



U.S. OIL SANDS

US OIL SANDS INC.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To Be Held On May 14, 2014

**NOTICE OF MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

April 9, 2014

As Amended July 17, 2015

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

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

TAKE NOTICE that the Annual 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 14, 2014, at the hour of 8:30 a.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, 2013 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 amend the Corporation’s incentive stock option plan;
5. Considering a resolution to approve a restricted share unit plan for the Corporation; and
6. 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 9, 2014, accompanying this Notice and forming part hereof.

Only Shareholders of record at the close of business on April 9, 2014 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 of the Meeting, or any adjournment thereof.

DATED at Calgary, Alberta, this 9th day of April, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Cameron M. Todd*”

Cameron M. Todd
Chief Executive Officer

US OIL SANDS INC.

MANAGEMENT INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

May 14, 2014

SOLICITATION OF PROXIES BY MANAGEMENT

This Information Circular is furnished in connection with the solicitation of proxies by the management of US Oil Sands Inc. (the “**Corporation**”) for use at the annual and special meeting of the holders of common shares (“**Common Shares**”) of the Corporation to be held on Wednesday, May 14, 2014, at 8:30 a.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, 2013 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 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 (collectively, the “**meeting materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders.

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

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

VOTING OF PROXIES

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

Common Shares represented by properly executed proxy forms in favour of the persons designated on the enclosed proxy form will be voted 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 9, 2014, 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 9, 2014, 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 9, 2014, 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 9, 2014, 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.

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage of Common Shares</u>
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, 2013 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 for the five preceding years of each are as follows:

Name and Municipality of Residence	Number Of Common Shares Beneficially Owned Or Controlled ⁽¹⁾	Director Since	Principal Occupation for Preceding Five Years
Edward Chwyl ⁽³⁾⁽⁴⁾ British Columbia, Canada Age: 70	4,158,100	April 2011	Retired Businessman.
Alfred Holcomb ⁽²⁾ Texas, USA Age: 61	Nil	October 2013	Vice President of Acquisitions and Divestitures of Lewis Energy Group since 1987
Serafino Iacono ⁽⁴⁾ Bogota, Columbia Age: 53	170,649,723 ⁽⁵⁾	October 2013	Executive Co-Chairman of the Board and a director of Pacific Rubiales Energy 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.

Verne G. Johnson ⁽²⁾⁽³⁾ Alberta, Canada Age: 70	6,655,888	July 2006	Chairman of US Oil Sands Inc. and President of KristErin Resources Ltd., a private family company since 2000.
Stephen Lehner ⁽⁴⁾ New York, USA Age: 41	Nil	October 2013	Sector Head at Anchorage Capital Group, L.L.C. since April 2013. Prior thereto, Managing Director at Mount Kellett Capital Management, LP from 2009 to 2013.
Ronald Pantin ⁽²⁾⁽³⁾ Bogota, Columbia Age: 65	Nil	October 2013	Chief Executive Officer and an Executive Director of Pacific Rubiales Energy Corp. since 2007
Cameron M. Todd Alberta, Canada Age: 56	1,163,000	May 2012	Chief Executive Officer of US Oil Sands Inc. since April 2011. Prior thereto Senior Vice President – Operations, Refining and Marketing of Connacher Oil and Gas Limited.
Mark H. Brown Alberta, Canada Age: 54	Nil	Nominee	Director, Technology of Seven Generations Energy Ltd., a private deep basin resource play company from 2008 to 2013. Prior thereto, Vice President Engineering, Procurement and Construction - North American Oil Sands Corporation.

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 ACMO, 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 Sptifire 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.

4. Approval of Amended Stock Option Plan

At the Meeting, Shareholders will be asked to consider the approval of certain amendments to the Incentive Stock Option Plan of the Corporation and to ratify the amended Incentive Stock Option Plan.

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 \$0.10 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.

Proposed Amendments

On April 15, 2014, subject to TSX Venture Exchange and Shareholder approval, the Board approved certain amendments to the Option Plan which are intended to enhance the operation and effectiveness of the Option Plan. The principal amendments were to:

- (a) provide that stock options that expire during a black-out period imposed by the Corporation pursuant to its internal trading policies are extended for a period of ten business days after the end of the black-out period;
- (b) include additional provisions relating to tax withholdings required upon the exercise of stock options; and
- (c) provide for U.S. resident employees to receive options that qualify as incentive stock options under the United States Internal Revenue Code of 1986, as amended and to provide that no more than 3,000,000 Common Shares may be issued pursuant to such qualified incentive stock options.

A copy of the Amended Stock Option Plan is attached hereto as Schedule B;

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 Amended Incentive Stock Option Plan of the Corporation substantially in the form attached as Schedule “B” to the Information Circular of the Corporation prepared for the purpose of the Meeting 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.
- 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 Amended Incentive Stock Option Plan.

5. Approval of Restricted Share Unit Plan

On April 15, 2014, the Board approved the adoption by the Corporation of a restricted share unit plan (the “**RSU Plan**”) in the form attached hereto as Schedule “C”. The RSU Plan is an incentive compensation plan established to retain and motivate directors, officers, employees and other eligible service providers of Corporation and its subsidiaries (“**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. In accordance with the requirements of the TSXV, at the Meeting the Corporation is seeking the approval of Shareholders for the adoption of the RSU Plan.

Administration of the Plan

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 will participate in the RSU Plan (each such Service Provider being a “**Participant**”). The Corporation will maintain an RSU account for each Participant and will credit such account with any RSU awards.

Limits on Issuances

The RSU Plan provides that:

- (a) the maximum number of RSUs that may be granted shall be limited to 15,000,000, 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.

Term of RSUs

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.

Resignation, Termination or Death

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; (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.

Redemption of Vested 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.

Adjustments

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.

Amendment or Discontinuance of the RSU Plan

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.

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 Restricted Share Unit Plan of the Corporation substantially in the form attached as Schedule “C” to the Information Circular of the Corporation prepared for the purpose of the Meeting 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.
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 Restricted Share Unit Plan.

6. Other Matters to be Acted Upon

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

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

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

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 October 17, 2013, the Corporation entered into nomination rights agreements with each of Oil Associates and ACMO, each being holders of more than 10% of the outstanding Common Shares of the Corporation. The nomination rights agreements entitle such shareholders to nominate individuals for election to the board of directors of the Corporation. See "*Matters to be Acted Upon at the Meeting – Election of Directors – Nomination Rights*".

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 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	With a B Sc. in Chemical Engineering (1965) and a M Sc. in Petroleum Engineering (1968) from the University of Alberta, Mr. Chwyl has had a long career in oil and gas. Notably as a founding partner, President and CEO of Tarragon Oil and Gas Limited from 1989 to 1998 and CEO of Marathon Oil Canada Ltd from 1998 to 2002.
Serafino Iacono	Mr Iacono is the Co-Chairman and an Executive Director of Pacific Rubiales Energy 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. as well as a director of Pacific Coal Resources Ltd.
Stephen Lehner	Mr. Lehner is a Sector Head 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 Company 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 December 31	Executive Compensation Related Fees	All Other Fees
2013	10,000 ⁽¹⁾	Nil
2012	Nil	Nil

Notes:

(1) Total fees paid to Lane Caputo amounted to \$28,475, the balance of which was paid in 2014.

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

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

Bonus Plan

The Board approves bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. The payment of bonuses is consistent with the overall objective of the Corporation to reward performance. Bonuses were awarded during 2013 in recognition of 2012 annual performance on a discretionary basis. Discretionary bonuses represented between 21% and 24% of the total compensation paid to individual Named Executive Officers in 2013. The Corporation does not have any specific goals to determine individual bonus payments. Performance by Named Executive Officers has typically warranted the payment of discretionary bonuses.

Long-term Incentive Plan

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

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

Risks Associated with Compensation Policies and Practices

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

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

Financial Instruments

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

Option-Based Rewards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Compensation Committee. Option grants can be made at any time and there are no specific periods for the issuance of options. Option awards are determined based on the factors described above under the heading “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 ⁽¹⁾	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽⁶⁾ (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Cameron Todd Chief Executive Officer	2013	250,000	Nil	541,928 ⁽²⁾⁽³⁾	250,000	Nil	Nil	Nil	1,041,928
	2012	250,000	Nil	25,125 ⁽⁴⁾	212,500	Nil	Nil	Nil	487,625
	2011	176,923	Nil	594,305 ⁽⁵⁾	Nil	Nil	Nil	Nil	771,228
Glen Snarr President and Chief Financial Officer	2013	225,000	Nil	541,928 ⁽²⁾⁽³⁾	225,000	Nil	Nil	Nil	991,928
	2012	225,000	Nil	25,125 ⁽⁴⁾	191,250	Nil	Nil	Nil	441,375
	2011	160,096	Nil	445,728 ⁽⁵⁾	100,000	Nil	Nil	Nil	705,824
Barclay Cuthbert Vice President, Operations	2013	200,000	Nil	541,928 ⁽²⁾⁽³⁾	200,000	Nil	Nil	Nil	941,928
	2012	200,000	Nil	25,125 ⁽⁴⁾	170,000	Nil	Nil	Nil	395,125
	2011	142,308	Nil	386,298 ⁽⁵⁾	100,000	Nil	Nil	Nil	628,606
Tim Wall Vice President, Engineering	2013	200,000	Nil	541,928 ⁽²⁾⁽³⁾	200,000	Nil	Nil	Nil	941,928
	2012	200,000	Nil	25,125 ⁽⁴⁾	170,000	Nil	Nil	Nil	395,125
	2011	142,308	Nil	386,298 ⁽⁵⁾	100,000	Nil	Nil	Nil	628,606

Notes:

(1) The Named Executive Officers have each served in their respective positions since April 2011.

- (2) 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.
- (3) 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 \$86,250, 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.
- (4) On May 28, 2012, the Named Executive Officers were granted stock options entitling each of them to purchase up to 250,000 Common Shares at an exercise price of \$0.18 per share expiring on May 28, 2017. 50% of the options were vested immediately on the date of grant, with 25% to be vested on May 28, 2013 and 25% on May 28, 2014. Using the Black-Scholes option pricing model, the fair value of the options granted was \$25,125, assuming a risk-free interest rate of 1.32%, expected life of 5 years, expected volatility of 70%, 0% forfeiture rate and 0% dividend rate.
- (5) On April 18, 2011, the Named Executive Officers were granted stock options to purchase Common Shares at an exercise price of \$0.36 per share expiring on April 18, 2021. Cameron Todd was granted 2,000,000 options, Glen Snarr was granted 1,500,000 options, and Barclay Cuthbert and Tim Wall were each granted 1,300,000 stock options. 50% of the options were vested immediately on the date of grant, with 25% to be vested on April 18, 2012 and 25% on April 18, 2013. Using the Black-Scholes option pricing model, the fair value of the options granted was \$594,305, \$445,728, \$386,298 and \$386,298, respectively, assuming a risk-free interest rate of 3.37%, expected life of 10 years, expected volatility of 80%, 0% forfeiture rate and 0% dividend rate.
- (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, 2013 to the Named Executive Officers of the Corporation.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Cameron Todd	3,000,000	0.19	November 12, 2018	Nil
	750,000	0.115	March 18, 2018	26,250
	250,000	0.18	May 28, 2017	Nil
	2,000,000	0.36	April 18, 2021	Nil
Glen Snarr	3,000,000	0.19	November 12, 2018	Nil
	750,000	0.115	March 18, 2013	26,250
	250,000	0.18	May 28, 2017	Nil
	1,500,000	0.36	April 18, 2021	Nil
Barclay Cuthbert	3,000,000	0.19	November 12, 2018	Nil
	750,000	0.115	March 18, 2013	26,250
	250,000	0.18	May 28, 2017	Nil
	1,500,000	0.36	April 18, 2021	Nil
Tim Wall	3,000,000	0.19	November 12, 2018	Nil
	750,000	0.115	March 18, 2013	26,250
	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, 2013 of \$0.15.

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, 2013 in respect of option-based awards and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

Name	Option-based awards – Value vested during the year (\$)⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Cameron Todd	Nil	250,000
Glen Snarr	Nil	225,000
Barclay Cuthbert	Nil	200,000
Tim Wall	Nil	200,000

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.

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 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 of \$808,333. In the event that Mr. Snarr is terminated without cause, compensation would have an estimated value of \$794,167. 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 of the compensation is \$535,000 for each of Mr. Cuthbert and Mr. Wall. The aggregate value of unvested options held by Named Executive Officers at December 31, 2013 (based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2013) was \$52,500.

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, 2013.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)⁽²⁾⁽³⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)⁽⁴⁾	Total (\$)
James Banister ⁽¹⁾	Nil	Nil	22,190	Nil	Nil	103,403	125,593
Edward Chwyl	Nil	Nil	259,869	Nil	Nil	Nil	259,869

Alfred Holcomb	Nil	Nil	475,357	Nil	Nil	Nil	475,357
Doug Hunter ⁽¹⁾	Nil	Nil	22,190	Nil	Nil	100,000	122,190
Serafino Iacono	Nil	Nil	475,357	Nil	Nil	Nil	475,357
Verne Johnson	Nil	Nil	350,190	Nil	Nil	2,152	352,342
Stephen Lehner	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ronald Pantin	Nil	Nil	475,357	Nil	Nil	Nil	475,357
Ken Stephenson ⁽¹⁾	Nil	Nil	22,190	Nil	Nil	100,000	122,190

Notes:

- (1) James Banister, Doug Hunter, and Ken Stephenson retired from the Board of Directors effective October 18, 2013 in conjunction with the appointment of new Directors; Alfred Holcomb, Serafino Iacono, Stephen Lehner, and Ronald Pantin.
- (2) James Banister, Doug Hunter, Ken Stephenson, Verne Johnson, and Ed Chwyl were granted options on March 18, 2013 to purchase Common Shares of the Corporation at an exercise price of \$0.115 per Common Share expiring on March 18, 2018. Each of the directors was granted 250,000 options except Verne Johnson who was granted 375,000 options. 50% of the options 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 \$33,285 for Verne Johnson and \$22,190 for each of the remaining directors, assuming a risk-free interest rate of 1.34%, expected life of 5 years, expected volatility of 107%, 0% forfeiture rate and 0% dividend rate.
- (3) The continuing Directors were granted options on November 12, 2013 to purchase Common Shares of the Corporation at an exercise price of \$0.19 per Common Share expiring on November 12, 2018. Each of the directors was granted 3,000,000 options except Verne Johnson who was granted 2,000,000 options and Ed Chwyl who was granted 1,500,000 options. Stephen Lehner declined to accept his options. 50% of the options 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 \$475,357 for the new Directors, \$316,905 for Verne Johnson and \$237,679 for Ed Chwyl, 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.
- (4) Retiring directors were awarded \$150,000 retiring allowances, with \$100,000 paid upon retirement and \$50,000 paid February 18, 2014.

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, 2013 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⁾⁽²⁾
James Banister	250,000	0.115	January 16, 2014	8,750
	250,000	0.18	May 28, 2017	Nil
Edward Chwyl	1,500,000	0.19	November 12, 2018	Nil
	250,000	0.115	March 18, 2018	4,375
	250,000	0.18	May 28, 2017	Nil
	500,000	0.36	April 18, 2021	Nil
Alfred Holcomb	3,000,000	0.19	November 12, 2018	Nil
Doug Hunter	250,000	0.115	January 16, 2014	8,750
	250,000	0.18	May 28, 2017	Nil
Serafino Iacono	3,000,000	0.19	November 12, 2018	Nil
Verne Johnson	2,000,000	0.19	November 12, 2018	Nil
	375,000	0.115	March 18, 2018	6,563
	500,000	0.18	May 28, 2017	Nil
Stephen Lehner	Nil	Nil	Nil	Nil
Ronald Pantin	3,000,000	0.19	November 12, 2018	Nil
Ken Stephenson	250,000	0.115	January 16, 2014	8,750
	250,000	0.18	May 28, 2017	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, 2013 of \$0.15.
- (2) All unexercised stock options held by James Banister, Doug Hunter, and Ken Stephenson vested immediately upon retirement from the Board of Directors on October 18, 2013. The unexercised options expired January 16, 2014.

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, 2013 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 (\$)
James Banister	Nil	11,875
Edward Chwyl	Nil	Nil
Alfred Holcomb	Nil	Nil
Doug Hunter	Nil	11,875
Serafino Iacono	Nil	Nil
Verne Johnson	Nil	Nil
Stephen Lehner	Nil	Nil
Ronald Pantin	Nil	Nil
Ken Stephenson	Nil	11,875

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, 2013, equity securities are authorized for issuance as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders - Stock Option Plan	45,200,000	0.203	40,089,239
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	45,200,000	0.203	40,089,239

Note:

- (1) The Incentive Stock Option Plan reserves for issuance a maximum of 10% of the 852,892,395 Common Shares outstanding as at December 31, 2013.

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 seven directors, six of which are independent. The independent directors are 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. Four of the Corporation's directors serve as directors of other reporting issuers as indicated in the table below.

Director	Directorships Held
Edward Chwyl	Baytex Energy Corp. Long Run Exploration Ltd.
Alfred Holcomb	Nil
Verne G. Johnson	Petromanas Energy Inc. Gran Tierra Energy Inc.
Serafino Iacono	Gran Columbia Gold Corp. CGX Energy Inc. Pacific Coal Resources Ltd.
Stephen Lehner	Nil
Ronald Pantin	Pacific Coal Resources Ltd. 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 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
Verne G. Johnson	Mr. Johnson received a Bachelor of Science degree in Mechanical Engineering from the University of Manitoba in 1966. He has spent his entire career in the petroleum industry, primarily in western Canada, contributing to the growth of oil and gas companies of various sizes. Starting with Imperial Oil Limited in 1966, he has worked with Exxon Corporation and in senior capacities with various companies, achieving the positions of President of Paragon Petroleum Ltd., President and CEO of ELAN Energy Inc., and Senior Vice President of Enerplus Resources Group.

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 Rubiales Energy 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 Pacific Coal Resources Ltd. and 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>

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees (By Category)

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

Financial Year Ending December 31	Audit Fees	Audit-related Fees	Tax Fees	All Other Fees
2013	43,300	Nil	27,950 ⁽¹⁾	20,800 ⁽²⁾
2012	41,600	Nil	52,800 ⁽³⁾	7,100 ⁽⁴⁾

Note:

- (1) 2013 tax fees include \$23,600 for the preparation of corporate tax return for the Corporation's US subsidiary and \$4,350 for tax planning. The Corporation has yet to file the corporate tax return for its Canadian parent entity for the taxation period ended December 31, 2013. The Corporation has accrued estimated tax fees in its consolidated financial statements for the year ended December 31, 2013.
- (2) 2013 other fees represent fees paid to the auditor for securities work related to the private placement completed on October 18, 2013.
- (3) 2012 tax fees include \$13,030 for the preparation of corporate tax return for the Corporation's US subsidiary, \$39,770 for other statutory tax filings and tax planning.
- (4) 2012 other fees represent fees paid to the auditor for securities work related to the private placement completed on May 23, 2012.

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, 2013. 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 majority of the members will constitute a quorum for the transaction of the business and the vote of a majority of the members present shall be the act of the committee; in the event of a tie vote on any matter, such matter shall be presented to the board for its consideration and determination.

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

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports
 - a. Review and update, if applicable or necessary, this Audit Committee Charter annually;
 - b. Review with management and the independent auditor the Company's annual and interim financial statements, management's discussion and analysis, any annual and interim earnings press releases and any reports or other financial information to be submitted to any governmental and/or regulatory body, or the public, including any certification, report, opinion, or review rendered by the external auditor for the purpose of recommending their approval to the Board prior to their filing, issue or publication;
 - c. Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - d. Review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company;
 - e. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditor, based on the terms of reference agreed upon by the external auditor and the Committee; and
 - f. Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.
2. External Auditor
 - a. Review annually, the performance of the external auditor who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;

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

3. Financial Reporting Processes

- a. In consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;
- b. Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- c. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;

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

4. Other

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

SCHEDULE "B"
AMENDED INCENTIVE STOCK OPTION PLAN

US OIL SANDS INC.

INCENTIVE STOCK OPTION PLAN

Dated: April 15, 2014

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ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "Accelerated Vesting Event" means the occurrence of any one of the following events:
 - (i) a take-over bid (as defined under Securities Legislation) is made for Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any person or persons acting jointly or in concert (as determined under Securities Legislation) or persons associated or affiliated with such person or persons (as determined under Securities Legislation) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
 - (ii) the acquisition or continuing ownership by any person or persons acting jointly or in concert (as determined under Securities Legislation), directly or indirectly, of Shares or of Convertible Securities, which, when added to all other securities of the Corporation at the time held by such person or persons, persons associated with such person or persons, or persons affiliated with such person or persons (as determined under Securities Legislation) (collectively, the "Acquirors"), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
 - (iii) an amalgamation, merger, arrangement or other business combination (a "Business Combination") involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;
- (b) "Affiliate" shall have the meaning ascribed thereto by the Exchange in Policy 1.1 – Interpretation";
- (c) "Associate" shall have the meaning ascribed thereto by the Exchange in Policy 1.1 – Interpretation";
- (d) "Blackout Period" means a period during which the Corporation prohibits Participants from exercising their Options;
- (e) "Board" means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 directors of the Corporation duly appointed to administer this Plan;

- (f) "Charitable Organization" means "charitable organization" as defined in the *Income Tax Act* (Canada) from time to time;
- (g) "Code" means the United States Internal Revenue Code of 1986, as amended;
- (h) "Common Shares" means the common shares of the Corporation;
- (i) "Consultant" means an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation other than services provided in relation to a Distribution,
 - (ii) provides the services under a written contract between the Corporation or an Affiliate of the Corporation and the individual or the Consultant Company,
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation, and
 - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the Consultant to be knowledgeable about the business and affairs of the Corporation;
- (j) "Consultant Company" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

"Corporation" means US Oil Sands Inc. and its successor entities;
- (k) "Director" means directors, senior officers and Management Company Employees of the Corporation or its subsidiaries, if any, to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- (l) "Disinterested Shareholder Approval" means approval by a majority of the votes cast by all shareholders entitled to vote at a meeting of shareholders of the Corporation excluding votes attached to shares beneficially owned by insiders to whom options may be granted under this Plan and their Associates;
- (m) "Distribution" has the meaning ascribed thereto by the Exchange;
- (n) "Eligible Person" means
 - (i) a Director, Officer, Employee or Consultant of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons; and
 - (ii) a Charitable Organization at the time the Option is granted;
- (o) "Employee" means an individual who:
 - (i) is considered an employee of the Corporation or its subsidiaries, if any, under the *Income Tax Act*, (Canada) i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,

- (ii) works full-time for the Corporation or its subsidiaries, if any, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
- (iii) works for the Corporation or its subsidiaries, if any, on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and method of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (p) "Exchange" means the TSX Venture Exchange and any successor entity or the Toronto Stock Exchange if the Corporation is listed thereon;
- (q) "Expiry Date" means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (r) "Insider" means a director or senior officer of the Corporation, a person that beneficially owns or controls directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation, a director or senior officer of a company that is an insider or a subsidiary of the Corporation, and the Corporation itself if it holds any of its own securities;
- (s) "Investor Relations Activities" means any activities, by or on behalf of the Corporation or shareholder of the Corporation that promote or could reasonably be expected to promote the purchase or sale of securities of the Corporation;
- (t) "ISO" means an Option that is qualified as an incentive stock option under section 422 of the Code;
- (u) "Management Company Employee" means an individual who is employed by a person providing management services to the Corporation which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;
- (v) "Officer" means an officer of the Corporation or its subsidiaries, if any;
- (w) "Option" means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (x) "Other Share Compensation Arrangement" means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
- (y) "Participant" means an Eligible Person who has been granted an Option;
- (z) "Plan" means this incentive stock option plan;
- (aa) "Termination Date" means the date on which a Participant ceases to be an Eligible Person.

1.2 Interpretation

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.
- (b) If the Corporation is listed on the Toronto Stock Exchange, the provisions of this Plan as they relate to companies listed on Tier 1 of the TSX Venture Exchange shall apply.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its subsidiaries, if any;
- (b) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its subsidiaries, if any; and
- (c) attracting new Directors, Officers, Employees and Consultants.

2.2 Shares Reserved

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan. No more than 3,000,000 Common Shares may be issued pursuant to ISOs, subject to adjustment pursuant to Section 2.2(b) of the Plan and in accordance with the provisions of sections 422 and 424 of the Code. In no event may the number of Common Shares issued pursuant to Options exceed the total number of Common Shares reserved for issuance hereunder.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
 - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
 - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable and, if it relates to Investor Relations vesting provisions, then subject to the approval of the Exchange,

and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.

- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

2.4 Regulatory Approval

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

ARTICLE 3 ADMINISTRATION OF PLAN

3.1 Administration

- (a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and
 - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

3.2 Amendment, Suspension and Termination

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is

suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Legislation

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. Only employees of the Corporation or of a subsidiary of the Corporation (as defined under section 424(f) of the Code) are eligible to receive ISOs. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

4.2 Representation

The Corporation represents that an Employee, Consultant or Management Company Employee who is granted an Option or Options is a bona fide Employee, Consultant or Management Company Employee, as the case may be. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

4.3 Limitation on Grants and Exercises

- (a) To any one person. The number of Common Shares reserved for issuance to any one person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant (unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit).

- (b) To Consultants. The number of Common Shares reserved for issuance to any one Consultant in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (c) To persons conducting Investor Relations Activities. The number of Common Shares reserved for issuance to all persons employed to provide Investor Relations Activities in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed an aggregate of 2% of the outstanding Common Shares at the time of the grant.
- (d) To Insiders. Unless the Corporation has received Disinterested Shareholder Approval to do so:
 - (i) the aggregate number of Common Shares reserved for issuance to Insiders under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant; and
 - (ii) the aggregate number of Common Shares reserved for issuance to Insiders in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant.
- (e) Exercises. Unless the Corporation has received Disinterested Shareholder Approval to do so, the number of Common Shares issued to any person within a 12 month period pursuant to the exercise of Options granted under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the exercise.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

- (a) Subject to a minimum exercise price of \$0.10 per Common Share, the exercise price per Common Share for an Option shall not be less than the Market Price for the Corporation's common shares (as defined by the policies of the Exchange) at the date of grant.
- (b) If Options are granted within ninety days of a Distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection 5.1(a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such Distribution. Such ninety day period shall begin:
 - (i) on the date the final receipt is issued for the final prospectus in respect of such Distribution; or
 - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

5.2 Expiry Date

Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

Notwithstanding the foregoing, if the Expiry Date of an Option falls within a Blackout Period the Expiry Date of the Option shall be automatically extended until the date that is ten (10) business days after the expiry of the Blackout Period on the condition that (i) the Blackout Period was formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information, (ii) the

Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed material information, and (iii) the automatic extension of a Participant's Options will not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities.

5.3 Vesting

- (a) Subject to subsection 5.3(b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- (b) Options granted to Consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period.

5.4 Accelerated Vesting Event

Upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any Option, except pertaining to options granted to Consultants performing Investor Relations activities which will be subject to prior written Exchange approval, to make such changes to the terms of Options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of Options, conditionally or unconditionally; (b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction; (c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

5.5 Non-Assignability

Options may not be assigned or transferred.

5.6 Ceasing to be Eligible Person

- (a) If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death. Notwithstanding the foregoing, an ISO shall not be exercisable after the three month anniversary of the Termination Date.
- (c) Unless an option agreement specifies otherwise, if a Participant ceases to be an Eligible Person for any reason other than death, each Option held by the Participant other than a Participant who is involved in investor relations activities will cease to be exercisable 90 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board. For Participants involved in investor relations activities, Options shall cease to be exercisable 30 days after the Termination Date or for a "reasonable period" after the Participant ceases to serve in such capacity, as determined by the Board. Notwithstanding the foregoing, an ISO shall not be exercisable after the three month anniversary of the Termination Date.

- (d) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of this Section. Notwithstanding the foregoing, an ISO shall not be exercisable after the three month anniversary of the Termination Date.
- (e) If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion and in the case of Options relating to Investor Relations, subject to the approval of the Exchange, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

ARTICLE 6 EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its head office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

6.2 Tax Withholding

The Corporation shall have the power and the right to deduct or withhold, or require an Option holder to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right (and the Option holder shall consent to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Option holder (whether arising pursuant to the Option holder's relationship as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or otherwise), or may make such other arrangements satisfactory to the

Option holder and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares otherwise issuable pursuant to the Option as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Option holder shall consent to such sale and grant to the Corporation an irrevocable power of attorney to affect the sale of such Common Shares and shall acknowledge and agree that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares.

Option holders (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation makes no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of the Corporation, or any of its officers, directors, employees or other representatives shall have any liability to an Option holder with respect thereto

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option if the Participant is an Insider at the time of the proposed amendment.

7.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Courts of the Province of Alberta shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

8.4 Effective Date

This Plan is dated December 23, 2009, as amended April 15, 2014.

SCHEDULE “C”

RESTRICTED SHARE UNIT PLAN

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions

For purposes of this Plan:

(a) “**Account**” means an account maintained by the Corporation for each Participant and which will be credited by means of a book-keeping entry with RSUs that are granted in accordance with the terms of this Plan and the RSU Agreements;

(b) A company is an “**affiliate**” of another company if:

(i) one of them is the Subsidiary of the other; or

(ii) each of them is controlled by the same company or individual;

(c) “**Black-Out Period**” means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any Participant that holds an RSU;

(d) “**Board**” means the board of directors of the Corporation as constituted from time to time;

(e) “**Change of Control**” means:

(i) the purchase or acquisition of any Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Shares carrying the right to cast more than 50% of the votes attaching to all Shares, but excluding any issue or sale of Shares of the Corporation to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or

(ii) the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation and pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or

(iii) the election at a meeting of the Corporation’s shareholders of that number of persons which would represent a majority of the Board, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation’s shareholders by the Corporation; or

(iv) the liquidation, dissolution or winding-up of the Corporation; or

- (v) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
 - (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) referred to above; or
 - (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of the Shares of the Corporation, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation;
- (f) “**Committee**” has the meaning ascribed thereto in Section 2.4;
- (g) “**Consultant**” has the meaning ascribed thereto in the TSXV Corporate Finance Manual, as amended from time to time;
- (h) “**Convertible Securities**” means any securities convertible or exchangeable into Shares or carrying the right or obligation to acquire Shares;
- (i) “**Corporation**” means US Oil Sands Inc., and includes any successor corporation thereof;
- (j) “**Dividend Equivalents**” means a bookkeeping entry whereby each RSU is credited with the equivalent amount of the dividend paid on a Share in accordance with Section 4.2;
- (k) “**Dividend Market Value**” means the Fair Market Value per Share on the dividend record date;
- (l) “**Exchange**” means the TSXV or, if the Shares are not then listed and posted for trading on the TSXV, such stock exchange on which such Shares are listed and posted for trading and on which the majority of the trading volume and value of such Shares occurs;
- (m) “**Fair Market Value**” with respect to a Share, as at any date, means the weighted average of the prices at which the Shares traded on the TSXV (or, if the Shares are not then listed and posted for trading on the TSXV or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the five (5) trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
- (n) “**Forfeited RSU**” means an RSU that relates to a grant of RSUs that does not vest and is forfeited by a Participant pursuant to Section 4.7;
- (o) “**Forfeiture Date**” means the date, as determined by the Board, on which a Participant ceases to be a Participant pursuant to Section 4.7 and, if the Participant is an employee and the Participant's employment is terminated without cause, the date shall be extended to include the applicable period of statutory notice, if any, pursuant to the governing employment standards legislation, but shall not include any period of reasonable notice that the Corporation may be required at common law to provide to the Participant;
- (p) “**Grant Date**” means the date or dates on which a grant of RSUs is made to a Participant in accordance with Section 4.1;
- (q) “**Grant Year**” means the calendar year in which any RSU is granted to a Participant hereunder;

(r) “**Holder**” means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the Business Corporations Act (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;

(s) “**Insider**” and “**associate**” each have the meaning ascribed thereto in Policy 1.1 of the Corporate Finance Manual of the TSXV, as amended from time to time;

(t) “**Investor Relations Activities**” has the meaning ascribed thereto in Policy 1.1 of the TSXV Corporate Finance Manual, as amended from time to time;

(u) “**Participant**” means a Service Provider determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Service Provider deemed eligible to continue to participate in this Plan in accordance with Section 4.7;

(v) “**Plan**” means this Restricted Share Unit Plan;

(w) “**RSU**” means a right to acquire a Share in accordance with this Plan and an RSU Agreement;

(x) “**RSU Agreement**” has the meaning set forth in Section 3.2;

(y) “**Security Based Compensation Arrangements**” has the meaning ascribed thereto in the TSX Company Manual, as amended from time to time;

(z) “**Service Provider**” means a director, officer, employee or Consultant of the Corporation or its Subsidiaries, or a person or company engaged by the Corporation or its Subsidiaries to provide services for payment for an initial, renewable or extended period intended to be twelve months or more;

(aa) “**Share**” means a common share of the Corporation;

(bb) “**Subsidiary**” has the meaning ascribed thereto in the Securities Act (Alberta);

(cc) “**TSXV**” means the TSX Venture Exchange; and

(dd) “**Vesting Date**” means, with respect to RSUs, the date on which the Corporation is required under the RSU Agreement to determine the extent to which an RSU is to be paid in Shares, cash or a combination thereof in accordance with Section 4.3 hereof and the RSU Agreement.

1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof.

ARTICLE 2 PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose

The Plan has been established to retain and motivate eligible Service Providers and to promote a greater alignment of interests between Service Providers and the shareholders of the Corporation.

2.2 Administration of the Plan

Subject to Section 2.4, this Plan shall be administered by the Board.

2.3 Authority of the Board

The Board shall have the full power to administer this Plan, including, but not limited to, the authority to:

(a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;

(b) adopt, amend, suspend and rescind such rules and regulations for administration of this Plan as the Board may deem necessary in order to comply with the requirements of this Plan, or in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;

(c) determine the Service Providers to whom RSUs may be granted;

(d) grant such 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 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;

(e) take any and all actions permitted by this Plan; and

(f) make any other determinations and take such other action in connection with the administration of this Plan that it deems necessary or advisable.

2.4 Delegation of Authority

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the “**Committee**”) of the Board all or any of the powers conferred on the Board under this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

The Board or the Committee may delegate or sub-delegate to any director or officer of the Corporation the whole or any part of the administration of this Plan and shall determine the scope of such delegation or sub-delegation in its sole discretion.

2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

2.6 Amendment or Discontinuance of the Plan

(a) The Board may amend or discontinue this 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 Plan or any related RSU Agreement, except as otherwise permitted hereunder. In addition, the Board may, by resolution, amend this Plan and any RSU granted under it (together with any related RSU Agreement) without shareholder approval, provided however, that at any time while the Shares are listed for trading on the TSXV the Board will not be entitled to amend this Plan or any RSU granted under it (together with any related RSU Agreement) without shareholder and, if applicable, TSXV approval: (i) to increase the maximum

number of Shares issuable pursuant to this Plan; (ii) to extend the term of an RSU or amend the termination provisions applicable to RSUs; (iii) to add to the categories of persons eligible to participate in this Plan; (iv) to remove or amend Section 4.5 of this Plan; (v) to remove or amend this Section 2.6(a); or (vi) in any other circumstances where TSXV and shareholder approval is required by the TSXV.

(b) Without limitation of Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.

(c) On termination of this Plan, any outstanding grants of RSUs under this Plan shall immediately vest and the number of Shares corresponding to the outstanding RSUs shall be redeemed in accordance with Section 4.8.

2.7 Final Determination

Any determination or decision by, or opinion of, the Board, the Committee or a director or officer of the Corporation made or held pursuant to the terms set out herein shall be made or held reasonably and shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Corporation, the Participants and their beneficiaries and legal representatives.

Subject to Section 2.5, all rights, entitlements and obligations of Participants under this Plan are set forth in the terms hereof and cannot be modified by any other documents, statements or communications, except by amendment to the terms set out herein referred to in Section 2.6.

2.8 Taxes

(a) A Participant shall be solely responsible for reporting and paying income tax payable in respect of the Shares received by the Participant under this Plan. The Corporation will provide each Participant who is resident in Canada with (or cause each Participant to be provided with) a T4 slip or such information return as may be required by applicable law to report income, if any, arising upon the grant or exercise of rights under this Plan by a Participant who is resident in Canada for income tax purposes.

(b) The Corporation shall have the power and the right to deduct or withhold, or require (as a condition of exercise) a Participant to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law to be withheld with respect to any taxable event arising as a result of this Plan, including the grant or exercise of RSUs granted under this Plan. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Participant consents to the Corporation) setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Participant (whether arising pursuant to the Participant relationship as a director, officer or employee of the Corporation or as a result of the Participant providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements as are satisfactory to the Participant and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Participant and which shall be and are authorized to be deducted from the proceeds of sale). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares. Any reference in this Plan to the issuance of Shares or a payment of cash is expressly subject to this paragraph 2.8(b).

2.9 Information

Each Participant shall provide the Corporation with all of the information (including personal information) that it requires in order to administer this Plan.

2.10 Account Information

For convenience, information pertaining to the RSUs in Participants' Accounts will be made available to the Participants at least annually in such manner as the Corporation may determine and shall include such matters as the Board or the Committee may determine from time to time or as otherwise may be required by law.

2.11 Indemnification

Each member of the Board or Committee or any director or officer who is delegated the whole or any part of the administration of this Plan pursuant to Section 2.4 is and shall be indemnified and held harmless by the Corporation against any cost or expense (including any sum paid in settlement of a claim with the approval of the Corporation) arising out of any act or omission to act in connection with the terms hereof to the extent permitted by applicable law. This indemnification is in addition to any rights of indemnification a Board or Committee member or any director or officer who is delegated the whole or any part of the administration of this Plan pursuant to Section 2.4 may have as director or otherwise under the by-laws of the Corporation, any agreement, any vote of shareholders, or disinterested directors, or otherwise.

ARTICLE 3 ELIGIBILITY AND PARTICIPATION IN THE PLAN

3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Service Providers will be eligible to participate in this Plan.

3.2 RSU Agreement

To acquire RSUs, a Participant shall enter into an agreement with the Corporation in such form as determined by the Board from time to time (the "**RSU Agreement**"), within such time period and in such manner as specified by the Board. If an RSU Agreement is not entered into within the time and manner specified, the Corporation reserves the right to revoke the crediting of RSUs to the Participant's Account.

3.3 Participant's Agreement to be Bound

Participation in this Plan by any Participant shall be construed as irrevocable acceptance by the Participant of the terms and conditions set out herein and all rules and procedures adopted hereunder and as amended from time to time.

ARTICLE 4 TERMS OF THE PLAN

4.1 Grant of RSUs

In accordance with Section 3.2, a grant of RSUs pursuant to this Plan will be made and the number of such RSUs granted will be credited to each Participant's Account, effective as of the Grant Date. The number of RSUs to be offered to each Participant shall be determined by the Board, or the Committee delegated by the Board to do so pursuant to Section 2.4, each in its sole discretion.

4.2 Credits for Dividends

A Participant's Account shall be credited with Dividend Equivalents in the form of additional RSUs as of each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such Dividend Equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places. The Vesting Date applicable to such additional RSUs shall be the final Vesting Date applicable to any of the outstanding RSUs granted to a Participant (other than RSUs credited to the Participant under this Section 4.2). The foregoing does not obligate the Corporation to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

4.3 Vesting

An RSU may not be redeemed until it vests. The Board or the Committee may, in its sole discretion, determine: (i) the time during which RSUs shall vest and whether there shall be any other conditions or performance criteria to vesting; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee 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 (computed in each case to the nearest whole Share). Notwithstanding the foregoing, (a) where a Vesting Date occurs on a date when a Participant is subject to a Black-Out Period, such Vesting Date shall be extended to a date which is within two business days following the end of such Black-Out Period, and further provided that if any such extension would cause the Vesting Date or Vesting Dates to extend beyond the period of time equal to the balance of the Grant Year after the Grant Date plus a period of three (3) calendar years thereafter (the "**Expiry Date**"), the amounts to be paid on such Vesting Date or Vesting Dates shall be paid on the Expiry Date notwithstanding the Black-out Period; (b) in the event of any Change of Control prior to the Vesting Dates, the Vesting Date for the balance of the RSUs that remain to be paid as of such time shall be the date which is immediately prior to the date upon which a Change of Control is completed, or such earlier date as may be determined by the Board or the Committee at its sole discretion; and (c) the Board or the Committee may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting of RSUs previously granted.

4.4 Allotment of Shares for Issuance by the Corporation

The Corporation shall allot for issuance from treasury such number of Shares corresponding to the maximum number of Shares that may be deliverable to Participants upon the vesting of all RSUs granted to Participants under this Plan.

4.5 Limits on Issuances

Notwithstanding any other provision of this Plan:

(a) the maximum number of RSUs that may be granted shall be limited to 15,000,000, or as may otherwise be permitted by applicable law and the Exchange, provided that, notwithstanding the foregoing, the maximum number of Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements, shall not exceed 10% of the Shares outstanding from time to time;

(b) the maximum number of Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements to Insiders, within a 12 month period, shall not exceed 10% of the Shares outstanding from time to time;

(c) the maximum number of Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements to any one Participant, within a 12 month period, may not exceed 5% of the Shares outstanding from time to time;

(d) the maximum number of Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements to any one Consultant, within a 12 month period, may not exceed 2% of the Shares outstanding from time to time; and

(e) the maximum number of Shares issuable pursuant to outstanding RSUs and all other Security Based Compensation Arrangements to persons employed to conduct Investor Relations Activities, within a 12 month period, may not exceed 2% of the Shares outstanding from time to time.

For purposes of this Section 4.5, RSUs that are cancelled, terminated or expire shall not result in the Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to this Plan.

4.6 RSU Term

The term during which an RSU may be outstanding shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term, be such period, not in excess of a time period equal to the balance of the Grant Year after the Grant Date plus a period of three (3) calendar years thereafter, as may be determined from time to time by the Board or the Committee, 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 time period equal to the balance of the Grant Year after the Grant Date plus a period of three (3) calendar years thereafter.

4.7 Forfeiture upon Resignation, Termination or Death

Unless otherwise determined by the Board or the Committee, or unless the Corporation and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or be in the employ of, or a Consultant or other Service Provider to, the Corporation or its Subsidiaries for any reason whatsoever including, without limitation, retirement, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the grants respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, (i) such Participant shall cease to be a Participant as of the Forfeiture Date, (ii) the former Participant shall forfeit all unvested grants respecting RSUs in the Participant's Account effective as at the Forfeiture Date, (iii) any Shares or cash corresponding to any remaining vested grant of RSUs shall be delivered to the former Participant in accordance with Section 4.8 as soon as practicable after the Forfeiture Date (or, in the case of death, to the legal representative of the deceased former Participant's estate as soon as practicable after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant), and (iv) the former Participant shall not be entitled to any further issuance of Shares or any payment in respect of this Plan.

Notwithstanding the preceding paragraph or anything else contained in this Plan to the contrary, if a Participant shall cease to be a director or officer of or be in the employ of, or a Consultant or other Service Provider to, the Corporation or its Subsidiaries due to the death of the Participant, any unvested grants respecting RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be 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.

4.8 Redemption of Vested RSUs

Within 60 business days of a Vesting Date, the Corporation, in its sole and absolute discretion, shall based on the Fair Market Value on the applicable Vesting Date, have the option of settling payment for the RSUs by any of the following methods or by a combination of such methods:

- (a) payment in cash; or

- (b) subject to applicable law, payment in Shares issued from the treasury of the Corporation.

The Corporation shall not determine whether the payment method shall take the form of cash or Shares until a Vesting Date, or some reasonable time prior thereto. A Participant shall not have any right to demand, to be paid in, or to receive Shares in respect of an RSU, at any time. Notwithstanding any election by the Corporation to settle any RSU or a portion thereof, in Shares, the Corporation reserves the right to change its election in respect thereof at any time up until payment is actually made (the “**Payment Date**”) and the Participant shall not have the right, at any time to enforce settlement in the form of Shares of the Corporation.

Any amount payable to the Participant in respect of an RSU shall be paid to the Participant as soon as practicable following the Vesting Date and in any event within sixty (60) days of the Vesting Date and the Corporation shall withhold from any such amount payable all amounts as may be required by law and in the manner contemplated by Section 2.8 hereof.

To the extent an RSU is to be payable in Shares, one Share is to be issued for each RSU. The Shares payable will be issued from treasury to the Participant. The Corporation shall register and deliver certificates for such Shares to the Participant by first class insured mail, unless the Corporation shall have received alternative instructions from the Participant for the registration and/or delivery of the certificates. To the extent an RSU is to be payable in cash, the amount of cash shall be determined as of the close of business on the Vesting Date as the product of: (a) the number of RSUs payable in cash, and (b) the Fair Market Value.

ARTICLE 5

EFFECT OF CORPORATE EVENTS

5.1 Alterations in Shares

In the event:

- (a) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
- (b) that any rights are granted to all or substantially all shareholders to purchase 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 Shares are converted into or exchangeable for any other securities or property;

then the Board may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this 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 hereunder and/or to provide for the Participants to receive and accept such other securities or property in lieu of Shares, and the Participants shall be bound by any such determination.

5.2 Merger and Sale, etc.

If the Corporation enters into any transaction or series of transactions, other than a transaction that is a Change of Control and to which Section 4.3 hereof applies, whereby 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 execute such instruments and do such things as are necessary to establish that upon the consummation of such transaction the Successor will have assumed all the

covenants and obligations of the Corporation under this Plan and the RSU Agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Participants thereunder in any material respect (including the ability to receive shares, trust units, securities or other property of the Successor in lieu of Common Shares on the Vesting Date(s) applicable to an RSU), and subject to compliance with this Section 5.2, any such Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Plan and such RSU Agreements with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such RSU Agreements and the obligation of the Corporation to the Participants in respect of an RSU shall terminate and be at an end and the Participant shall cease to have any further rights in respect thereof; or

(b) if the RSU (and the covenants and obligations of the Corporation under this Plan and the RSU Agreements outstanding on consummation of such transaction) are not so assumed by the Successor, then the Vesting Date for all RSUs that has yet to be paid as of such time shall be the date which is immediately prior to the date upon which the transaction is consummated.

ARTICLE 6 GENERAL

6.1 Compliance with Laws

The Plan shall be subject to the approval, if required, of any stock exchange on which the Shares are listed for trading. Any RSUs granted prior to receipt of such approval and after listing on any such stock exchange shall be conditional upon such approval being given and no such RSUs may vest and no Shares may be issued pursuant thereto unless such approval, if required, is given.

6.2 General Restrictions and Assignment

Except as required by law and Section 4.6, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant. The rights and obligations hereunder may be assigned by the Corporation to a successor to the business of the Corporation.

6.3 Market Fluctuations

No amount will be paid to, or in respect of, a Participant under this Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Corporation makes no representations or warranties to Participants with respect to this Plan or the RSUs whatsoever. Participants are expressly advised that the value of any RSUs and Shares under this Plan will fluctuate as the trading price of Shares fluctuates. In seeking the benefits of participation in this Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of RSUs.

6.4 No Right to Employment

This Plan does not confer upon a Participant any right with respect to continuation of employment by or service provision to the Corporation or its Subsidiaries, nor does it interfere in any way with the right of the Participant or the Corporation or its Subsidiaries' to terminate the Participant's employment or service provision at any time.

6.5 No Shareholder Rights

A Participant shall not have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable pursuant to an RSU until the RSU is redeemed in accordance with Section 4.8 and Shares are issued on such redemption under Section 4.8.

6.6 Unfunded and Unsecured Plan

Unless otherwise determined by the Board, the Plan shall be unfunded and the Corporation will not secure its obligations under the Plan. To the extent any Participant or his or her estate holds any rights by virtue of a grant of RSUs under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation.

6.7 Section 409A of the Code

This Plan, and all terms of this Plan which are undefined or ambiguous, will be construed and interpreted to comply with Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "Code") to the extent required to preserve the intended tax consequences of this Plan. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code and any regulations or guidance under that section. In no event will the Corporation be responsible if RSU awards under this Plan result in adverse tax consequences to a U.S. taxpayer under Section 409A of the Code.

6.8 Governing Law

The validity, construction and effect of this Plan and any actions taken or relating to this Plan shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

6.9 Currency

All amounts paid or values to be determined under this Plan shall be in Canadian dollars.

6.10 Severability

The invalidity or unenforceability of any provision of this document shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this document.

6.11 Effective Time

This Plan is effective as of the 15th day of April, 2014.