



U.S. OIL SANDS

US OIL SANDS INC.

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

To Be Held On May 18, 2016

**NOTICE OF MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

April 13, 2016

US OIL SANDS INC.
Suite 1600, 521 – 3rd Avenue SW
Calgary, Alberta T2P 3T3

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE
SHAREHOLDERS OF US OIL SANDS INC.

TAKE NOTICE that the Annual General and Special Meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of US Oil Sands Inc. (the “**Corporation**”) will be held at The Calgary Petroleum Club, 319 - 5 Avenue SW Calgary, AB T2P 0L6, on Wednesday, May 18, 2016, at the hour of 3:30 p.m. (Calgary time) for the purposes of:

1. Receiving and considering the audited financial statements of the Corporation for the fiscal year ended December 31, 2015 and the Report of the Auditor thereon;
2. Electing the board of directors for the ensuing year;
3. Appointing Deloitte LLP, Chartered Accountants, Calgary, Alberta, as the auditors of the Corporation for the ensuing year and to authorize the board of directors to fix their remuneration;
4. Considering a resolution to ratify the Corporation’s stock option plan;
5. Considering a resolution to amend the Corporation’s restricted share unit plan to increase the maximum number of common shares reserved for issuance pursuant to restricted share units;
6. Considering a special resolution authorizing a consolidation of the issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for up to every one hundred (100) pre-consolidation Common Shares;
7. Considering a special resolution approving the change of name of the Corporation to such name as the board of directors may determine in its sole discretion;
8. Transacting such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular dated April 13, 2016 accompanying this Notice and forming part hereof.

Only Shareholders of record at the close of business on April 13, 2016 are entitled to notice of and to attend and vote at the Meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it, in the envelope provided, to Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date and time of the Meeting, or any adjournment thereof.

DATED at Calgary, Alberta, this 13th day of April, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Cameron M. Todd*"

Cameron M. Todd
Chief Executive Office

US OIL SANDS INC.

MANAGEMENT INFORMATION CIRCULAR

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

May 18, 2016

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 general and special meeting of the holders of common shares (“**Common Shares**”) of the Corporation to be held on Wednesday, May 18, 2016, 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, 2015 has previously been disseminated to the shareholders of the Corporation. 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* (“**NI 54-101**”), 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. The Corporation will not be sending proxy-related materials to Shareholders using the notice-and-access provisions of NI 54-101.

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 and time 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 1600, 521 – 3rd Avenue SW, Calgary, Alberta T2P 3T3, 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, RRIFs, 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 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 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 13, 2016, 853,142,395 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 13, 2016, 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 13, 2016, 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 13, 2016, 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, other than as set forth below.

Name	Number of Common Shares	Percentage of Common Shares
ACMO S.à.r.l.	223,333,333	26.18%
Oil Associates, S.A.	166,666,667	19.54%

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 Board, 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, 2015 and the report of the auditors 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 eight 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. 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 eight persons nominated for election as directors of the Corporation by Shareholders, the number of Common Shares 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 of each are as follows:

Name and Municipality of Residence	Number Of Common Shares Beneficially Owned Or Controlled ⁽¹⁾	Director Since	Principal Occupation
Mark H. Brown Alberta, Canada	500,000	April 2014	Retired Businessman.
Edward Chwyl ⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada	6,674,100	April 2011	Retired Businessman.
Alfred Holcomb ⁽²⁾ Texas, USA	Nil	October 2013	Vice President of Acquisitions and Divestitures of Lewis Energy Group since 1987.
Serafino Iacono ⁽⁴⁾ Bogota, Colombia	170,649,723 ⁽⁵⁾	October 2013	Executive Co-Chairman of the Board and a director of Pacific Exploration & Production Corp. since January 23, 2008. Mr. Iacono is a director and Executive Co-Chairman of Gran Colombia Corp. He is also a director and Co-Chairman of CGX Energy Inc.

Name and Municipality of Residence	Number Of Common Shares Beneficially Owned Or Controlled ⁽¹⁾	Director Since	Principal Occupation
Verne G. Johnson ⁽²⁾⁽³⁾ Alberta, Canada	6,655,888	July 2006	Chairman of US Oil Sands Inc.
Stephen Lehner ⁽⁴⁾ New York, USA	Nil	October 2013	Managing Director at Anchorage Capital Group, L.L.C. since April 2013.
Ronald Pantin ⁽²⁾⁽³⁾ Bogota, Colombia	Nil	October 2013	Chief Executive Officer and an Executive Director of Pacific Exploration & Production Corp. since 2007. He is also a director of CGX Energy Inc.
Cameron M. Todd Alberta, Canada	1,163,000	May 2012	Chief Executive Officer of US Oil Sands Inc. since April 2011.

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.
- (5) Amount includes 166,666,667 Common Shares owned by Oil Associates, S.A. (Oil Associates). Blue Pacific Investments Group Ltd., which is an entity which is under the control or direction of Mr. Iacono, controls or provides investment advice to Oil Associates.

Nomination Rights

In connection with a private placement of 549,036,331 Common Shares at a price of \$0.15 for gross proceeds of \$81 million that was completed in October 2013 (the “**Private Placement**”), the Corporation entered into nomination rights agreements with certain subscribers that participated in the Private Placement which entitle such subscribers to nominate individuals for election to the Board.

The Corporation entered into a nomination rights agreement whereby Oil Associates, S.A. (“**Oil Associates**”) is: (a) entitled to nominate two (2) Board members for successive terms (i) during the period terminating as of the commencement of the Corporation’s 2016 annual meeting, provided that Oil Associates does not sell, transfer or otherwise dispose of any of the Common Shares purchased by it pursuant to the Private Placement, or (ii) for so long as Oil Associates beneficially owns or controls at least 20% of the outstanding Common Shares, and (b) entitled to nominate one (1) Board member for successive terms, provided that Oil Associates beneficially owns or controls at least 10% of the outstanding Common Shares. In accordance with the nomination rights agreement with Oil Associates, Messrs. Iacono and Pantin have been nominated for election as directors at the Meeting.

The Corporation entered into a nomination rights agreement whereby ACOMO S.à.r.l. (“**ACMO**”) is: (a) entitled to nominate two (2) Board members for successive terms (i) during the period terminating as of the commencement of the Corporation’s 2016 annual meeting, provided that ACOMO does not sell, transfer or otherwise dispose of any of the Common Shares purchased by it pursuant to the Private Placement, or (ii) for so long as ACOMO beneficially owns or controls at least 20% of the outstanding Common Shares, and (b) entitled to nominate one (1) Board member for successive terms, provided that ACOMO beneficially owns or controls at least 10% of the outstanding Common Shares. In accordance with the nomination rights agreement with ACOMO, Messrs. Lehner and Brown have been nominated for election as directors at the Meeting.

The Corporation entered into a nomination rights agreement whereby Spitfire Ventures, LLC (“**Spitfire**”) is: entitled to nominate one (1) Board member for successive terms during the period terminating as of the commencement of the Corporation’s 2016 annual meeting, provided that Spitfire does not sell, transfer or otherwise dispose of any of the Common Shares purchased by it pursuant to the Private Placement. In

accordance with the nomination rights agreement with Spitfire, Mr. Holcomb has been nominated for election as a director at the Meeting.

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’ Creditors 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 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 LLP has served as auditors of the Corporation since June 23, 2011.

4. Ratification of Stock Option Plan

At the Meeting, Shareholders will be asked to ratify the Stock Option Plan in order to comply with the requirement of the TSX Venture Exchange (“TSXV”) to obtain annual approval of 10% rolling stock option plans. A summary of the Stock Option Plan is detailed below.

Description of the Plan

The Incentive Stock Option Plan of the Corporation (the “**Option Plan**”) provides the Board with authority to grant options to purchase Common Shares to directors, officers, employees and consultants of the Corporation and to charitable organizations. The Option Plan is a “10% rolling plan” in that it continuously provides for the reservation of a number of Common Shares under the Option Plan equal to 10% of the Corporation’s issued and outstanding Common Shares less any Common Shares reserved for issuance pursuant to other share compensation arrangements. Thus, the maximum number of Common Shares that may be reserved under the Option Plan will, from time to time, vary proportionately to the issued and outstanding share capital of the Corporation. Further, the Option Plan is a “reloading plan”, meaning that

when options under the Option Plan expire, are terminated or are exercised, the number of Common Shares reserved for issuance under such expired, terminated or exercised options automatically become eligible to be reallocated pursuant to new stock options under the Option Plan.

The Option Plan includes restrictions on the options that may be granted to insiders and other participants. The aggregate number of Common Shares issuable under the Option Plan, combined with all Common Shares issuable under all other security based compensation arrangements, to insiders cannot exceed 10% of the issued and outstanding Common Shares at any time; and the number of Common Shares issued to insiders in the aggregate, within any one-year period under the Option Plan and any other securities based compensation arrangement cannot exceed 10% of the issued and outstanding Common Shares. In addition, the number of Common Shares issuable under stock options granted to any eligible individual, within any one year period cannot exceed 5% of the issued and outstanding Common Shares of the Corporation, or 2% of the issued and outstanding Common Shares in the case of consultants or persons engaged in investor relations activities.

The exercise price of the Common Shares subject to each option shall be determined by the Board at the time the option is granted. In no event shall such exercise price be lower than \$0.05 per Common Share or lower than the last closing price of the Common Shares on the TSX Venture Exchange prior to the date of grant.

The Board has discretion to determine the term of each option, provided that the duration of an option shall not exceed 10 years. In addition, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restrictions shall exist, except in the case of consultants engaged in investor relations activities for whom the Option Plan prescribes vesting requirements. Vested options may be exercised no later than 90 days following the date the optionee ceases to be a director, officer, employee or consultant of the Corporation or a subsidiary, provided that if the cessation of office, directorship, employment or consulting arrangement is by reason of death, vested options may be exercised by the successors of the deceased within a maximum period of one year following such death, subject to the expiry date of such option. The Board has the discretion to vary the termination date of options in certain circumstances. Options are not transferrable or assignable.

The Option Plan includes adjustment provisions which provide discretion to the Board to adjust the terms of stock options in the event of a reorganization, distribution, arrangement, amalgamation, merger, change of control or other fundamental change in the affairs of the Corporation to enable optionholders to exercise options prior to giving effect to such events and to ensure that any optionholder exercising an option after any such event will be in the same position as such optionholder would have been in if he or she had exercised the option prior to such event.

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate the Option Plan or any portion thereof provided that no such amendment, suspension or termination alters or impairs any outstanding unexercised options or any rights without the consent of the participant.

Resolution to Ratify the Stock Option Plan

The text of the ordinary resolution which management intends to place before the Meeting for the approval of Shareholders is as follows:

“BE IT HEREBY RESOLVED as an ordinary resolution of the Shareholders that:

1. the Stock Option Plan as more particularly described in the Information Circular of the Corporation dated April 13, 2016 be and is hereby approved, ratified and confirmed; and

2. any officer or director of the Corporation be and is hereby authorized on behalf of and in the name of the Corporation to take all necessary steps and proceedings, to execute, deliver and file any and all declarations, agreements, documents and other instruments and to do all such other acts and things, whether under corporate seal of the Corporation or otherwise that may be necessary or desirable to give effect to the provisions of this resolution.

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 ratifying the Stock Option Plan.

5. Approval of Amendments to Restricted Share Unit Plan

At the Meeting, Shareholders will be asked to consider the approval of an amendment to the restricted share unit plan of the Corporation (“**RSU Plan**”). A summary of the RSU Plan and the proposed amendment thereto are detailed below.

Description of the Plan

The RSU Plan is an incentive compensation plan established to retain and motivate Service Providers and to promote greater alignment of interest between Service Providers and Shareholders. The RSU Plan provides Service Providers with the opportunity to acquire Common Shares through an award of restricted share units (“**RSUs**”). Each RSU represents a right to receive one Common Share.

The Board administers the RSU Plan. Among other things, the Board has the authority to: (a) determine the individuals to whom RSUs may be granted; and (b) grant RSUs on such terms and conditions as it determines including, without limitation, the time or times at which RSUs may be granted; the time or times when each RSU shall vest and the term of each RSU; whether restrictions or limitations are to be imposed on the Common Shares issued pursuant to an RSU and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any RSU; in each case, based on such factors as the Board may determine appropriate, in its sole discretion. In addition, the Board has the discretion to determine which Service Providers participate in the RSU Plan (each such Service Provider being a “**Participant**”). The Corporation maintains an RSU account for each Participant and credits such account with any RSU awards.

The RSU Plan provides that:

- (a) the maximum number of Common Shares that may be reserved for issuance at any time under the RSU Plan upon the redemption of RSUs is 30,454,239, or as may otherwise be permitted by applicable law and the TSXV, provided that the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security based compensation arrangements, shall not exceed 10% of the Common Shares outstanding from time to time;
- (b) the maximum number of Common Shares issuable to insiders pursuant to outstanding RSUs and all other security based compensation arrangements, within a 12 month period, may not exceed 10% of the Common Shares outstanding from time to time;
- (c) the maximum number of Common Shares issuable to any one Participant pursuant to outstanding RSUs and all other security based compensation arrangements, within a 12 month period, may not exceed 5% of the Common Shares outstanding from time to time;

- (d) the maximum number of Common Shares issuable to any one consultant pursuant to outstanding RSUs and all other security based compensation arrangements, within a 12 month period, may not exceed 2% of the Common Shares outstanding from time to time; and
- (e) the maximum number of Common Shares issuable to persons employed to conduct investor relations activities pursuant to outstanding RSUs and all other security based compensation arrangements, within a 12 month period, may not exceed 2% of the Common Shares outstanding from time to time.

A grant of RSUs is made, and the number of such RSUs granted is credited to each Service Provider's account (the "**Participant Account**"), effective as of a particular date determined by the Board (the "**Grant Date**"). The number of RSUs to be offered to each Participant's Account is determined by the Board. The Board may, in its sole discretion, determine: (a) the time during which RSUs shall vest and whether there shall be any other conditions or performance criteria to vesting; (b) the method of vesting; or (c) that no vesting restriction shall exist. In the absence of any determination by the Board to the contrary, RSUs will vest and be redeemable as to one-third (1/3) of the total number of RSUs granted on each of the first, second and third anniversaries of the Grant Date. Notwithstanding the foregoing, the Board may, at its sole discretion at any time or in the agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting of RSUs previously granted. The rights of a Participant under the RSU Plan are not capable of being assigned or transferred.

The term during which an RSU may be outstanding is, subject to the provisions of the RSU Plan requiring or permitting the acceleration or the extension of the term, such period, not in excess of a time period equal to the balance of the Grant Year (as defined in the RSU Plan) after the Grant Date plus a period of three (3) calendar years thereafter, as is determined from time to time by the Board, but subject to the rules of any stock exchange or other regulatory body having jurisdiction, and in the absence of any determination to the contrary will be the date that is a period equal to the balance of the Grant Year after the Grant Date plus a period of three (3) calendar years thereafter.

Unless otherwise determined by the Board, or unless the Corporation and a Participant agree otherwise in an RSU agreement or other written agreement, each RSU shall provide that if a Participant shall cease to be a director or an officer of or be in the employ of, or a consultant or other Service Provider to, any of the Corporation or its subsidiaries for any reason whatsoever including retirement, resignation, involuntary termination or death, before all of the Participant's RSUs have vested: (a) such Participant shall cease to be a participant in the RSU Plan; (b) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date; (c) any Common Shares corresponding to any remaining vested grant of RSUs shall be delivered to the former Participant in accordance with the RSU Plan as soon as practicable after the forfeiture date; and (d) the former Participant shall not be entitled to any further issuance of Common Shares or any payment in respect of the RSU Plan. However, in the event of the death of a Participant, any unvested grants respecting RSUs in the deceased Participant's Account effective as at the time of the Participant's death are deemed to have vested immediately prior to the forfeiture date with the result that the deceased Participant shall not forfeit any unvested grants respecting RSUs.

Within 60 business days of the vesting date, the Participant shall have the right to receive, at the sole election of the Corporation, payment for the RSUs by any of the following methods or by a combination of such methods: (i) a cash payment equal in value to the number of RSUs recorded in the Participant's account multiplied by the weighted average trading price of the Common Shares for the five days preceding the vesting date; or (ii) one Common Share multiplied by the number of RSUs recorded in the Participant's

account, issued from treasury and subject to the receipt of necessary approvals, less applicable withholdings in all cases.

In the event: (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or (b) that any rights are granted to all or substantially all shareholders to purchase Common Shares at prices substantially below fair market value as of the date of grant; or (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities or property; then the Board may make such adjustments to the RSU Plan, to any RSUs and to any RSU agreements outstanding under the RSU Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants thereunder and/or to provide for the Participants to receive and accept such other securities or property in lieu of Common Shares, and the Participants shall be bound by any such determination.

Except in the case of a transaction that is a Change of Control (as defined in the RSU Plan), if the Corporation or all or substantially all of the Corporation's undertaking, property or assets become the property of any other trust, body corporate, partnership or other person (a "Successor") whether by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, then prior to or contemporaneously with the consummation of such transaction: (a) the Corporation and the Successor shall do all things as are necessary such that the Successor will assume all the covenants and obligations of the Corporation under the RSU Plan and any RSU agreements in a manner that preserves the rights of the Participants; or (b) if the RSUs are not assumed by the Successor, then the vesting date for all RSUs that has yet to be paid at such time shall be the date which is immediately prior to the date upon which the transaction is consummated.

Notwithstanding any other provision in the RSU Plan or the terms of any RSU agreement, in the event of a Change of Control occurring all RSUs which have not otherwise vested in accordance with their terms shall vest immediately prior to the date upon which a Change of Control is completed or such earlier date as determined by the Board.

In the event that cash dividends are paid on the Common Shares following the grant of an RSU, an equivalent value per Common Share of additional RSUs will be granted to the individual's RSU account.

The Board may amend or discontinue the RSU Plan or amend any RSU or RSU agreement at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the RSU Plan or any related RSU agreement, except as otherwise permitted by the RSU Plan. In addition, the Board may, by resolution, amend the RSU Plan and any RSU granted under it (together with any related RSU agreement) without shareholder approval, provided however, that at any time while the Common Shares are listed for trading on the TSXV, the Board will not be entitled to amend the RSU Plan or any RSU granted under it without shareholder and, if applicable, TSXV approval: (a) to increase the maximum number of Common Shares issuable pursuant to the RSU Plan; (b) to extend the term of an RSU or amend the termination provisions applicable to RSUs; (c) to add to the categories of persons eligible to participate in the RSU Plan; (d) to remove or amend the restrictions on RSUs held by insiders; (e) to remove or amend the matters described in this paragraph; or (f) in any other circumstances where TSXV and shareholder approval is required by the TSXV. Without limitation of the foregoing, the Board may correct any defect or supply any omission or reconcile any inconsistency in the RSU Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to the RSU Plan, and may make such determinations as it deems necessary or desirable for the administration of the RSU Plan.

Proposed Amendment

The RSU Plan currently provides that a maximum of up to 30,454,239 Common Shares may be issued pursuant to RSUs, provided that the number of Common Shares issued pursuant to outstanding RSUs and all other security based compensation arrangements, such as the Stock Option Plan, shall not exceed 10% of the outstanding Common Shares of the Corporation from time to time. The Corporation proposes to amend the RSU Plan to increase the maximum number of Common Shares that may be issued thereunder from 30,454,239 to a fixed number equal to the aggregate of 33,456,239 Common Shares plus 10% of the number of Common Shares issued by the Corporation pursuant to the rights offering that is described in the rights offering circular dated April 15, 2016 which will be available on SEDAR at www.sedar.com (the "Rights Offering"). A maximum of 853,142,395 Common Shares may be issued by the Corporation pursuant to the Rights Offering. In the event that the maximum number of Common Shares are issued pursuant to the Rights Offering, the maximum number of Common Shares that may be issued pursuant to the RSU Plan would be increased from 30,454,239 to 118,770,479 Common Shares.

Notwithstanding the increase to the maximum number of Common Shares that may be issued pursuant to RSUs, the aggregate number of Common Shares that may be issued pursuant to RSUs and stock options will continue to be limited to 10% of the outstanding Common Shares of the Corporation from time to time. The amendment has been approved by the Board in order to provide flexibility to grant a greater proportion of the Corporation's securities based compensation awards in the form of RSUs, rather than stock options.

A copy of the RSU Plan will be made available to any Shareholder at or prior to the Meeting upon request.

Resolution to Approve the RSU Plan Amendment

At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form.

"BE IT HEREBY RESOLVED as an ordinary resolution of the Shareholders that:

1. the amendment of the Restricted Share Unit Plan of the Corporation to increase the number of Common Shares that may be issued pursuant to RSUs from 30,454,239 Common Shares to a fixed number equal to the aggregate of 33,456,239 Common Shares, plus 10% of the common shares issued pursuant to the Rights Offering as more particularly described in the Information Circular of the Corporation dated April 13, 2016 be and is hereby approved, ratified and confirmed;
2. any officer or director of the Corporation be and is hereby authorized on behalf of and in the name of the Corporation to take all necessary steps and proceedings, to execute, deliver and file any and all declarations, agreements, documents and other instruments and to do all such other acts and things, whether under corporate seal of the Corporation or otherwise that may be necessary or desirable to give effect to the provisions of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

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 approving the amendment to the RSU Plan.

6. Share Consolidation

The Board is of the opinion that it is in the best interests of US Oil Sands to consolidate the Corporation's Common Shares. Accordingly, at the Meeting, Shareholders will be asked to consider and approve a special resolution to consolidate the issued and outstanding Common Shares on the basis of one post-consolidation Common Share for up to every 100 pre-consolidation Common Shares or such lesser ratio that the directors, in their sole direction, determine to be appropriate (the "Consolidation"). The Consolidation is subject to receipt of all required regulatory approvals, including approval of the TSXV, and the approval of the Consolidation by Shareholders at the Meeting. If the approval is obtained, the Consolidation will be effected at a time to be determined by the Board and announced by a press release of the Corporation. If the Board determines to proceed with the Consolidation, the Consolidation would not be implemented until after the completion of the Rights Offering. Notwithstanding whether the approvals are received, the Corporation may determine not to proceed with the Consolidation at the discretion of the Board.

The Corporation currently has 853.1 million issued and outstanding Common Shares. Pursuant to the Rights Offering, up to 853.1 million additional Common Shares may be issued. If the maximum number of Common Shares is issued pursuant to the Rights Offering, then the Corporation would have 1,706.2 million issued and outstanding Common Shares prior to giving effect to the Consolidation. If the Consolidation is approved by Shareholders at the Meeting and the Board determines to proceed with the Consolidation after issuing the maximum number of Common Shares pursuant to the Rights Offering then the number of issued and outstanding Common Shares would be reduced from 1,706.2 million to 17.1 million, subject to rounding of fractional interests, based on a consolidation ratio of one (1) post-consolidation Common Share for each one hundred (100) pre-consolidation Common Shares.

No fractional Common Shares will be issued and if, as a result of the Share Consolidation, a registered Shareholder would otherwise become entitled to a fractional Common Share, such fraction will be rounded down to the nearest whole number. Accordingly, a fractional Common Share will be disregarded and cancelled without any repayment of capital or other compensation. Following the Share Consolidation, Shareholders will have no further interest with respect to any fractional pre-consolidated Common Shares.

Implementation of the Share Consolidation

The Consolidation is subject to receipt of all required regulatory approvals, including approval from the TSXV, and to the approval of the Consolidation by Shareholders at the Meeting. If the approval is received the Consolidation will be effected at a time determined by the Board and announced by a press release of the Corporation. Notwithstanding approval of the Consolidation by Shareholders at the Meeting, the Board may, at its discretion, implement the Consolidation at a future date and at a ratio equal to or less than 100:1 to comply with distribution requirements of the TSXV, or choose to not proceed with the Consolidation in its entirety, should the Board determine such is in the best interests of the Corporation at the time.

If the Consolidation is approved and implemented, registered Shareholders will be required to surrender their share certificates representing pre-consolidation Common Shares in exchange for new certificates representing post-consolidation Common Shares. The Corporation will issue a press release announcing the implementation of the Consolidation if it proceeds. At that time, a letter of transmittal would be delivered to registered Shareholders to facilitate this exchange of certificates. Shareholders who do not hold their Common Shares in their own name, such as shareholders who hold their Common Shares through a

brokerage account, would not need to submit a letter of transmittal. Such shareholders should contact their broker or agent if they have any questions concerning the Consolidation.

Resolution to Approve a Share Consolidation

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to authorize and approve a special resolution authorizing the Consolidation, in substantially the form set out below (the "Share Consolidation Resolution").

"BE IT RESOLVED as a special resolution that:

1. The articles of US Oil Sands Inc. ("US Oil Sands) be amended to change the number of issued and outstanding common shares of US Oil Sands ("Common Shares") by consolidating the issued and outstanding Common Shares of US Oil Sands on the basis of one post-consolidation Common Share for each 100 pre-consolidation Common Shares of US Oil Sands or for such other lesser whole or fractional number of Common Shares that the directors, in their sole discretion, determine to be appropriate (the "Share Consolidation"), such amendment to become effective at a date in the future to be determined by the board of directors of US Oil Sands ("Board").
2. In the event that the Share Consolidation would otherwise result in a holder of Common Shares holding a fraction of a Common Share, no fractional Common Share shall be issued and such fraction will be rounded down to the nearest whole number.
3. Any director or officer of US Oil Sands is hereby authorized, for and on behalf of US Oil Sands, to execute and deliver or cause to be delivered Articles of Amendment to the Registrar under the Business Corporations Act (Alberta) ("ABCA") at such time as the Board determines to implement the Share Consolidation.
4. Notwithstanding that this resolution has been duly passed by shareholders of US Oil Sands, the directors of US Oil Sands are hereby authorized and empowered, without further notice to, or approval of, the shareholders, to implement the Consolidation at a lower ratio than 100:1 or to revoke this special resolution and not proceed with matters herein authorized.
5. Any director or officer of US Oil Sands is hereby authorized and directed, for and on behalf of US Oil Sands, to take all necessary actions and to execute and deliver, or cause to be executed and delivered, all such other documents, deeds, instruments and certificates that it considers necessary or desirable in order to give effect to this resolution, including, without limitation, the determination of the effective date of the consolidation and the delivery of articles of amendment in the prescribed form to the Director appointed under the ABCA.

In order for the foregoing resolution to be passed, it must be approved by 66⅔% 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 approving the Consolidation.

7. Name Change

The name "US Oil Sands Inc." was chosen in 2011, after the acquisition of Earth Energy Resources Inc., to reflect the Corporation's focus on developing oil sands properties in the State of Utah, USA. Since that time, the Corporation has decided to expand its focus solely from Utah to other potential development areas, such as the Athabasca region of Alberta, Canada and other international opportunities.

Management and the Board believe that a Name Change is important to better reflect the focus and strategy of the Corporation on maximizing its use of innovative technologies in the energy industry and expanding to new geographic locations.

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to pass a resolution authorizing the Board to change the Corporation's name from "US Oil Sands Inc." to such name deemed appropriate by the Board (the "Name Change"), at its sole discretion, and as may be acceptable to the TSX Venture Exchange and pursuant to the requirements of the Business Corporations Act (Alberta).

Although Shareholder approval of the name change is being sought at the Meeting, such name change would become effective at a future date to be determined by the Board when it considers it to be in the best interests of the Corporation to implement. The proposed name change is also subject to certain regulatory approvals, including the approval of the TSXV. The Board may, in its sole discretion, determine not to implement the name change at any time after the Meeting and after receipt of necessary regulatory approvals, but prior to the issuance of a certificate of amendment, without further notice to or action on the part of the Shareholders.

Resolution to Approve a Name Change

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to authorize and approve a special resolution to authorize an amendment of the Articles of the Corporation to change the name of the Corporation in substantially the form set out below (the "Name Change Resolution").

The following is the text of the Name Change Resolution which will be put forward to Shareholders for approval at the Meeting:

"BE IT RESOLVED as a special resolution that:

1. The articles of US Oil Sands Inc. ("US Oil Sands") be amended to change the name of the Corporation (the "Name Change") to such name as the board of directors ("Board"), in its sole discretion, determines appropriate as at and from the date that US Oil Sands files Articles of Amendment to give effect to such name change or such other date thereafter as the Board of US Oil Sands may determine in its sole discretion.
2. Any director or officer of US Oil Sands is hereby authorized, for and on behalf of US Oil Sands, to execute and deliver or cause to be delivered Articles of Amendment to the Registrar under the Business Corporations Act (Alberta) ("ABCA") at such time as the Board determines to implement the Name Change.
3. Notwithstanding that this resolution has been duly passed by shareholders of US Oil Sands, the directors of US Oil Sands are hereby authorized and empowered, without further notice to, or approval of, the shareholders, to revoke this special resolution and not proceed with matters herein authorized.

4. Any director or officer of US Oil Sands is hereby authorized and directed, for and on behalf of US Oil Sands, to take all necessary actions and to execute and deliver, or cause to be executed and delivered, all such other documents, deeds, instruments and certificates that it considers necessary or desirable in order to give effect to this resolution.

In order for the foregoing resolution to be passed, it must be approved by 66 $\frac{2}{3}$ % 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 approving the Name Change.

8. 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.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth below, none of the Corporation's directors or executive officers or companies or persons that beneficially own or control or direct, directly or indirectly, or a combination of both, more than 10% of the Common Shares, a director or executive officer of such 10% holder, or any of their respective associates and affiliates, or any proposed nominee for election as a director of the Corporation has any material interest in any transaction with the Corporation since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

On April 18, 2016, the Corporation announced that it would proceed with a rights offering whereby it would distribute to Shareholders rights to purchase up to 853,142,395 Common Shares at a price of \$0.015 per share for gross proceeds of up to \$12.8 million (the "Rights Offering"). In connection with the Rights Offering, the Corporation entered into a standby purchase agreement (the "Standby Purchase Agreement") with ACMO, an insider of the Corporation. Pursuant to the Standby Purchase Agreement, ACMO agreed to subscribe for all Common Shares offered under the Rights Offering that are not otherwise purchased by Shareholders (the "Standby Commitment"), provided that the aggregate amount of ACMO's subscription under the Rights Offering and the Standby Commitment shall not exceed US\$7,500,000 (such amount to be converted to Canadian dollars using the Bank of Canada Noon Rate on the expiry date of the Rights Offering). In consideration for providing the Standby Commitment, ACMO will receive warrants entitling it to acquire common shares equal to 25% of the maximum number of common shares that the Standby Purchaser has agreed to acquire pursuant to the Standby Purchase Agreement, exercisable within six months after the closing of the Rights Offering and having an exercise price of the \$0.015.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or executive 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.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Governance

The Compensation, Governance and Nominating Committee (the “**Compensation Committee**”) is responsible for setting the overall compensation strategy of the Corporation and administering the Corporation’s executive and director compensation program. As part of its mandate, the Compensation Committee approves the appointment and remuneration of the Corporation’s executive officers and directors, including the Named Executive Officers (the “**NEOs**”) identified in the Summary Compensation Table. The Compensation Committee is also responsible for reviewing the Corporation’s compensation policies and guidelines generally. In addition, the Compensation 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.

Each member of the Compensation 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 Committee has the education and experience to fulfill the responsibilities outlined in the Compensation Committee Charter. All members of the committee are independent. The education, and current and past experience of each Compensation Committee member that is relevant to the performance of his responsibilities as a Compensation Committee member is summarized below:

Name	Education and Experience
Ed Chwyl (Chairman)	With a B Sc. in Chemical Engineering (1965) and an 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.
Serafino Iacono	Mr. Iacono is the Co-Chairman and an Executive Director of Pacific Exploration & Production Corp. Mr. Iacono has been involved in the financing and development of mining, oil and other resources projects in the United States, Latin America and Europe for over 28 years and has raised more than four billion dollars for numerous natural resource projects. He is a founding member of Blue Pacific Investments Group Ltd., which owns investments in infrastructure, mining, oil and gas and farming assets. Currently, Mr. Iacono is also a director and Executive Co-Chairman of Gran Colombia Gold Corp. and CGX Energy Inc.
Stephen Lehner	Mr. Lehner is a Managing Director at Anchorage Capital Group, L.L.C. where he is responsible for the firm’s investments across energy, transportation, and metals and mining. Prior to joining Anchorage he was a Managing Director at Mount Kellett Capital Management, LP from 2009 to 2013 where he focused on investments in energy, refining, chemicals, autos, and metals and mining. Mr. Lehner was a Managing Director at Morgan Stanley where he worked from 2001 to 2009. He holds a Masters of Business Administration with a concentration in finance from the University of Maryland and is a Chartered Financial Analyst.

Compensation Consultant

The Corporation engaged Lane Caputo Compensation Inc. (“**Lane Caputo**”) on November 19, 2013 to prepare a report focusing on the review of executive compensation, independent director compensation and long term incentive plans. A summary of the fees paid to Lane Caputo in the two most recently completed financial years is as follows:

Financial Year Ending <u>December 31</u>	Executive Compensation <u>Related Fees</u>	<u>All Other Fees</u>
2015	Nil	Nil
2014	18,475	Nil

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 long-term incentive 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

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 align the issuance of bonuses with the performance of the Corporation and the performance of the individual executive officer. Bonus amounts are typically evaluated and paid in the first or second quarter of each financial year in relation to the performance of the Executive for the prior year.

The Corporation does not have any specific formula or criteria to determine individual bonus payments, but rather are discretionary based upon a determination of the Corporation's performance and ability to pay, overall industry conditions, as well as the individual's performance and his or her contribution to overall corporate goals.

The Compensation Committee met in March 2015 to establish annual bonuses and long-term incentives for the officers for performance during 2015. Factors considered by the Compensation Committee included corporate execution of the PR Spring Project, personal performance, and financial standing of the Corporation. Based on the capital requirements of the PR Spring Project and current oil and gas industry outlook, Management proposed, and the Compensation Committee agreed that the determination and payment of the 2015 annual cash bonus would be deferred until a later date. The Compensation Committee did not meet in 2016 as due to the continued capital constraints on the Corporation, it was determined that 2016 annual cash bonus would be again be deferred to a later date.

Long-term Incentive Plan

The Corporation has adopted an Incentive Stock Option Plan (“**Option Plan**”) and a Restricted Share Unit Plan (“**RSU Plan**”) pursuant to which stock options and restricted share units (“**RSUs**”) may be granted to directors, officers, employees and consultants of the Corporation. The Option Plan and RSU Plan are designed to reward key individuals in relation to the appreciation in value of the Common Shares. The Option Plan and RSU Plan are 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 and RSU Plan complements and balances the short-term elements of the compensation program of the Corporation.

Pursuant to the Option Plan and RSU 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 and RSUs that entitle holders to receive Common Shares upon vesting conditions being satisfied. In determining the number of options and RSUs to be granted to the executive officers, the Compensation Committee considers the amount, terms and vesting levels of existing options and RSUs held by the officers and also the number of options and RSUs remaining available for grant by the Corporation in the future to attract and retain qualified technical and administrative staff. Generally, the number of options and RSUs granted to any participant is a function of the level of authority and responsibility of the participant, the contribution that has been made by the participant to the business and affairs of the Corporation, the number of options and RSUs that have already been granted to the participant 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 and RSUs 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.

Share-Based and Option-Based Rewards

The process that the Corporation uses to grant share-based and 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 and RSU grants can be made at any time and there are no specific periods for the issuance of options and RSUs. Option and RSU awards are determined based on the factors described above under the heading “Long-term Incentive 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, President and Chief Financial Officer, Barclay E. Cuthbert, Vice President Operations and Timothy J. Wall, Vice President Engineering (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	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		All other compensation ⁽⁶⁾ (\$)	Total compensation (\$)
					Annual incentive plans ⁽¹⁾	Long term incentive plans		
Cameron Todd Chief Executive Officer	2015	290,000	193,280 ⁽²⁾	60,016 ⁽³⁾	Nil	Nil	Nil	543,296
	2014	281,890	Nil	Nil	Nil	Nil	Nil	281,890
	2013	250,000	Nil	541,928 ⁽⁴⁾⁽⁵⁾	145,000	Nil	Nil	936,928
Glen Snarr President and Chief Financial Officer	2015	260,000	156,000 ⁽²⁾	48,837 ⁽³⁾	Nil	Nil	Nil	464,437
	2014	252,904	Nil	Nil	Nil	Nil	Nil	252,904
	2013	225,000	Nil	541,928 ⁽⁴⁾⁽⁵⁾	130,000	Nil	Nil	896,928
Barclay Cuthbert Vice President, Operations	2015	230,000	122,640 ⁽²⁾	38,062 ⁽³⁾	Nil	Nil	Nil	390,707
	2014	223,918	Nil	Nil	Nil	Nil	Nil	223,918
	2013	200,000	Nil	541,928 ⁽⁴⁾⁽⁵⁾	115,000	Nil	Nil	856,928
Tim Wall Vice President, Engineering	2015	230,000	122,640 ⁽²⁾	38,062 ⁽³⁾	Nil	Nil	Nil	390,707
	2014	223,918	Nil	Nil	Nil	Nil	Nil	223,918
	2013	200,000	Nil	541,928 ⁽⁴⁾⁽⁵⁾	115,000	Nil	Nil	856,928

Notes:

- (1) The amount shown in the column titled “Annual Incentive Plans” is the cash bonus award to each of the Named Executive Officers for individual and corporate performance during the year, the amount of which is paid during the following year.
- (2) On March 11, 2015, the Named Executive Officers were granted RSUs at a grant price of \$0.08 per share expiring on December 31, 2018. Cameron Todd was granted 2,416,000 RSUs, Glen Snarr was granted 1,950,000 RSUs, Barclay Cuthbert was granted 1,533,000 RSUs, and Tim Wall was granted 1,533,000 RSUs. The RSUs vest one-third on the first, second, and third anniversary dates of the grant. Using the Black-Scholes option pricing model, the fair value of the RSUs granted was \$192,280, \$156,000, \$122,640, and \$122,640, respectively, assuming a risk-free interest rate of 0.73%, expected life of 3.81 years, expected volatility of 104%, 1% forfeiture rate and 0% dividend rate.
- (3) On March 11, 2015, the Named Executive Officers were granted stock options to purchase Common Shares at an exercise price of \$0.10 per share expiring on March 11, 2020. Cameron Todd was granted 1,047,000 options, Glen Snarr was granted 845,000 options, Barclay Cuthbert was granted 664,000 options, and Tim Wall was granted 664,000 options. The stock options vest one-third on the first, second, and third anniversary dates of the grant. Using the Black-Scholes option pricing model, the fair value of the options granted was \$59,416,

- \$47,953, \$37,681, and \$37,681, respectively, assuming a risk-free interest rate of 0.89%, expected life of 5 years, expected volatility of 101%, 1% forfeiture rate and 0% dividend rate.
- (4) On November 12, 2013, the Named Executive Officers were granted stock options to purchase Common Shares at an exercise price of \$0.19 per share expiring on November 12, 2018. Each were granted 3,000,000 stock options. 50% of the options were vested immediately on the date of grant, with 25% to be vested on November 12, 2014 and 25% on November 12, 2015. Using the Black-Scholes option pricing model, the fair value of the options granted was \$475,358, respectively, assuming a risk-free interest rate of 1.86%, expected life of 5 years, expected volatility of 122%, 0% forfeiture rate and 0% dividend rate.
- (5) On March 18, 2013, the Named Executive Officers were granted stock options to purchase Common Shares at an exercise price of \$0.115 per share expiring on March 18, 2018. Each were granted 750,000 stock options. 50% of the options were vested immediately on the date of grant, with 25% to be vested on March 18, 2014 and 25% on March 18, 2015. Using the Black-Scholes option pricing model, the fair value of the options granted was \$66,570, respectively, assuming a risk-free interest rate of 1.34%, expected life of 5 years, expected volatility of 106%, 0% forfeiture rate and 0% dividend rate.
- (6) The value of perquisites and benefits for each Named Executive Officer is less than 10% of each Named Executive Officer's total salary for the financial year.

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, 2015 to the Named Executive Officers of the Corporation.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Cameron Todd	1,047,000	0.10	March 11, 2020	Nil	2,416,000	205,360	Nil
	3,000,000	0.19	November 12, 2018	Nil			
	750,000	0.115	March 18, 2018	Nil			
	250,000	0.18	May 28, 2017	Nil			
	2,000,000	0.36	April 18, 2021	Nil			
Glen Snarr	845,000	0.10	March 11, 2020	Nil	1,950,000	165,750	Nil
	3,000,000	0.19	November 12, 2018	Nil			
	750,000	0.115	March 18, 2018	Nil			
	250,000	0.18	May 28, 2017	Nil			
	1,500,000	0.36	April 18, 2021	Nil			
Barclay Cuthbert	664,000	0.10	March 11, 2020	Nil	1,533,000	130,305	Nil
	3,000,000	0.19	November 12, 2018	Nil			
	750,000	0.115	March 18, 2018	Nil			
	250,000	0.18	May 28, 2017	Nil			
	1,500,000	0.36	April 18, 2021	Nil			
Tim Wall	664,000	0.10	March 11, 2020	Nil	1,533,000	130,305	Nil
	3,000,000	0.19	November 12, 2018	Nil			
	750,000	0.115	March 18, 2018	Nil			
	250,000	0.18	May 28, 2017	Nil			
	1,500,000	0.36	April 18, 2021	Nil			

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2015 of \$0.08.
- (2) Value is calculated based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2015 of \$0.08.

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, 2015 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⁾	Share-based awards – Value vested during the year (\$)⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Cameron Todd	Nil	Nil	Nil
Glen Snarr	Nil	Nil	Nil
Barclay Cuthbert	Nil	Nil	Nil
Tim Wall	Nil	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 Common Shares on the TSX Venture Exchange on the vesting dates.
- (2) Value is calculated based on the closing price of the Common Shares on the TSX Venture Exchange on the vesting dates.

Termination and Change of Control Benefits

The Corporation has employment agreements with each of Cameron Todd, Glen Snarr, Barclay Cuthbert and Tim Wall that provide for payments or benefits to such 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 base salary, plus an amount equal to the average bonus calculated on a monthly basis over the preceding three years. In the event that Mr. Todd is terminated without cause, compensation would have an estimated value at December 31, 2015 of \$843,333. In the event that Mr. Snarr is terminated without cause, compensation would have an estimated value at December 31, 2015 of \$756,667.

Pursuant to the employment agreements and in the event of termination without cause, each of Barclay Cuthbert and Tim Wall are entitled to compensation in an amount equal to a notice period of eighteen (18) months base salary, plus an amount equal to the average bonus calculated on a monthly basis over the preceding three years. The estimated value at December 31, 2015 of the compensation is \$502,500 for each of Mr. Cuthbert and Mr. Wall.

The aggregate value of unvested options and RSUs held by Named Executive Officers at December 31, 2015 (based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2015) was \$594,560.

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, 2015.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Mark H. Brown	Nil	Nil	22,699	Nil	Nil	22,699
Edward Chwyl	Nil	Nil	24,572	Nil	Nil	24,572
Alfred Holcomb	Nil	Nil	13,847	Nil	Nil	13,847
Serafino Iacono	Nil	Nil	14,528	Nil	Nil	14,528
Verne G. Johnson	Nil	Nil	28,999	Nil	5,162	34,161
Stephen Lehner	Nil	Nil	Nil	Nil	Nil	Nil
Ronald Pantin	Nil	Nil	18,897	Nil	Nil	18,897

Notes:

- (1) On March 11, 2015, the Directors were granted stock options to purchase Common Shares at an exercise price of \$0.10 per share expiring on March 11, 2020. Mark H. Brown was granted 400,000 options, Ed Chwyl was granted 433,000 options, Alfred Holcomb was granted 244,000 options, Serafino Iacono was granted 256,000 options, Verne Johnson was granted 511,000 options, and Ronald Pantin was granted 333,000. The options vest one-third on the first, second, and third anniversary dates. Using the Black-Scholes option pricing model, the fair value of the options granted were \$22,699, \$24,572, \$13,847, \$14,528, \$28,999, and \$18,897, respectively, assuming a risk-free interest rate of 0.89%, expected life of 5 years, expected volatility of 101%, 1% forfeiture rate and 0% dividend rate.

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, 2015 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⁾
Mark H. Brown	400,000	0.10	March 11, 2020	Nil
	1,500,000	0.125	April 15, 2019	Nil
Edward Chwyl	433,000	0.10	March 11, 2020	Nil
	1,500,000	0.19	November 12, 2018	Nil
	250,000	0.115	March 18, 2018	Nil
	250,000	0.18	May 28, 2017	Nil
	500,000	0.36	April 18, 2021	Nil
Alfred Holcomb	333,000	0.10	March 11, 2020	Nil
	3,000,000	0.19	November 12, 2018	Nil
Serafino Iacono	244,000	0.10	March 11, 2020	Nil
	3,000,000	0.19	November 12, 2018	Nil
Verne G. Johnson	511,000	0.10	March 11, 2020	Nil
	2,000,000	0.19	November 12, 2018	Nil

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
	375,000	0.115	March 18, 2018	Nil
	500,000	0.18	May 28, 2017	Nil
Stephen Lehner	Nil	Nil	Nil	Nil
Ronald Pantin	256,000	0.10	March 11, 2020	Nil
	3,000,000	0.19	November 12, 2018	Nil

Note:

(1) Value is calculated based on the difference between the exercise price of the options vested and the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2015 of \$0.08.

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, 2015 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 (\$)
Mark H. Brown	Nil	Nil
Edward Chwyl	Nil	Nil
Alfred Holcomb	Nil	Nil
Serafino Iacono	Nil	Nil
Verne G. Johnson	Nil	Nil
Stephen Lehner	Nil	Nil
Ronald Pantin	Nil	Nil

Note:

(1) Value is calculated based on the difference between the exercise price of the options vested and the closing price of the Common Shares on the TSX Venture Exchange on the vesting dates.

Equity Compensation Plan Information

As of December 31, 2015, 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	65,120,383 ⁽¹⁾	0.186 ⁽¹⁾	20,193,856 ⁽²⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	65,120,383	0.186	20,193,856

Note:

- (1) As at December 31, 2015, 51,858,000 Common Shares reserved for issuance pursuant to outstanding stock options and 13,262,383 Common Shares reserved for issuance pursuant to outstanding restricted share units. The weighted average exercise price of the 51,858,000 stock options was \$0.186. The restricted share units are subject to vesting criteria but do not require payment of an exercise price.
- (2) The aggregate number of Common Shares that may be reserved for issuance from treasury under the Option Plan and the RSU Plan is equal to 10% of the issued and outstanding Common Shares of the Corporation. At December 31, 2015, the Corporation had 853,142,395 Common Shares issued and outstanding.
- (3) For a complete description of the material features of the Option Plan and Restricted Share Unit Plan, see “Matters to be Acted Upon at the Meeting – Ratification of Stock Option Plan – Description of the Plan” and “Matters to be Acted Upon at the Meeting – Approval of Amendments to Restricted Share Unit Plan – Description of the Plan”.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this 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 eight directors, seven of which are independent. The independent directors are Mark H. Brown, Edward Chwyl, Alfred Holcomb, Verne G. Johnson, Serafino Iacono, Stephen Lehner, and Ronald Pantin. The non-independent director is Cameron Todd, the Chief Executive Officer of the Corporation. The Board facilitates its exercise of independent supervision over management by holding Board meetings without management present. Five of the Corporation’s directors serve as directors of other reporting issuers as indicated in the table below.

Director	Directorships Held
Mark H. Brown	Nil
Edward Chwyl	Baytex Energy Corp. Long Run Exploration Ltd. Kaisen Energy Corp.
Alfred Holcomb	Nil
Verne G. Johnson	Petromanas Energy Inc.
Serafino Iacono	Pacific Exploration & Production Corp. Gran Colombia Gold Corp. CGX Energy Inc.
Stephen Lehner	Nil
Ronald Pantin	Pacific Exploration & Production Corp. CGX Energy Inc.
Cameron Todd	Nil

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 Committee. The criteria that Compensation 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 Committee members who have identified new candidates present information regarding the candidate at the next meeting of the Compensation Committee, the Compensation Committee makes an assessment of the candidate, determining whether the candidate meets the criteria established by the Compensation 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 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 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 Named Executive Officer belongs to the Compensation Committee. The criteria that Compensation Committee members are asked to consider in determining compensation includes the objectives and goals set by the Corporation for the directors and each Named Executive Officer as against their performance, shareholder returns and other achievements of the Corporation. The Compensation 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 Committee also considers publicly available information regarding compensation of other listed issuers. In considering Named Executive Officers other than the Chief Executive Officer, the Compensation Committee shall take into account the recommendation of the Chief Executive Officer. The Compensation 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 Nominating Committee. The Board will form additional committees as needed to assist management with various decision making processes.

The function of the Compensation, Governance and Nominating Committee is to:

- determine the appropriate compensation for each executive officer of the Corporation.
- 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 described further under the heading "*Audit Committee Information*".

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 "A" to this Information Circular.

Composition of the Audit Committee

The Audit Committee is comprised of Ed Chwyl, Verne G. Johnson, Alfred Holcomb and Ronald Pantin. 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
Ed Chwyl	With a B Sc. in Chemical Engineering (1965) and an 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.
Verne G. Johnson (Chairman)	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.

Name	Education and Experience
Alfred Holcomb	Mr. Holcomb is Vice President of Acquisitions and Divestitures of Lewis Energy Group, a private oil and gas company with operations in Texas, Mexico and Colombia. Mr. Holcomb is Board Certified in Tax Law and Estate Planning and Probate Law by the Texas Board of Legal Specialization since 1983 and was one of the first attorneys in Texas board certified in both of these specialty areas. Mr. Holcomb obtained his B.A. in Finance in 1974 from University of Texas, a J.D. in 1977 from St. Mary's University School of Law and an LL.M. in Taxation in 1978 from New York University.
Ronald Pantin	<p>Mr. Pantin is the Chief Executive Officer and an Executive Director of Pacific Exploration & Production Corp. A veteran of the Venezuelan oil industry, Mr. Pantin has held numerous high-profile positions with the Venezuelan state-owned energy company, PDVSA, throughout his career including Vice President of Corpoven, Vice President of PDVSA E&P, President of CVP, President of PDVSA Exploration, President of PDVSA Services, and Executive Vice President of PDVSA Oil & Gas. Mr. Pantin is a director of CGX Energy Inc.</p> <p>Mr. Pantin holds Bachelors of Science degrees in Petroleum Engineering and Management Science from Mississippi State University with the highest distinction in 1975 and Masters of Science degrees in Petroleum Engineering and Industrial Engineering from Stanford University in 1977.</p>

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 in section 2.4 (De Minimus Non-audit Services), an exemption in section 6.1 (Composition of the Audit Committee) or an exemption granted under Part 8 (Exemptions) 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
2015	65,805	866 ⁽¹⁾	19,929 ⁽²⁾	Nil
2014	58,101	2,344 ⁽¹⁾	18,324 ⁽³⁾	7,673 ⁽⁴⁾

Note:

- (1) 2015 and 2014 audit-related fees represent fees paid for the CPAB review.
- (2) 2015 tax fees include \$14,980 for the preparation of corporate tax return for the Corporation's US subsidiary and \$4,949 for preparation of the corporate tax return for its Canadian parent entity. The Corporation has yet to file the 2014 corporate tax return for its Canadian

- parent entity for the taxation period ended December 31, 2015. The Corporation has accrued estimated tax fees in its consolidated financial statements for the year ended December 31, 2015.
- (3) 2014 tax fees include \$13,375 for the preparation of corporate tax return for the Corporation's US subsidiary and \$4,949 for preparation of the corporate tax return for its Canadian parent entity. The Corporation has yet to file the 2014 corporate tax return for its Canadian parent entity for the taxation period ended December 31, 2014. The Corporation has accrued estimated tax fees in its consolidated financial statements for the year ended December 31, 2014.
- (4) 2014 other fees represent fees paid to the auditor for consultation on the Corporation's Stock Option Plan and Restricted Share Unit Plan.

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, 2015. Copies of the Corporation's financial statements and MD&A are available on written request to the Corporation at Suite 1600, 521 – 3rd Avenue SW Calgary, Alberta T2P 3T3, Attention: Chief Financial Officer. **Additional information relating to the Corporation, including the Corporation's financial statements and MD&A, is available on SEDAR at www.sedar.com.**

SCHEDULE "A"
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 minimum of 50% 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.