions of President of Paragon Petroleum Ltd., President and CEO of ELAN Energy Inc., and Senior Vice President of Enerplus Resources Group.
H. Douglas Hunter	Mr. Hunter holds a graduate degree in engineering from the California Institute of Technology. He is currently President of RFM Capital Corporation, Bluesky Equities Ltd and Petroleum Capital Corporation. Mr. Hunter has previously served as Chairman of Viking Energy Royalty Trust, President of Audax Gas & Oil Ltd., Petromark Minerals Ltd., Bluesky Oil & Gas Ltd. and Westmount Resources Ltd. Mr. Hunter served as a Director of the Calgary Olympic Development Association during the 1988 Winter Olympic Games and acted as Chairman of that organization from 1992-94. Mr. Hunter has been active in the creation of several public and private oil and gas companies.
James A. Banister	Graduate with a Diploma of Business Administration in 1966 from Northern Alberta Institute of Technology. Mr. Banister was President and CEO of Travis Chemicals Inc. from 1985 to 1997, leading the executive management team in all areas concerning sales and compensation of the company's sales team.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any exemption from NI 52-110, including Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors, and approve in advance provision of services other than auditing and to consider whether the external auditor should be retained for this purpose, having regard to the need to maintain independence. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems necessary. The Chairman will notify the other members of the Audit Committee of any such non-audit or additional work that is proposed to be conducted by the external auditor.

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Corporation's external auditors in each of the last two fiscal years are as follows:

Financial Year Ending December 31	Audit Fees	Audit-related Fees	Tax Fees	All Other Fees
2011 ⁽¹⁾	40,000	41,900 ⁽³⁾	15,500 ⁽⁴⁾	20,720 ⁽⁵⁾
2010 ⁽²⁾	12,750	8,000	2,850	Nil

Note:

- (1) Fees summarized for 2011 includes fees incurred by the Corporation and by LMM prior to the amalgamation with Earth Energy Resources Inc. ("Earth Energy").
- (2) 2010 fees represent fees incurred by LMM for the financial year ended November 30, 2010.
- (3) 2011 audit-related fees are comprised of \$28,000 paid to the Corporation's external auditor and \$6,900 paid to the auditor of Earth Energy and \$7,000 paid to the auditor of LMM prior to the amalgamation.
- (4) 2011 tax fees include \$12,000 for the preparation of corporate tax returns for Earth Energy upon acquisition by LMM and subsequent amalgamation, as well as tax planning fees. The Corporation has yet to receive the bill for the taxation period ended December 31, 2011. The Corporation has accrued such fees in its consolidated financial statements for the year ended December 31, 2011.
- (5) 2011 other fees represent fees paid to the auditor of Earth Energy in regards to the reverse take-over transaction.

Exemption

The disclosure under this section is being provided in reliance upon the exemption in Section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis ("**MD&A**") for the year ended December 31, 2011. Copies of the Corporation's financial statements and MD&A are available on written request to the Corporation at Suite 950, 633 – 6th Ave. SW Calgary, Alberta T2P 2Y5, Attention: Chief Financial Officer. **Additional information relating to the Corporation is available on SEDAR at www.sedar.com.**

SCHEDULE "A"

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs
of
US Oil Sands Inc.

CONTENTS

Section 1	- Interpretation
Section 2	- Business of the Corporation
Section 3	- Borrowing and Securities
Section 4	- Directors
Section 5	- Committees
Section 6	- Officers
Section 7	- Protection of Directors, Officers and Others
Section 8	- Shares
Section 9	- Dividends and Rights
Section 10	- Meetings of Shareholders
Section 11	- Divisions and Departments
Section 12	- Notices
Section 13	- Effective Date

BE IT ENACTED as a by-law of the Corporation as follows:

SECTION 1
INTERPRETATION

1.01 **Definitions** - In the by-laws of the Corporation, unless the context otherwise requires:

- (a) **"Act"** means the *Business Corporations Act*, R.S.A. 2000, c. B-9, and any statute that may be substituted therefor, as from time to time amended;
- (b) **"appoint"** includes **"elect"** and vice versa;

- (c) “**articles**” means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution or articles of revival and includes an amendment to any of them;
- (d) “**Board**” means the board of directors of the Corporation;
- (e) “**by-laws**” means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (f) “**Corporation**” means the corporation incorporated by a Certificate of Continuance under the Act and named: US Oil Sands Inc.
- (g) “**meeting of shareholders**” means an annual meeting of shareholders and a special meeting of shareholders;
- (h) “**non-business day**” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act*, 2000, c. 1-8 and any statute that may be substituted therefor, as from time to time amended;
- (i) “**recorded address**” means in the case of a shareholder his address as recorded in the securities register of the Corporation; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the Board, his latest address as recorded in the records of the Corporation;
- (j) “**signing officer**” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.02 or by a resolution passed pursuant thereto;
- (k) “**special meeting of shareholders**” means a special meeting of all shareholders entitled to vote at an annual meeting of shareholders; and
- (l) “**unanimous shareholder agreement**” means (i) a written agreement to which all the shareholders of a corporation are or are deemed to be parties, whether or not any other person is also a party, or (ii) a written declaration by a person who is the beneficial owner of all of the issued shares of a corporation that provides for any matters enumerated in the Act, as amended from time to time;

save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

SECTION 2

BUSINESS OF THE CORPORATION

2.01 **Registered Office** - Until changed in accordance with the Act, the registered office of the Corporation shall be at the City of Calgary in the Province of Alberta and at such location therein as the Board may from time to time determine.

2.02 **Execution of Instruments** - Contracts, documents or instruments in writing requiring execution by the Corporation may be signed by any director or officer of the Corporation and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The Board is authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation to sign and deliver either contracts, documents or instruments in writing generally or to sign either manually or by facsimile signature and/or counterpart signature and deliver specific contracts, documents or instruments in writing. The term “contracts, documents or instruments in writing” as used in this by-law shall include deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically, but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities), share certificates, warrants, bonds, debentures and other securities or security instruments of the Corporation and all paper writings.

2.03 **Banking Arrangements** - The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

2.04 **Voting Rights in Other Bodies Corporate** - The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.05 **Withholding Information from Shareholders** - Subject to the provisions of the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the Board, would be inexpedient in the interests of the shareholders or the Corporation to communicate to the public. The Board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the Board or by resolution passed at a general meeting of shareholders.

SECTION 3 **BORROWING AND SECURITIES**

3.01 **Borrowing Power** - Without limiting the borrowing powers of the Corporation as set forth in the Act, the articles, the by-laws or any unanimous shareholder agreement, the Board may from time to time:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) subject to the provisions of the Act give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

- (d) mortgage, hypothecate, pledge or otherwise create an interest in or charge upon all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 **Delegation** - The Board may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the Board all or any of the powers conferred on the Board by section 3.01 or by the Act to such extent and in such manner as the Board shall determine at the time of each such delegation.

SECTION 4 **DIRECTORS**

4.01 **Number of Directors and Quorum** - Until changed in accordance with the Act, the Board shall consist of not fewer than three (3) and not more than fifteen (15) directors. Subject to section 4.08, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors then elected or appointed, or such greater or lesser number of directors as the Board may from time to time determine.

4.02 **Qualification** - No person shall be qualified for election as a director if he (i) is less than 18 years of age; (ii) is a dependent adult as defined in the Adult Guardianship and Trusteeship Act or is the subject of a certificate of incapacity under the Public Trustee Act and any statute that may be substituted therefor, as from time to time amended; (iii) is a formal mental patient as defined in the Mental Health Act (Alberta) and any statute that may be substituted therefor, as from time to time amended; (iv) is the subject of an order under the Mentally Incapacitated Persons Act (Alberta) and any statute that may be substituted therefor, as from time to time amended, appointing a committee of his person or estate or both; (v) has been found to be a person of unsound mind by a court elsewhere than in Alberta; (vi) is not an individual; (vii) has the status of a bankrupt. Subject to the articles, a director need not be a shareholder. At least one-quarter of the directors must be resident Canadians.

4.03 **Election and Term** - The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareholders otherwise determine. The election shall be by ordinary resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.04 **Removal of Directors** - Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by the directors.

4.05 **Vacation of Office** - A director ceases to hold office when he dies; he is removed from office by the shareholders; he ceases to be qualified for election as a director; or his written resignation is sent or delivered to the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.

4.06 **Vacancies** - Subject to the Act, the articles and any unanimous shareholders agreement, a quorum of the Board may fill a vacancy in the Board, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure of the shareholders to elect the minimum number of

directors. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the minimum number of directors, the Board shall forthwith call a special meeting of shareholders to fill the vacancy. If the Board fails to call such meeting or if there are no such directors then in office, any shareholder may call the meeting.

4.07 **Action by the Board** - Subject to any unanimous shareholder agreement, the Board shall manage or supervise the management of the business and affairs of the Corporation. Subject to sections 4.08 and 4.09, the powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed in part or in counterpart by all the directors entitled to vote on that resolution at a meeting of the Board. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. Where the Corporation has only one director, that director may constitute the meeting.

4.08 **Residence** - Unless otherwise permitted by the Act, the Board shall not transact business at a meeting, other than filling a vacancy in the Board, unless at least one-quarter of the directors present are resident Canadians, except where:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
- (b) the number of resident Canadian directors present at the meeting together with any resident Canadian director who gives his approval under clause (a), totals at least one-quarter of the directors present at the meeting.

4.09 **Meetings by Telephone** - If all the directors consent, a director may participate in a meeting of the Board or of a committee of the Board by electronic means, telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board held while a director holds office.

4.10 **Place of Meetings** - Meetings of the Board may be held at any place in or outside Canada.

4.11 **Calling of Meetings** - Meetings of the Board shall be held from time to time and at such place as the Board, the chairman of the Board, the chief executive officer, the president or any two directors may determine.

4.12 **Notice of Meeting** - Notice of the time and place of each meeting of the Board shall be given in the manner provided in section 12.01 to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) appoint additional directors;
- (c) fill a vacancy among the directors or in the office of auditor;
- (d) issue securities;

- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (g) pay a commission for the sale of shares;
- (h) approve a prospectus or management proxy circular;
- (i) approve a take-over bid circular or directors' circular;
- (j) approve any annual financial statements; or
- (k) adopt, amend or repeal by-laws.

A director may in any manner waive notice of or otherwise consent to a meeting of the Board, and attendance of a director at a meeting constitutes a waiver of notice, unless the director is attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4.13 **First Meeting of New Board** - Provided a quorum of directors is present, each newly elected Board may, without notice, hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

4.14 **Adjourned Meeting** - Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.15 **Regular Meetings** - The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.16 **Chairman** - The chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the Board, chief executive officer, president, or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairman.

4.17 **Votes to Govern** - At all meetings of the Board every question shall be decided by a majority of the votes cast on the question of those directors entitled to vote. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

4.18 **Conflict of Interest** - A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation shall disclose the nature and extent of his interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the Board or shareholders for approval in accordance with the Act, even if such contract or transaction is one that in the ordinary course of the Corporation's business would not require approval by the Board or shareholders, and a director interested in a contract or transaction so referred to the Board shall not vote on any resolution to approve the same except as provided by the Act.

4.19 **Remuneration and Expenses** - Subject to the articles and any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration in that capacity.

SECTION 5 **COMMITTEES**

5.01 **Committee of Directors** - Unless otherwise permitted by the Act, the Board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the Board except those which, under the Act, a committee of directors has no authority to exercise. At least one-quarter of the members of such committee shall be resident Canadians.

5.02 **Transaction of Business** - Subject to the provisions of section 4.09, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

5.03 **Advisory Committees** - The Board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

5.04 **Procedure** - Unless otherwise determined by the Board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

5.05 **Audit Committee** - When required by the Act the Board shall, and at any other time the Board may, appoint annually from among its number an Audit Committee to be composed of not fewer than three (3) directors of whom a majority shall not be officers or employees of the Corporation or its affiliates. The Audit Committee shall have the powers and duties provided in the Act and any other powers delegated by the Board.

SECTION 6 **OFFICERS**

6.01 **Appointment** - Subject to the articles and any unanimous shareholder agreement, the Board may from time to time appoint a president, chief executive officer, chief financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, the articles and any unanimous shareholder agreement, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to sections 6.02 and 6.03, an officer may but need not be a director and one person may hold more than one office.

6.02 **Chairman of the Board** - The Board may from time to time also appoint a chairman of the Board who shall be a director. If appointed, the Board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the chief executive officer or to the president; and he shall, subject to the provisions of the Act, have such other powers and duties as the Board may specify.

During the absence or disability of the chairman of the Board, his duties shall be performed and his powers exercised by the chief executive officer, if any, or by the president.

6.03 **Chief Executive Officer** - If appointed, the chief executive officer, subject to the authority of the Board, shall be responsible for implementing strategic plans and policies of the Corporation as established by the Board; and the chief executive officer shall have such other powers and duties as the Board may specify. During the absence or disability of the chairman, or if no chairman has been appointed, the chief executive officer shall have the powers and duties of that office.

6.04 **President** - If appointed, the president shall have general supervision of the business of the Corporation and the president shall have such other powers and duties as the Board may specify. During the absence or disability of the chief executive officer, or if no chief executive officer has been appointed, the president shall also have the powers and duties of that office.

6.05 **Vice-President** - A vice-president shall have such powers and duties as the Board or the chief executive officer may specify.

6.06 **Secretary** - The secretary shall attend and be the secretary of all meetings of the Board, shareholders and committees of the Board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the Board or the chief executive officer may specify.

6.07 **Treasurer** - The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the Board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the Board or the chief executive officer may specify.

6.08 **Powers and Duties of Other Officers** - The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the chief executive officer otherwise directs.

6.09 **Variation of Powers and Duties** - The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

6.10 **Term of Office** - The Board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the Board shall hold office until his successor is appointed.

6.11 **Terms of Employment and Remuneration** - The terms of employment and the remuneration of officers appointed by the Board shall be settled by the Board from time to time.

6.12 **Conflict of Interest** - An officer shall disclose his interest in any material contract or material transaction or proposed material contract or proposed material transaction with the Corporation in accordance with section 4.18.

6.13 **Agents and Attorneys** - The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

6.14 **Fidelity Bonds** - The Board may require such officers, employees and agents of the Corporation as the Board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine.

SECTION 7 **PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

7.01 **Limitation of Liability** - No director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.02 **Indemnity** - Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Corporation or any such body corporate) and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if

- (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

7.03 **Insurance** - Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such, as the Board may from time to time determine.

SECTION 8 **SHARES**

8.01 **Allotment** - Subject to the Act, the articles and any unanimous shareholder agreement, the Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid as prescribed by the Act.

8.02 **Commissions** - The Board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.03 **Registration of Transfer** - Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by his attorney or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the Board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 8.05.

8.04 **Transfer Agents and Registrars** - The Board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The Board may at any time terminate any such appointment.

8.05 **Lien for Indebtedness** - If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to any other provision of the articles and to any unanimous shareholder agreement, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, may refuse to register a transfer of the whole or any part of such shares.

8.06 **Non-recognition of Trusts** - Subject to the provisions of the Act, the Corporation shall treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

8.07 **Security Certificates** - Every holder of one or more securities of the Corporation shall be entitled, at his option, to a security certificate, or to a non-transferable written acknowledgement of his right to obtain a security certificate, stating the number and class or series of securities held by him as shown on the securities register. Security certificates and acknowledgements of a shareholder's right to a security certificate, respectively, shall be in such form as the Board shall from time to time approve. Any security certificate shall be signed in accordance with section 2.02 and need not be under the corporate seal; provided that, unless the Board otherwise determines, certificates representing securities in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of security certificates which are not valid unless countersigned by or on behalf of the transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon security certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A security certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.08 **Replacement of Security Certificates** - The Board or any officer or agent designated by the Board may in its or his discretion direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated or in substitution for a security certificate

claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$3.00 and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

8.09 **Joint Securityholders** - If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.

8.10 **Deceased Shareholders** - In the event of the death of a holder, or of one of the joint holders, of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

SECTION 9 **DIVIDENDS AND RIGHTS**

9.01 **Dividends** - Subject to the provisions of the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

9.02 **Dividend Cheques** - A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.03 **Non-receipt of Cheques** - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.

9.04 **Record Date for Dividends and Rights** - The Board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities and if the Corporation is a distributing corporation, as defined in the Act, provided that notice of any such record date is given, not less than 7 days before such record date, by newspaper advertisement in the manner provided in the Act. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

9.05 **Unclaimed Dividends** - Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION 10
MEETINGS OF SHAREHOLDERS

10.01 **Annual Meetings** - The annual meeting of shareholders shall be held at such time in each year and, subject to section 10.03, at such place as the Board, the chairman of the Board, the chief executive officer or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

10.02 **Special Meetings** - The Board, the chairman of the Board, the chief executive officer or the president shall have power to call a special meeting of shareholders at any time.

10.03 **Place of Meetings** - Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the Board shall so determine, at some other place in Alberta or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Alberta.

10.04 **Notice of Meetings** - Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 12.01 not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice, if any, is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditors report, election of directors and appointment of auditors shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder may in any manner waive notice of or otherwise consent to a meeting of shareholders.

10.05 **List of Shareholders Entitled to Notice** - The Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 10.06, the shareholders listed shall be those registered at the close of business on a day not later than 10 days after such record date and the list shall be prepared no later than 10 days after the record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting is held.

10.06 **Record Date for Notice** - The Board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, for the determination of the shareholders entitled to notice of or to vote at the meeting, provided that notice of any such record date is given, not less than 7 days before such record date, by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of or to vote at the meeting shall be the close of business on the last business day immediately preceding the day on which the notice is sent or if no notice is sent, the day on which the meeting is held.

10.07 **Meetings Without Notice** - A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent

to such meeting being held, and (b) if the auditors and the directors are present or the directors waive notice of or otherwise consent to such meeting being held. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Alberta, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

10.08 **Chairman, Secretary and Scrutineers** - The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the Board, chief executive officer, president or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for the commencement of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

10.09 **Persons Entitled to be Present** - The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.10 **Quorum** - The quorum for the transaction of business at any meeting of the shareholders shall consist of at least two persons holding or representing by proxy not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the meeting.

If a quorum is not present at the opening of any meeting of shareholders, the shareholders present may adjourn the meeting to a fixed time and place, but may not transact any other business. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days it is not necessary to give notice of the adjourned meeting other than by announcement at the time of an adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of more than 29 days and not more than 90 days, notice of the adjourned meeting shall be given as for an original meeting but the management of the Corporation shall not be required to send a form of proxy in the form prescribed by the Act to each shareholder who is entitled to receive notice of the meeting. Those shareholders present at any duly adjourned meeting shall constitute a quorum.

10.11 **Right to Vote** - Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 10.05, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except, where the Corporation has fixed a record date in respect of such meeting pursuant to section 10.06, to the extent that such person has transferred any of his shares after such record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than 10 days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at that time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

10.12 **Proxies** - Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A

proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act.

10.13 **Time for Deposit of Proxies** - The Board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

10.14 **Joint Shareholders** - If two or more persons hold shares jointly, one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one on the shares jointly held by them.

10.15 **Votes to Govern** - At any meeting of shareholders every question shall, unless otherwise required by the Act, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

10.16 **Show of Hands** - Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands or any other manner permitted by the Act unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

10.17 **Ballots** - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands or other form of voting has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.18 **Adjournment** - If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that it is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.19 **Resolution in Writing** - A resolution in writing signed in counterpart or in one instrument by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.

10.20 **Only One Shareholder** - Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

10.21 **Meetings by Telephone** - Subject to any limitations or requirements set out in the regulations to the Act, if any, a shareholder or any other person entitled to attend a meeting of shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other.

SECTION 11 **DIVISIONS AND DEPARTMENTS**

11.01 **Creation and Consolidation of Divisions** - The Board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the Board may consider appropriate in each case. The Board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the Board may consider appropriate in each case.

11.02 **Name of Division** - Any division or its sub-units may be designated by such name as the Board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name. Any such contracts, cheque or document shall be binding upon the Corporation as if it had been entered into or signed in the name of the Corporation.

11.03 **Officers of Divisions** - From time to time the Board or, if authorized by the Board, the chief executive officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The Board or, if authorized by the Board, the chief executive officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Corporation.

SECTION 12 **NOTICES**

12.01 **Method of Giving Notices** - Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication or by electronic means in accordance with the provisions of the Electronic Transactions Act (Alberta). A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by him to be reliable.

12.02 **Notice to Joint Shareholders** - If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

12.03 **Computation of Time** - In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

12.04 **Undelivered Notices** - If any notice given to a shareholder pursuant to section 12.01 is returned on two consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

12.05 **Omissions and Errors** - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

12.06 **Persons Entitled by Death or Operation of Law** - Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

12.07 **Waiver of Notice** - Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board which may be given in any manner.

SECTION 13 **EFFECTIVE DATE**

13.01 **Effective Date** - This by-law shall come into force upon the passing of same by the Board, subject to confirmation of the by-law by the shareholders of the Corporation as required by the Act.

13.02 **Repeal** - All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal. All directors, officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the Board with continuing effect passed under any repealed by-law shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.

SCHEDULE "B"

AUDIT COMMITTEE CHARTER

(the "Charter")

Mandate

The primary function of the audit committee (the "Committee") of US Oil Sands Inc. (the "Company") is to assist the Board of Directors ("Board") in fulfilling its financial oversight responsibilities by reviewing and recommending to the board the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and to review and recommend to the board the Company's financial statements;
- Review and appraise the performance of the Company's external auditor; and
- Provide an open avenue of communication among the Company's auditor, financial and senior management and the Board.

Composition

1. The Committee shall be comprised of at least three directors as determined by the Board, all of whom shall be "independent" directors (within the meaning set out in National Instrument 58-101 on "Disclosure of Corporate Governance Practices" adopted by the Canadian Securities Administrators) free from any relationship that would interfere with the exercise of the director's independent judgment, except as permitted by applicable securities regulatory guidelines (including applicable exemptions while the Company is a "venture issuer" within the meaning of applicable securities legislation).
2. The members of the Committee shall be appointed by the Board at its first meeting following the annual shareholders' meeting. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to the Committee continuing to satisfy the composition requirements mentioned above. The Board shall designate one member of the Committee as its Chair. If a Chair of the Committee is not so designated or present at a meeting, the members of the Committee may designate a Chair by majority vote of the Committee membership.

Meetings

1. Except as expressly provided in this Charter or the Bylaws of the Company, the Committee shall fix its own rules of procedure.
2. The Committee shall meet at least four times annually, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor in separate sessions.

3. At all meetings of the committee, the presence of a majority of the members will constitute a quorum for the transaction of the business and the vote of a majority of the members present shall be the act of the committee; in the event of a tie vote on any matter, such matter shall be presented to the board for its consideration and determination.
4. Members of the Committee may participate in a meeting of the Committee by conference telephone or similar communications equipment by means of which all people participating in the meeting can hear each other and participation in such a meeting will constitute presence in person at such a meeting.
5. Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all of its members consent in writing to the action and such writing is filed with the records of proceedings of the Committee.
6. The CEO will be available to advise the Committee and will receive notice of meetings. Directors not on the Committee may attend meetings at the discretion of the Committee. At the invitation of the Chair of the Committee, members of management and outside consultants shall attend Committee meetings.
7. The committee will provide the board with a copy of the minutes of such meetings. Where minutes have not yet been prepared, the chairman will provide the board with oral reports on the activities of the committee. All material information reviewed and discussed by the committee at any meeting will be referred to in the minutes and made available for examination by the board upon request to the chairman.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports
 - a. Review and update, if applicable or necessary, this Audit Committee Charter annually;
 - b. Review with management and the independent auditor the Company's annual and interim financial statements, management's discussion and analysis, any annual and interim earnings press releases and any reports or other financial information to be submitted to any governmental and/or regulatory body, or the public, including any certification, report, opinion, or review rendered by the external auditor for the purpose of recommending their approval to the Board prior to their filing, issue or publication;
 - c. Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - d. Review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company;
 - e. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the

results of the procedures performed in these areas by the external auditor, based on the terms of reference agreed upon by the external auditor and the Committee; and

- f. Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

2. External Auditor

- a. Review annually, the performance of the external auditor who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
- b. Obtain annually, a formal written statement of the external auditor setting forth all relationships between the external auditor and the Company;
- c. Review and discuss with the external auditor any disclosed relationships or services that may have an impact on the objectivity and independence of the external auditor;
- d. Take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- e. Recommend to the Board the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval;
- f. Recommend to the Board the compensation to be paid to the external auditor;
- g. At each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- h. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- i. Review with management and the external auditor the audit plan for the year-end financial statements; and
- j. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The authority to pre-approve non-audit services may be delegated by the Committee to one or more independent members of the Committee, provided that such pre-approval must be presented to the Committee's first scheduled meeting following such pre-approval. Pre-approval of non-audit services is satisfied if:
 - (i) The aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by the Company and subsidiaries to the Company's external auditor during the fiscal year in which the services are provided;

- (ii) The Company or a subsidiary did not recognize the services as non-audit services at the time of the engagement; and
- (iii) The services are promptly brought to the attention of the Committee and approved, prior to completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

3. Financial Reporting Processes

- a. In consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;
- b. Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- c. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;
- d. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;
- e. Following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- f. Review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;
- g. Review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- h. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- i. Review certification process;
- j. Establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- k. Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

- a. Review any material related party transactions;
- b. Engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- c. To set and pay compensation for any independent counsel and other advisors employed by the Committee.