



HERITAGE CANNABIS HOLDINGS CORP.
(formerly Umbral Energy Corp.)
929 Mainland Street
Vancouver, British Columbia Canada V6B 1S3
Telephone: 604-628-1767 or Toll Free number: 1-855-210-4851

INFORMATION CIRCULAR

as at June 20, 2018
(except as otherwise indicated)

This Information Circular is furnished in connection with the solicitation of proxies by the management of Heritage Cannabis Holdings Corp. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on Friday, August 10, 2018 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Information Circular, references to the “Company”, “Heritage”, “we” and “our” refer to **Heritage Cannabis Holdings Corp.** “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Notice-and-Access

In November 2012, the Canadian Securities Administrators announced the adoption of regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. Public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily-accessible website, rather than mailing copies of the materials.

The Company has elected to use the notice and access procedure (“**Notice and Access**”) under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), for the delivery of meeting materials to shareholders for the Annual General Meeting to be held on Friday, August 10, 2018 (the “**Meeting**”). Under the provisions of Notice and Access, shareholders will receive a notice (“**Notice and Access Notice**”) containing information on how they can access the Company’s Notice of Meeting and Information Circular (the “**Meeting Materials**”) electronically instead of receiving a printed copy or how to receive a printed copy of the Meeting Materials. Together with the Notice and Access Notice, shareholders will receive a proxy (“**Proxy**”), in the case of registered shareholders, enabling them to vote at the Meeting. The Meeting Materials for the Meeting will be posted on the Company’s website at <https://heritagecann.com/investors> as of July 4, 2018, and will remain on the Company’s website for one year. The Meeting Materials will also be available on the Company’s SEDAR corporate profile at www.sedar.com as of July 4, 2018. **All registered and beneficial shareholders will receive a Notice and Access Notice.**

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) is a Director and/or an Officer of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on**

your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.

Voting by Proxyholder

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

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders may choose one of the following options to submit their proxy:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) use a touch-tone phone to transmit voting choices to a toll-free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder's account number and the control number; or
- (c) use the internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the control number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

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

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial owners – those who object to their name being made known to the issuers of securities which they own (called "OBOS" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent. These VIFs are

to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. 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, and the appointment of any shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting and to vote your Common Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or to the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of financial year end October 31, 2017 of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of

beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “Board”) of the Company has fixed June 20, 2018 as the record date (the “Record Date”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company changed its name from “Umbral Energy Corp.” to “Heritage Cannabis Holdings Corp.” on January 10, 2018. The Company’s common shares are listed on the Canadian Securities Exchange (the “CSE”) under stock symbol “CANN”.

The authorized share structure capital of the Company is an unlimited number of Common Shares.

As of June 20, 2018, there were 169,682,250 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

On December 9, 2014, the Company entered into a share exchange agreement for the acquisition of all the issued and outstanding shares of 1005477 B.C. Ltd., a holding company which owns 50% of the issued and outstanding common shares of PhyeinMed Inc. (“**PhyeinMed**”), an operating company incorporated in British Columbia which submitted an application to Health Canada for a Marijuana for Medical Purposes Regulations license. Management had determined that the 50% interest in PhyeinMed was a joint venture under IFRS 11.

The Company, through its wholly-owned subsidiary, 1005477 B.C. Ltd. (“**SubCo**”), completed an acquisition (the “**Acquisition**”) of an additional 25% interest in PhyeinMed (a late stage Health Canada Access to Cannabis for Medical Purposes Regulations applicant) for the purpose of growing, selling and distributing medical cannabis, pursuant to a share purchase agreement dated for reference June 21, 2017 among the Company, SubCo, Estek Ventures Corp. (“**Estek**”) and Debra Senger, sole shareholder of Estek. Prior to the closing of the Acquisition, SubCo owned 50% interest in PhyeinMed. On Closing, January 9, 2018, the Company, through SubCo, owns an aggregate 75% interest in PhyeinMed.

The Acquisition constituted a “change of business” transaction (the “**Transaction**”) within the meaning of such term in the policies of the Canadian Securities Exchange (the “**CSE**”) to a medical marijuana issuer.

In connection with the Transaction, on January 10, 2018, the Company changed its name from “Umbral Energy Corp.” to “Heritage Cannabis Holdings Corp.” and the Company’s common shares listed for trading on the CSE under new stock symbol “CANN”.

To the knowledge of the directors and executive officers of the Company, as at June 20, 2018, there were no persons or corporations that beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the fiscal year ended October 31, 2017, the report of the auditor and the management discussion and analysis were filed on SEDAR at www.sedar.com on February 19, 2018. These audited financial statements will be tabled at the Meeting.

ELECTION OF DIRECTORS

The Board presently consists of three directors and it is intended to elect three directors for the ensuing year. The term of office of each of the current directors will end immediately before the election or appointment of directors at the Meeting. Unless the director’s office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until immediately before the election or appointment of directors at the Meeting, or if no directors are then elected, until a successor is elected.

The following disclosure sets out the names of management’s three nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment of each director nominee, the period of time during which each nominee has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at June 20, 2018.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Principal Occupation	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled ⁽¹⁾
Clinton Sharples ⁽⁵⁾ Chairman/Non Executive Director British Columbia	Partner, First Growth Management Inc. (private venture capital company)	Since May 29, 2013	3,070,000 ⁽²⁾
Jagdip Bal ⁽⁵⁾ President, Chief Executive Officer and Director British Columbia	Self-Employed Businessman, since November 2003; Peace Officer, Province of British Columbia – February 2000 to November 2003.	Since December 14, 2012	10,402,519 ⁽³⁾
Bradley T. Culver PGeoph ⁽⁵⁾ Director Alberta	Geophysicist; Senior Exploration Geophysicist, Birchcliff Energy Ltd. from 2010 to 2013; Geophysicist, Encana Corporation from 2000 to 2010.	Since March 11, 2013	40,000 ⁽⁴⁾

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) 2,270,000 common shares are owned directly by Clinton Sharples, 800,000 common shares are owned indirectly by Equival Inc., a private company owned and controlled by Mr. Sharples. Mr. Sharples holds a total of 280,500 incentive stock options at an exercise price of \$0.54 expiring on March 19, 2023.
- (3) Mr. Bal holds a total of 1,500,000 incentive stock options at an exercise price of \$0.14 expiring on November 15, 2022, 250,000 incentive stock options at an exercise price of \$0.59 expiring on January 22, 2023, and 280,500 incentive stock options at an exercise price of \$0.54 expiring on March 19, 2023.
- (4) Bradley T. Culver holds a total of 200,000 incentive stock options at an exercise price of \$0.14 expiring on November 15, 2022. Mr. Culver also holds a total of 430,000 common share purchase warrants at an exercise price of \$0.10 expiring on August 30, 2019.
- (5) Member of Audit Committee.

Corporate Cease Trade Orders or Bankruptcies

Other than set out below, no current or proposed director is, or has been within the past 10 years, a director or executive officer of any other company that, while such person was acting in that capacity: (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after the current or proposed director ceased to be a director or executive officer of such company, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (c) within a year of the current or proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Bradley Culver was a director of Probe Resources Ltd. (“**Probe**”) (now known as Rooster Energy Ltd.), a TSX Venture Exchange listed company, at the time Probe Resources Ltd. was issued a cease trade order on January 7, 2011, for failure to file its annual financial statements and management’s discussion and analysis for its financial year ended August 31, 2010 in the required time. Probe Resources Ltd. announced by press release dated November 16, 2010 that the company’s U.S. subsidiaries filed voluntary Chapter 11 petitions in U.S. Bankruptcy Court for the Southern District of Texas in Houston, Texas. Mr. Culver resigned prior to the filing of the Chapter 11 proceeding in November 2012. Probe Resources Ltd. emerged from its Chapter 11 bankruptcy filing on April 15, 2011 and then brought its filings up to date. On February 6, 2012, the cease trade order was lifted.

Personal Bankruptcies

No current or proposed director has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Penalties or Sanctions

No current or proposed directors has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

Advance Notice Provision

At the Company's annual general and special meeting held on May 8, 2015, the Company's shareholders approved the adoption of new Articles of the Company, which new Articles include advance notice provisions (the "**Advance Notice Provision**"). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board of directors of the Company are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) or (ii) a shareholder proposal made pursuant to the provisions of the BCA.

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision contained in the Company's Articles which is available under the Company's profile on SEDAR at www.sedar.com.

The Company did not receive notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of the Nominees.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

APPOINTMENT OF AUDITOR

Morgan & Company LLP, Chartered Professional Accountants, Suite 1630 – 609 Granville Street, Vancouver, British Columbia Canada, V7Y 1A1 will be nominated at the Meeting for reappointment as auditor of the Company.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee's Charter

The audit committee has a charter. The Company's audit committee charter is attached as Schedule A to this Information Circular.

Composition of the Audit Committee

The members of the Company's Audit Committee are composed of Jag Bal (Chair), Bradley T. Culver and Clinton Sharples. Bradley T. Culver and Clinton Sharples are independent members of the Audit Committee. Jagdip Bal is a non-independent member of this Committee due to his being an Officer of the Company (President and Chief Executive Officer).

Relevant Education and Experience

All members of the Audit Committee are considered to be financially literate.

Jagdip Bal Mr. Bal is President of Infinity Alliance Corp, a private company that invests in growth companies and provides consulting services for investor relations, corporate finance, business development, mergers and acquisitions for companies listed in Canada. From November 2006 to November 2008, Mr. Bal was President and CEO of Infinity Alliance Ventures Corp. (TSXV) a capital pool company which later acquired CBM Asia Development Corp. (TSXV) a coal-bed methane company with assets in Indonesia. From December 2006 to April 2007, Mr. Bal was president and director of Alma Resources (TSXV), a resource company with assets in Mexico.

Bradley T. Culver, B.Sc.(Hons), P.Geoph. Mr. Culver is President of Culver Geophysics Inc. providing Geotechnical services to the Energy industry in Calgary. Brad has 30 years of industry experience. Brad has been on the board of several volunteer and publicly traded companies. Mr. Culver obtained a BSc.(Hons) in Geological Sciences from Queens University in 1988.

Clinton Sharples Mr. Sharples is a partner in First Growth Management, a small private equity company formed in 2005. Mr. Sharples' primary roles for First Growth Management include Chief Executive Officer of Modu-Loc Fence Rentals LP, as well as Chairman of Strategic Aviation Services and Sky Café.

Audit Committee Oversight

The audit committee has not made any recommendations to the Board to nominate or compensate any auditor other than Morgan & Company LLP.

Reliance on Certain Exemptions

The Company's auditor, Morgan & Company LLP, has not provided any material non-audit services for fiscal year ended October 31, 2016.

Pre-Approval Policies and Procedures

The audit committee is required to approve the engagement of the Company's external auditors in respect of non-audit services.

External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audited services provided by Morgan & Company LLP to the Company to ensure auditor independence. Fees incurred with Morgan & Company LLP for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended October 31, 2016	Fees Paid to Auditor in Year Ended October 31, 2017
Audit Fees ⁽¹⁾	\$17,350	\$33,045
Audit-Related Fees ⁽²⁾	Nil	\$Nil
Tax Fees ⁽³⁾	\$850	\$1,785
All Other Fees ⁽⁴⁾	\$450	\$6,615
Total	\$20,150	\$41,445

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort

letters, consents, reviews of securities filings and statutory audits.

- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

Exemption

The Company is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110 – *Audit Committees*.

CORPORATE GOVERNANCE

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

The Board is currently composed of Jagdip Bal, Bradley T. Culver and Clinton Sharples. All of the proposed nominees for election as directors are currently directors of the Company. National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to; materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that a board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. Bradley T. Culver and Clinton Sharples are considered by the Board to be “independent” within the meaning of NI 58-101. Jagdip Bal is an executive officer of the Company, and accordingly, is considered to be “non-independent”.

Given the relative small nature of the Company’s operations, the Board feels that the composition of its Board is adequate at the present time. It is a mandate of the Board to increase its size with the addition of independent directors as operations expand.

The Board facilitates its exercise of supervision over the Company’s management through frequent meetings of the Board.

Directorships

The directors of the Company currently do not hold directorships in other reporting issuers.

Orientation and Continuing Education

The Company has not yet developed an official orientation or training program for new directors. The Company is currently engaged in the business of resource exploration and business development and new directors will be provided, through discussions and meetings with other directors, officers, and employees, with a thorough description of the Company’s business, properties, assets, operations and strategic plans and objectives. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business.

Ethical Business Conduct

The Board conducts itself with high business and moral standards and follows all applicable legal and financial requirements. In that regard, the Board has adopted a written Code of Ethics (the “Code”) for its directors, officers, employees and consultants. The Code establishes practices regarding compliance with the law and internal policies and guidelines, a Whistleblower Policy which details complaint procedures for financial concerns, disclosure obligations, and

internal financial control. Each employee, officer, director, and material consultant is provided with a copy of the Code and certifies, among others, that he or she has understood the Code and that he or she will continue to comply with the terms of the Code.

Further, the Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, are sufficient to ensure that the Board operates independently of management and in the best interests of the Company and its shareholders.

Nomination of Directors

The Company considers the size of the Board each year when it considers the number of directors to recommend to the Board for director nominees. The criteria for selecting new directors reflect the requirements of the listing standards of the Exchange (or such other exchange or self-regulatory organization on which the Company's shares are listed for trading) with respect to independence and the following factors:

- (a) the appropriate size of the Company's Board;
- (b) the needs of the Company with respect to the particular talents and experience of its directors;
- (c) personal and professional integrity of the candidate;
- (d) level of education and/or business experience;
- (e) broad-based business acumen;
- (f) the level of understanding of the Company's business and the mining and oil and gas industry in which it operates and other industries relevant to the Company's business;
- (g) the ability and willingness to commit adequate time to Board and committee matters;
- (h) the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company;
- (i) the ability to think strategically and a willingness to share ideas; and
- (j) diversity of experiences, expertise and background

Once a decision has been made to add or replace a director, the task of identifying new candidates will fall on the Company's Board. If a candidate looks promising, the Board will conduct due diligence on the candidate and interview the candidate and if the results are satisfactory, the candidate is invited to join the Board.

Compensation

Notwithstanding the foregoing, given that the Company has not, as of yet, generated any significant income or cash flows from operations and operates with limited financial resources to ensure that funds are available to complete scheduled programs, the Company has to consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company in the mid and long-term. An important element of executive compensation is the grant of incentive stock options by the Company to its employees, director and officers which do not require cash disbursement by the Company.

Other Board Committees

The Board has no other Committees other than the Audit Committee and an Advisory Board. The current members of the Company's Advisory Board are Bob Simmonds, Debra Senger and Michele Cadario. All three members of the Advisory Board are at arm's length to the Company.

Advisory Board

The Company established an Advisory Board comprising industry specialists to assist the Company. The Advisory Board provides assistance to the Company with regards to the following general areas:

- (a) reviewing and commenting upon business and competitive issues, proposals, plans, industry trends, corporate initiatives, strategy, new business development, potential acquisitions as may be requested by the Company's Chief Executive Officer and/or other members of the Corporation's senior management team from time to time;

- (b) attend meetings as requested from time-to-time by the Company's Chief Executive Officer and the director appointed to act as Chairman of meetings of the Advisory Board (the "**Advisory Board Chair**") and/or other members of the Company's senior management team from time to time and to render advice on issues discussed at such meetings; and
- (c) devote appropriate time and attention to the business and affairs of the Company as a member of the Advisory Board.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board.

STATEMENT OF EXECUTIVE COMPENSATION

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

"**NEO**" or "**named executive officer**" means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer ("CEO"), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer ("CFO"), including an individual performing functions similar to a CFO;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

Heritage is focused on developing cannabis based businesses in the emerging Canadian cannabis market.

The Company's primary asset is PhyeinMed Inc. ("**PhyeinMed**"). PhyeinMed submitted its application to Health Canada under the Marihuana for Medical Purposes Regulations ("**MMPR**") on December 9, 2014. The application provides for the possession, sale, delivery, destruction and production of dried marijuana. Enhanced screening and many subsequent requests for additional information were completed satisfactorily.

PhyeinMed was notified by the offices of medical cannabis within Health Canada on January 22, 2016, that the security clearance stage of the application was being initiated. The Company announced on February 16, 2017, that PhyeinMed received notification from Health Canada that its Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") application has progressed through to the Review Stage (stage 5 of 7) of the application process. All key personnel submitted with the application have undergone a rigorous and thorough screening process and been approved. The Company will continue to comply with the requirements as they pertain to the Marijuana for Medical Purposes Regulations as the Company continues to work through the application process.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company for the two completed financial years ended October 31, 2017 and October 31, 2016. Options and compensation securities are disclosed under the heading "**Stock Options and Other Compensation Securities**" of this Information Circular.

During financial year ended October 31, 2017, based on the definition above, the NEOs of the Company were: Jagdip Bal, President and Chief Executive Officer and director and Kristina Khersonski, Chief Financial Officer and Corporate Secretary. The directors of the Company who were not NEOs during financial year ended October 31, 2017 were Clinton Sharples, Chairman of the Board and non executive director, and director Bradley T. Culver.

During financial year ended October 31, 2016, based on the definition above, the NEOs of the Company were: Jagdip Bal, President and Chief Executive Officer and director and Kristina Khersonski, Chief Financial Officer and Corporate Secretary. The directors of the Company who were not NEOs during financial year ended October 31, 2016 were Clinton Sharples, Chairman of the Board and non executive director, and director, Bradley T. Culver.

Table of Compensation, Excluding Compensation Securities in Financial Years ended October 31, 2017 and October 31, 2016

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Clinton Sharples, Chairman of the Board and non Executive Director	2017	49,910 ⁽¹⁾	Nil	Nil	Nil	Nil	49,910
	2016	4,150	Nil	Nil	Nil	Nil	4,150
Jagdip Bal, President and CEO and Director	2017	115,890 ⁽²⁾	Nil	Nil	Nil	Nil	115,890
	2016	91,333 ⁽²⁾	Nil	Nil	Nil	Nil	91,333
Kristina Khersonski, Chief Financial Officer and Corporate Secretary	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Bradley T. Culver Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

⁽¹⁾ \$46,500 was paid to Equival Inc., of which Clinton Sharples is a director in common.

⁽²⁾ \$115,890 was paid to Infinity Alliance Corp. (2016 - \$91,333), of which Jag Bal is a director in common.

Stock Options and Other Compensation Securities

10% “rolling Share Option Plan

Option-based awards

Effective on October 20, 2014, the Company commenced trading on the CSE. With the move from the TSX Venture Exchange to the CSE, management adopted a new 10% rolling stock plan (the “**Stock Option Plan**”). The Stock Option Plan is substantially similar to the Company’s former TSX Venture Exchange form of stock option plan, except that it does not contain references to the TSX Venture Exchange or its policies. Shareholders approved the Stock Option Plan at the Company’s Annual General and Special Meeting held on April 28, 2016.

The purpose of the Stock Option Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

The following information is intended to be a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan:

- the Stock Option Plan provides that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue, less any common shares reserved for issuance under any other share compensation arrangement. The options are non-assignable and may be granted for a term not exceeding ten years.
- the exercise price shall not be lower than the greater of the closing market price of the common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

- the terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.
- the maximum number of options which may be granted to any one option holder under the Stock Option Plan within any 12 month period shall be 5% of the outstanding issue on the date of grant (unless the Company has obtained disinterested shareholder approval, if required by Regulatory Rules);
- if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued shares;
- the maximum number of options which may be granted to any one consultant within any 12 month period must not exceed 2% of the outstanding Issue; and
- the maximum number of options which may be granted within any 12 month period to employees or consultants engaged in investor relations activities must not exceed 2% of the outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the options vesting in any three month period.

Fixed Restricted Share Unit Plan

Share-based awards

Shareholders will be asked at the Meeting, to ratify and approve the adoption of the Company's fixed restricted share unit plan (the "**RSU Plan**").

On August 4, 2017, the Board approved the adoption by the Company of a fixed restricted share unit plan. The RSU Plan is designed to provide certain directors, officers, employees, consultants and advisors of the Company and its related entities with the opportunity to acquire restricted stock units ("**RSUs**") of the Company in order to enable them to participate in the long-term success of the Company. The purpose of the RSU Plan is to further promote a greater alignment of the interests of directors, officers, employees and consultants of the Company with the interests of the Shareholders. The Board (or such other committee the Board may appoint) is responsible for administering the RSU Plan.

RSUs will vest on terms established by the Board, or any Board committee appointed for such purpose.

Maximum Number of Common Shares Issuable under RSU Plan

The RSU Plan allows the Company to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a fixed maximum number of 6,000,000 Common Shares.

The RSU Plan provides that the maximum number of Common Shares issuable pursuant to the RSU Plan, together with any common shares issuable pursuant to any other Security Based Compensation Arrangement outside of the RSU Plan (namely the Stock Option Plan described above), will not exceed an aggregate of 10% of the total number of issued and outstanding Common Shares at any time. RSUs to a maximum of 10% of the outstanding Common Shares of the Company may be granted to any one Eligible Person under the RSU Plan; and, in aggregate, a maximum of 5% of the outstanding Common Shares of the Company may be granted to any one Eligible Person in any 12 month period calculated on the grant date.

Capitalized terms used below are not defined below and shall have the meanings ascribed thereto in the RSU Plan.

Benefits of the RSU Plan

The RSU Plan is designed to be a long-term incentive for the directors, officers, employees, consultants and advisors of the Company. RSUs provide the Board (or a Board committee) with an additional compensation tool that can be used to help retain and attract highly qualified directors, officers and employees and further align the interests of directors, officers, employees and consultants of the Company with the interest of the Shareholders. It is intended to promote a greater alignment of interests between the Shareholders of the Company and the directors, officers, employees and consultants of the Company by providing an opportunity to participate in any increases to the value of the Company.

The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

Nature and Administration of the RSU Plan

All Directors, Officers, Employees, Consultants and Advisors (as defined in the RSU Plan) of the Company and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "**RSU Plan Recipients**"), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board (or a Committee delegated by the Board), may, from time to time, award RSUs to Eligible Persons. All RSUs awarded will be credited to an account maintained for each RSU Plan Recipient on the books of the Company as of each award date. The number of RSUs to be credited to each RSU Plan Recipient's account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) (each a "**Vesting Date**") that is the later of the Trigger Date (defined below) and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan. Rights and obligations under the RSU Plan can be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company.

Payment of RSUs

Under the RSU Plan, the Company, in its discretion and as may be determined by the Board, will pay out vested RSU's by paying or issuing (net of any applicable withholding taxes) to a RSU Plan Recipient, on or subsequent to the Trigger Date and before the Expiry Date (as defined below) an award payout of either: (a) one Common Share for each whole vested RSU; and (b) a cash amount equal the fair market value of one Common Share (as determined in accordance with the RSU Plan) as at the Trigger Date (the "**Vesting Date Value**") of each whole vested RSU.

Fractional Common Shares will not be issued pursuant to the RSU Plan, and where a RSU Plan Recipient would be entitled to receive a fractional Common Share in respect of a fractional vested RSU, the Company shall pay to such RSU Plan Recipient, in lieu of such fractional Common Share, cash value equal to the Vesting Date Value of such fractional Common Share.

Cancellation on Termination for Cause

Unless the Board at any time otherwise determines, all unvested Restricted Share Units held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the termination of employment or removal from service by the Company or a Related Entity for cause.

Retirement, Total Disability, Death and Termination without Cause

Generally, if an RSU Plan Recipient ceases to be an Eligible Person for any of the following reasons, unvested Restricted Share Units will immediately vest on the date the Recipient ceases to be an Eligible Person:

- (a) Retirement of a Recipient;
- (b) death or Total Disability of a Recipient; and
- (c) the Termination of employment or removal from service by the Company or a Related Entity without cause.

The number of Common Shares available for reserve under the RSU Plan is a fixed number. Any Share subject to a Restricted Share Unit, which has been cancelled or terminated in accordance with the terms of the Plan without being paid out as provided for in Part 3 of the RSU Plan, shall again be available under the Plan.

Change of Control

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to an RSU Plan Recipient vest on the date on which the Change of Control occurs. Within thirty (30) days after the date on which the Change of Control Occurs, the RSU Plan Recipient must receive a cash payment equal to (a) the number of Restricted Share Units that vested on the Change of Control Date; multiplied by (b) the Fair Market Value on the Change of Control Date, net of any withholding taxes and other source deducted required by law to be withheld by the Company.

Adjustments

In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

Vesting

The Board has the discretion to grant RSUs to Eligible Persons as the Board determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the Performance Conditions (as defined in the RSU Plan) if any. RSUs vest on the date that is the later of (a) the date set by the Board at the time of the grant or if no date is set then December 1 of the third calendar year following the date of the grant (the “Trigger Date”), and (b) the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

RSUs only vest on the Trigger Date to the extent that the Performance Conditions have been satisfied on or before the Trigger Date, and no RSU will remain outstanding for any period which exceeds the expiry date (which shall be December 31 of the third calendar year after the date of grant, or such earlier date as may be established by the Board (the “Expiry Date”).

The Board may accelerate the Trigger Date of any RSU at its election.

Limitations under the RSU Plan

Unless disinterested Shareholder Approval is obtained, or unless permitted otherwise by the policies of the Canadian Securities Exchange:

- (a) the maximum number of Common Shares which may be reserved for issuance to Insiders, as a group, under the RSU Plan together with any other Share Compensation Arrangement (as defined in the RSU Plan), may not exceed 10% of the outstanding Common Shares;
- (b) the maximum number of RSUs that may be granted to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 10% of the outstanding Common Shares calculated on the date of the grant of the RSUs; and
- (c) the maximum number of RSUs that can be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 5% of the outstanding Common Shares calculated on the date of the grant of the RSUs.

Amendment or Termination of RSU Plan

Subject to the requirements of applicable laws, the Board may amend or terminate the RSU Plan at any time, but the consent of the RSU Plan Recipient is required for any such amendment that adversely affects the rights of the RSU Plan Recipient, unless the amendment or termination is required by law. A termination of the RSU Plan will not accelerate the vesting of RSUs or the time in which a RSU Plan Recipient would otherwise be entitled to receive payment in respect of the RSUs. The RSU Plan herein shall become effective on the date on which it is approved by the shareholders.

There were no restricted share units (RSUs) granted during financial year ended October 31, 2016. There were a total of 6,000,000 restricted share units (share-based awards) granted during financial year ended October 31, 2017.

As indicated above, the Board adopted and shareholders approved a 10% “rolling” share option plan (defined above as the “**Stock Option Plan**”) under which convertible securities can be issued as an additional mechanism to encourage equity participation in the Company by directors, officers, employees and other service providers, which for the purposes of the RSU Plan is considered a Share Compensation Arrangement. Any grants under the Stock Option Plan would be considered in the limitations under the RSU Plan.

Shareholders are being asked at the Meeting to approve by ordinary resolution of disinterested shareholders, to ratify, confirm and approve the adoption of the Company’s RSU Plan and the RSUs that were granted prior to shareholder approval of the RSU Plan. Refer to **PARTICULARS OF MATTERS TO BE ACTED UPON – Fixed Restricted Share Unit Plan/RSU Awards**” below.

Outstanding Compensation Securities

Financial year ended October 31, 2017

The following table sets forth incentive stock options (option-based awards) pursuant to the Company’s share option plan that were outstanding to NEOs and directors of the Company as at October 31, 2017.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Jagdip Bal, President, CEO and Director	Options	800,000 (0.59%)	February 27, 2017	0.065	0.065	0.15	February 27, 2022
Bradley T. Culver Director	Options	400,000 (0.29%)	May 30, 2016	0.08	0.08	0.15	May 30, 2021

Note: Percentage of class represents % of option-based securities granted over the total number option-based securities of the Company outstanding as of December 31, 2017.

Financial year ended October 31, 2016

The following table sets forth incentive stock options (option-based awards) pursuant to the Company's share option plan that were outstanding to NEOs and directors of the Company as at October 31, 2016.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Clinton Sharples, Chairman of the Board and non executive Director	Options	300,000 (0.47%)	June 2, 2016	0.085	0.085	0.035	June 2, 2021
		65,000 (0.10%)	May 30, 2016	0.08	0.08	0.035	May 30, 2021
Jagdip Bal, President, CEO and Director	Options	900,000 (1.42%)	May 30, 2016	0.08	0.08	0.035	May 30, 2021
Kristina Khersonski, CFO, Corporate Secretary	Options	500,000 (0.79%)	May 30, 2016	0.08	0.08	0.035	May 30, 2021
Bradley T. Culver, Director	Options	400,000 (0.63%)	May 30, 2016	0.08	0.08	0.035	May 30, 2021

Note: Percentage of class represents % of option-based securities granted over the total number option-based securities of the Company outstanding as of December 31, 2016.

Exercise of Compensation Securities by NEOs and Directors

Financial Year Ended October 31, 2017

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total Value on exercise date (\$)
Jagdip Bal, President, CEO and Director	Options	600,000	0.05	Jan. 16, 2017	0.03	(0.02)	(12,000.00)
Kristina Khersonski, CFO, Corporate Secretary	Options	500,000	0.08	Feb. 16, 2017	0.08	0.00	0.00
Jagdip Bal, President, CEO and Director	Options	600,000	0.07	Feb. 16, 2017	0.08	0.01	6,000.00
Jagdip Bal, President, CEO and Director	Options	900,000	0.08	Feb. 21, 2017	0.09	0.01	9,000.00
Clinton Sharples, Director	Options	600,000	0.065	Apr. 13, 2017	0.07	0.005	3,000.00
Jagdip Bal, President, CEO and Director	Options	500,000	0.055	Jun. 22, 2017	0.075	0.02	10,000.00
Kristina Khersonski, CFO, Corporate Secretary	Options	500,000	0.065	Jun. 27, 2017	0.095	0.03	15,000.00
Jagdip Bal, President, CEO and Director	Options	200,000	0.065	Sep. 1, 2017	0.125	0.06	12,000.00

Financial Year Ended October 31, 2016

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total Value on exercise date (\$)
Clinton Sharples, Director	Options	600,000	0.055	Feb. 25, 2016	0.02	(0.035)	(21,000.00)
Jagdip Bal, President, CEO and Director	Options	200,000	0.05	Apr. 25, 2016	0.05	0.00	0.00

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total Value on exercise date (\$)
Jagdip Bal, President, CEO and Director	Options	600,000	0.055	Apr. 25, 2016	0.05	0.005	3,000.00
Jagdip Bal, President, CEO and Director	Options	138,000	0.05	Apr. 28, 2016	0.04	0.01	1,380.00
Jagdip Bal, President, CEO and Director	Options	94,000	0.05	May 24, 2016	0.04	(0.01)	(940.00)
Kristina Khersonski, CFO, Corporate Secretary	Options	200,000	0.05	May 30, 2016	0.08	0.03	6,000.00
Kristina Khersonski, CFO, Corporate Secretary	Options	225,000	0.055	May 30, 2016	0.08	0.025	5,625.00
Jagdip Bal, President, CEO and Director	Options	368,000	0.05	May 30, 2016	0.08	0.03	11,040.00
Clinton Sharples, Chairman of the Board and non executive Director	Options	800,000	0.05	May 30, 2016	0.08	0.03	24,000.00
Bradley T. Culver, Director	Options	400,000	0.05	May 31, 2016	0.08	0.03	12,000.00
Clinton Sharples, Chairman of the Board and non executive Director	Options	735,000	0.08	Jun. 6, 2016	0.085	0.005	3,675.00
Jagdip Bal, President, CEO and Director	Options	750,000	0.05	Oct. 12, 2016	0.045	(0.005)	(3,750.00)

There were no share-based awards granted during the financial year ended October 31, 2016. There were a total of 6,000,000 restricted share units granted during the financial year ended October 31, 2017. See **“PARTICULARS OF MATTERS TO BE ACTED UPON – Fixed Restricted Share Unit Plan/RSU Awards”** below.

Employment, Consulting and Management Agreements

Except as otherwise disclosed in this Information Circular, the Company does not have any employment, consulting or management agreements or arrangements with any of the Company’s current NEOs or directors.

Oversight and Description of Director and Named Executive Officer Compensation

Executive compensation is set to attract and retain the best available talent while efficiently utilizing available resources. The Company compensates executive management with a package typically including a base salary (“Base Salary”), an incentive compensation plan (“Incentive Compensation”) and equity compensation (the “Equity Compensation”) designed to be competitive with comparable employers. In considering executive management’s compensation, the Board takes into consideration the financial condition of the Company. The Base Salary is set in comparison to the comparable positions in the market and in the industry, the Incentive Compensation is used as a short-term incentive to achieve Company objectives, and the Equity Compensation is designed to allow the participants to enjoy the benefits of any increase in

company valuation and share price, should such an increase occur. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Company does not have a Compensation Committee.

The Board is responsible for the compensation policies and guidelines for the Company and for implementing and overseeing compensation policies.

The Board reviews on an annual basis the cash compensation, performance and overall compensation package of each executive officer, including the Named Executive Officers. The Board makes decisions with respect to basic salary and participation in share compensation arrangements for each executive officer. In considering executive officers other than the Chief Executive Officer, this Board takes into account the recommendation of the Chief Executive Officer.

The Company does not have a formal compensation program with set benchmarks, however, the Company does have a compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance in connection with the achievement of corporate milestones and objectives is also reviewed for all executive officers.

This Board has not proceeded to a formal evaluation of the implications of risks associated with the Company's compensation policies and practices. The Board intends to review the risks at least once annually, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's stock option plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

Philosophy and Objectives

The board of directors of the Company is responsible for approving compensation, including long-term incentives in the form of stock options, to be granted to the Chief Executive Officer, the Chief Financial Officer and the directors.

The Company's executive compensation program is comprised of the following components: base salary, discretionary annual incentive and long-term incentives. Together, these components support the Company's long-term growth strategy and the following objectives:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management; and
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results.

The compensation program is designed to reward for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth

strategy and delivering strong total shareholder return performance.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized resource companies involved in the business of resource exploration and business development. Generally, the Company targets base salaries at levels approximating those holding similar positions in comparably sized companies in the mining and oil and gas industry and hopes to achieve comparable total compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk. The design takes into account individual and corporate performance. Compensation practices, including the mix of base salary, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends, and support the Company's long-term growth strategies.

Base salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

Annual incentives, in the form of cash bonus payments, are designed to add a variable component of compensation based on overall corporate performance and the executive's individual performance.

Base Salary or Consulting Fees

Base salary ranges for executive officers were initially determined upon a review of companies within the mining and oil and gas industry, which were of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

In determining the base salary of an executive officer, the board of directors considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the mining and oil and gas industry which were similar in size as the Company;
- (c) the experience level of the executive officer;
- (d) the amount of time and commitment which the executive officer devotes to the Company; and
- (e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Financial Year ended October 31, 2017

During the financial year ended October 31, 2017:

- (a) The Company incurred \$115,890 for management fees to Infinity Alliance Corp. of which Jag Bal is a director in common.
- (b) The Company incurred \$46,500 for management fees to Equival Inc. of which Clinton Sharples is a director in common.
- (c) The Company incurred \$3,410 for technical consulting fees to a director, Clinton Sharples.

Financial Year ended October 31, 2016

During the financial year ended October 31, 2016:

- (a) The Company incurred \$91,333 for management fees to Infinity Alliance Corp. of which Jag Bal is a director in common.
- (b) The Company incurred \$4,150 for technical consulting fees to a director, Clinton Sharples.
- (c) The Company owed Infinity Alliance Corp. of which Jag Bal is a director in common as to \$2,257, and through its wholly owned subsidiary 1005477 BC Ltd., owed Clinton Sharples \$ 1 1 0 , 0 2 1 .

Bonus Incentive Compensation

Each of the executive officers, as well as all employees, is eligible for an annual bonus, payable in cash or through stock-based compensation. The amount paid is based on the Board's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash flow and share price performance) and operational criteria (such as significant mineral property acquisitions, resource growth and the attainment of corporate milestones).

The Company did not award any bonuses for financial years ended October 31, 2017 and October 31, 2016.

Equity Participation

Equity participation is accomplished through the Company's stock option plan. The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the compensation committee based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

Compensation Review Process

Risks Associated with the Company's Compensation Program

This Board has not proceeded to a formal evaluation of the implications of risks associated with the Company's compensation policies and practices. The Board intends to review the risks at least once annually, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's stock option plan and RSU plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

Benefits and Perquisites

The Company does not, as of the date of this Information Circular, offer any benefits or perquisites to its NEOS other than entitlement to incentive stock options and restricted share units as otherwise disclosed and discussed herein.

Hedging by Directors or NEOs

The Company has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. The Company is not, however, aware of any directors or officers having entered into this type of transaction

Option-Based Awards

The Board is responsible for administering compensation policies related to the Company's executive management, including with respect to option-based awards.

As referenced above, the Company has in place, a 10% rolling stock option plan pursuant to which the Board can grant stock options to directors, officers, employees, management and others who provide services to the Company. The stock

option plan provides compensation to participants and an additional incentive to work toward long-term Company performance.

Share-Based Awards

As referenced above, the Company has adopted a fixed restricted share unit plan (the “**RSU Plan**”). The RSU Plan was designed to provide certain directors, employees, officers, other key employees and consultants of the Company and its related entities with the opportunity to acquire restricted share units (“**RSUs**”) of the Company in order to enable them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Shareholders. The Board (or a Committee delegated by the Board) is responsible for administering the RSU Plan. See heading below “**PARTICULARS OF MATTERS TO BE ACTED UPON – Fixed Restricted Share Unit Plan/RSU Awards**”.

Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has in place its 10% “rolling” stock option plan and a fixed restricted share unit plan. Refer heading below “**PARTICULARS OF MATTERS TO BE ACTED UPON – Fixed Restricted Share Unit Plan/RSU Awards**”.

The following table sets out equity compensation plans information at fiscal year ending October 31, 2017:

Equity Compensation Plans Information

	Number of securities to be issued upon exercise of outstanding options/rsus	Weighted-average exercise price of outstanding options/rsus	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - the Stock Option Plan	3,200,000 Options	\$0.09 Options	10,427,510 Options
Equity compensation plans not approved by securityholders – Fixed Restricted Share Unit Plan	4,000,000 RSUs	\$N/A RSUs	9,627,510 RSUs
Total	7,200,000 Options 4,000,000 RSUs		20,055,020 Options 9,627,510 RSUs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as set out in this Information Circular, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the financial year end October 31, 2017 or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, other than set out in this Information Circular, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during financial year ended October 31, 2017.

Non-Brokered Private Placement

The Company closed a non-brokered private placement on August 30, 2017 whereby a total of 43,700,000 units were purchased at a unit purchase price of \$0.06 per Unit, each Unit consisting of one common share and one common share purchase warrant, each warrant entitling the purchaser to purchase one additional common share at a warrant exercise price of \$0.10 to up to and including August 30, 2019. The Insiders who participated in this private placement were: 1) Jagdip Bal (425,000 units); 2) Equival Inc. (Clinton Sharples) (400,000 units); and 3) Bradley T. Culver (430,000 units).

MANAGEMENT CONTRACTS

Other than as set out in this Information Circular, there are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Fixed Restricted Share Unit Plan/RSU Awards

On August 4, 2017, the Board approved the adoption by the Company of a fixed restricted share unit plan. The RSU Plan is designed to provide certain directors, officers, employees and consultants of the Company and its related entities with the opportunity to acquire restricted stock units ("RSUs") of the Company in order to enable them to participate in the long-term success of the Company. The purpose of the RSU Plan is to further promote a greater alignment of the interests of directors, officers, employees and consultants of the Company with the interests of the Shareholders. The Board (or such other committee the Board may appoint) is responsible for administering the RSU Plan. Details of the RSU Plan are set out above. The RSU Plan herein shall become effective on the date on which it is approved by the shareholders. The RSU Plan shall remain in effect until it is terminated by the Directors.

Shareholders will be asked at the Meeting, to ratify and approve the adoption of the fixed restricted share unit plan (the "RSU Plan") and to the grant of RSUs prior to shareholder approval of the RSU Plan.

Prior to the date of this Information Circular, the Company granted RSUs to directors, executive officers, employees and/or consultants. The RSUs granted prior to shareholder approval of the RSU Plan, are subject to shareholder approval.

Restricted Share Unit Awards

Consultants and Employees

Position	Insider Yes/No	Effective Date of Award Grant	Total Number of RSUs Awarded	Expiry Date	Vesting on receipt of Shareholder Approval
Consultant	No	August 18, 2017	2,400,000	August 18, 2022	1/2 RSUs to vest at the end of the 1st anniversary date of the award grant and the remaining half of the RSU units to vest at the end of the 2nd anniversary date
Employees	No	August 18, 2017	1,950,000	August 18, 2022	1/2 RSUs to vest at the end of the 1st anniversary date of the award grant and the remaining half of the RSU units to vest at the end of the 2nd anniversary date
TOTAL			4,350,000		

Insiders

Name	Position	Insider Yes/No	Effective Date of Award Grant	Total Number of RSUs Awarded	Expiry Date	Vesting on receipt of Shareholder Approval
Jagdip Bal	Director	Yes	August 18, 2017	900,000	August 18, 2022	1/2 RSUs to vest at the end of the 1st anniversary date of the award grant and the remaining half of the RSU units to vest at the end of the 2nd anniversary date

Name	Position	Insider Yes/No	Effective Date of Award Grant	Total Number of RSUs Awarded	Expiry Date	Vesting on receipt of Shareholder Approval
Clinton Sharples	Director	Yes	August 18, 2017	700,000	August 18, 2022	1/2 RSUs to vest at the end of the 1st anniversary date of the award grant and the remaining half of the RSU units to vest at the end of the 2nd anniversary date
Bradley Culver	Director	Yes	August 18, 2017	50,000	August 18, 2022	1/2 RSUs to vest at the end of the 1st anniversary date of the award grant and the remaining half of the RSU units to vest at the end of the 2nd anniversary date
TOTAL				1,650,000		

Total RSU Awards Granted to a Consultant and Employees: 4,350,000

Total RSU Awards Granted to Insiders: 1,650,000

Note: The total 6,000,000 Restricted Share Units were granted based on the closing price on August 18, 2017 of \$0.095 and will vest on receipt of shareholder approval.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution by disinterested shareholders to ratify, confirm and approve the adoption of the RSU Plan and to the RSUs that were granted prior to shareholder approval of the RSU Plan.

The approval of the RSU Plan and the issuance of the RSUs (the “**RSU Resolution**”) must be confirmed by a majority of the votes cast by Disinterested Shareholders voting in person or by proxy at the Meeting, excluding the votes cast by Insiders of the Company eligible to receive restricted share units under the RSU Plan, or an associate of such persons.

Disinterested Shareholder RSU Resolution

Shareholders will be asked to vote on the following ordinary resolution, with or without variation:

“**RESOLVED** as an ordinary resolution of disinterested shareholders of the Company, that:

- 1) the adoption by the Company’s Board of Directors (the “**Board**”) on August 4, 2017, of the Fixed Restricted Share Unit Plan (the “RSU Plan”), attached as Schedule B to the Company’s Information Circular dated June 25, 2018, and as more particularly described in the Information Circular dated June 25, 2018, be and is hereby ratified, confirmed and approved;
- 2) the effective date of the RSU Plan shall be August 4, 2017;
- 3) subject to all required regulatory approvals, including shareholder approval and the approval of the Canadian Securities Exchange (the “**CSE**”) and the required shareholder approvals, the RSU Plan be and is hereby approved, and that the RSU Plan be forthwith adopted and implemented by the Company, with such further deletions, additions and other amendments as are required by any securities regulatory authority or which are not substantive in nature and the Chief Executive Officer of the Company deems necessary or desirable;
- 4) the maximum number of Common Shares issuable to insiders of the Company under security-based compensation arrangements, including the Company’s 10% “rolling” Share Option Plan at any time cannot exceed 10% without disinterested shareholder approval;
- 5) subject to all required regulatory approvals all Restricted Share Units (“RSUs”) granted by the Company to directors, officers, employees and/or consultants of the Company (“**Eligible Persons**”) under the RSU Plan prior to the date of this resolution, be and are hereby ratified, confirmed and approved;
- 6) the Board (or such other committee the Board may appoint), be and is hereby appointed to be the Administrator under the RSU Plan and such appointment to be effective until revoked by resolution of the Board;

- 7) the Company be and is hereby authorized to grant RSUs under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a maximum of 6,000,000 Common Shares;
- 8) the RSU Plan Administrator be and is hereby authorized and directed to execute on behalf of the Company, the form of restricted share unit agreement attached as Schedule "A" to the RSU Plan providing for the grant of RSUs to Eligible Persons under the RSU Plan;
- 9) the Company be and is hereby authorized to allot and issue as fully paid and non-assessable that number of Common Shares specified in the restricted share unit agreement of RSUs granted to Eligible Persons; AND THAT any two authorized persons of the Company be authorized to execute such treasury order or treasury orders as may be necessary to effect said Common Share issuance; and
- 10) any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to this resolution."

Proxies received in favour of management will be voted for the approval of a resolution of shareholders regarding the approval of the RSU Plan and the issuance of RSUs, unless a shareholder has specified in the proxy that such shares are to be voted against such resolution.

A copy of the RSU Plan is attached as Schedule B to this Information Circular.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for financial year ended October 31, 2017, the report of the auditor and the related management's discussion and analysis which were filed on SEDAR at www.sedar.com, of which will be placed before the Meeting.

Additional information relating to the Company is filed on SEDAR at www.sedar.com and upon request from the Company at 929 Mainland Street, Vancouver, British Columbia Canada at telephone number 604-628-1767 or Company's Toll Free number: 1-855-210-4851. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders has been approved by the Board.

DATED at Vancouver, British Columbia, June 25, 2018.

BY ORDER OF THE BOARD

"Jagdip Bal"

Jagdip Bal
President and Chief Executive Officer

SCHEDULE A
AUDIT COMMITTEE CHARTER OF HERITAGE CANNABIS HOLDINGS CORP.
ADOPTED ON MAY 30, 2013
AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors (the “Board”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each audit committee member must obtain an understanding of the principal responsibilities of audit committee membership as well and the Company’s business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the audit committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors’ assertion of their independence in accordance with professional standards.

4.2 Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management’s system of internal controls over the accounting and financial reporting system within the Company; and

- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;

- (ii) the audit committee is informed of each non-audit service; and
- (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about audit committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.

SCHEDULE B
FIXED RESTRICTED SHARE UNIT PLAN

UMBRAL ENERGY CORP.
RESTRICTED SHARE UNIT PLAN

Dated for Reference August 4, 2017

PART 1

GENERAL PROVISIONS

Establishment and Purpose

1.1 The Company hereby establishes a restricted share unit plan known as the “Umbral Restricted Share Unit Plan.”

1.2 The purpose of this Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. This Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company.

Definitions

1.3 In this Plan:

- (a) **Applicable Withholding Tax** has the meaning set forth in §3.7;
- (b) **Award** means an agreement evidencing the grant of a Restricted Share Unit;
- (c) **Award Payout** means the applicable Share issuance or cash payment in respect of a vested Restricted Share Unit pursuant and subject to the terms and conditions of this Plan and the applicable Award;
- (d) **Blackout Period** means the period of time when, pursuant to any policies of the Corporation or any resolution of the Board, any Shares may not be traded by certain persons as designated by the Company, including a holder of any Restricted Share Unit;
- (e) **Board** means the Board of Directors of the Company;
- (f) **CSE** means the Canadian Securities Exchange;
- (g) **Change of Control** in respect of any Recipient has the meaning ascribed to such term (in a relevant context) in the Recipient’s then existing employment agreement with

the Company or, if no meaning is so ascribed, means the acquisition by any person or by any person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in Securities Act) of the Company which, when added to all of the voting securities of the Company at the time held by such person and its joint actors, totals for the first time not less than 50% of the outstanding voting securities of the Company;

(h) **Committee** means the Compensation Committee of the Board (or such other committee the Board may appoint), consisting of not less than three directors, to whom the authority of the Board is delegated in accordance with §1.5;

(i) **Company** means Umbral Energy Corp., and includes any successor company thereto;

(j) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director, and other than a person or company providing services involving investor relations, that:

(i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;

(ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;

(k) **Consultant Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

(l) **Director** means a member of the Board or of the board of directors of a Related Entity;

(m) **Eligible Person** means any person who is a Director, Employee, Consultant, or Officer;

(n) **Employee** means an employee of the Company or of a Related Entity;

(o) **Expiry Date** means December 31 of the third calendar year after the Grant Date, or such earlier date as may be established by the Board in respect of an Award at the time of grant of the Award;

(p) **Fair Market Value** means, as at a particular date, for the purpose of calculating the applicable Vesting Date Value and Award Payout,

(i) if the Shares are listed on the CSE, the greater of: (a) the weighted average of the trading price per Share on the CSE for the last five trading days ending on that date; and b) the closing price of the Shares on the day before that date,

(ii) if the Shares are not listed on the CSE, the value established by the Board based on the volume weighted average price per Share traded on any other public exchange on which the Shares are listed over the same period, or

(iii) if the Shares are not listed on any public exchange, the value per Share established by the Board based on its determination of the fair value of a Share;

(q) **Grant Date** means the date of grant of any Restricted Share Unit;

(r) **IFRS** means the International Financial Reporting Standards as adopted by the Accounting Standards Board of Canada;

(s) **Insider** means: (i) a Director or Officer of the Company; (ii) a Director or Officer of a company that is an Insider or Related Entity of the Company; (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company; and (iv) the Company itself if it holds any of its own securities;

(t) **Officer** means an individual who is an officer of the Company or of a Related Entity as an appointee of the Board or the board of directors of the Related Entity, as the case may be;

(u) **Plan** means this Umbral Restricted Share Unit Plan, as amended from time to time;

(v) **Recipient** means an Eligible Person who may be granted Restricted Share Units from time to time under this Plan;

(w) **Related Entity** means a person that is controlled by the Company. For the purposes of this Plan, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of

(i) ownership of or direction over voting securities in the second person,

(ii) a written agreement or indenture,

(iii) being the general partner or controlling the general partner of the second person, or

(iv) being a trustee of the second person;

- (x) **Required Approvals** has the meaning contained in §1.7.
- (y) **Restricted Period** means the period of time: (i) during a Black Out Period; and (ii) within five Business Days following the end of a Black Out Period;
- (z) **Restricted Share Unit** means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan as more particularly described in §3.1;
- (aa) **Retirement** means, with respect to a Recipient, the early or normal retirement of the Recipient within the meaning of the pension plan of the Company for salaried employees, whether or not such Recipient is a member of that pension plan, or, if the Company does not have such a plan, the date on which the Recipient reaches age 65;
- (bb) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (cc) **Share** means a Common share in the capital of the Company as from time to time constituted;
- (dd) **Share Compensation Arrangement** means any share option, share option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Officers or Employees of the Company;
- (ee) **Stock Exchange** means the CSE, or any other stock exchange on which the Shares are then listed for trading, as applicable;
- (ff) **Termination** means, with respect to a Recipient, that the Recipient has ceased to be an Eligible Person, other than as a result of Retirement, and has ceased to fulfil any other role as employee or officer of the Company or any Related Entity, including as a result of termination of employment, resignation from employment, removal as an officer, death or Total Disability;
- (gg) **Total Disability** means, with respect to a Recipient, that, solely because of disease or injury, within the meaning of the long-term disability plan of the Company, the Recipient is deemed by a qualified physician selected by the Company to be unable to work at any occupation which the Recipient is reasonably qualified to perform;
- (hh) **Trigger Date** means, with respect to a Restricted Share Unit, the date set by the Board at the time of grant, and if no date is set by the Board, then December 1 of the third calendar year following the Grant Date of the Restricted Share Unit, as such may be amended in accordance with §2.7; and
- (ii) **Vesting Date Value** means the notional value, as at a particular date, of the Fair Market Value of one Share.

Administration

1.4 The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws,

- (a) interpret and administer this Plan,
- (b) establish, amend and rescind any rules and regulations relating to this Plan, and
- (c) make any other determinations that the Board deems necessary or appropriate for the administration of this Plan.

The Board may correct any defect or any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or appropriate. Any decision of the Board in the interpretation and administration of this Plan will be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Company.

Delegation to Committee

1.5 All of the powers exercisable hereunder by the Board may, to the extent permitted by law and as determined by a resolution of the Board, be delegated to a Committee including, without limiting the generality of the foregoing, those referred to under §1.4).

Incorporation of Terms of Plan

1.6 Subject to specific variations approved by the Board all terms and conditions set out herein will be incorporated into and form part of each Restricted Share Unit granted under this Plan.

Effective Date

1.7 This Plan will be effective on August 4, 2017. The Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units to Eligible Persons as it determines appropriate under this Plan. However, any such issued Restricted Share Units may not be paid out in Shares in any event until receipt of any necessary approvals of the Company, the shareholders of the Company, the CSE, and any other regulatory bodies (the “**Required Approvals**”).

Shares Reserved

1.8 The aggregate number of Shares available for issuance from treasury under this Plan, subject to adjustment pursuant to §2.10, shall be **6,000,000** Shares. Any Share subject to a Restricted Share Unit, which has been cancelled or terminated in accordance with the terms of the Plan without being paid out as provided for in Part 3, shall again be available under the Plan.

Limitations on Restricted Share Units to any One Person and to Insiders

1.9 Unless disinterested shareholder approval is obtained (or unless permitted otherwise by the rules of the CSE):

- (a) the maximum number of Shares which may be reserved for issuance to Insiders (as a group) under the Plan, together with any other Share Compensation Arrangement, may not exceed 10% of the issued Shares;
- (b) the maximum number of Restricted Share Units that may be granted to Insiders (as a group) under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 10% of the issued Shares calculated on the Grant Date; and
- (c) the maximum number of Restricted Share Units that may be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 5% of the issued Shares calculated on the Grant Date.

PART 2

AWARDS UNDER THIS PLAN

Recipients

2.1 Only Eligible Persons are eligible to participate in this Plan and receive one or more Restricted Share Units. Restricted Share Units that may be granted hereunder to a particular Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or a Related Entity, as the case may be, in the Company's or the Related Entity's fiscal year ending in, or coincident with, such calendar year, as determined by the Board in its discretion.

Grant

2.2 The Board may, in its discretion, at any time, and from time to time, grant Restricted Share Units to Eligible Persons as it determines is appropriate, subject to the limitations set out in this Plan. In making such grants the Board may, in its sole discretion but subject to §2.5(d), in addition to Performance Conditions set out below, impose such conditions on the vesting of the Awards as it sees fit, including imposing a vesting period on grants of Restricted Share Units.

Conditions of Grant to an Employee

2.3 Upon a grant of Restricted Share Units made to an Eligible Person that is an Employee hereunder the Company is responsible for ensuring, and the Employee is responsible for confirming, that the Employee is a bona fide Employee.

Performance Conditions

2.4 At the time a grant of a Restricted Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Restricted Share Units as may be specified by the Committee in the Award (the “**Performance Conditions**”). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions. The Board may determine that an Award shall vest in whole or in part upon achievement of any one performance condition or that two or more Performance Conditions must be achieved prior to the vesting of an Award. Performance Conditions may differ for Awards granted to any one Grantee or to different Grantees.

Vesting

2.5 Except as provided in this Plan, Restricted Share Units issued under this Plan will vest on the date (the “**Vesting Date**”) that is the later of:

- (a) the Trigger Date; and
- (b) the date upon which the relevant Performance Condition or other vesting condition set out in the Award has been satisfied,

provided that

- (c) Restricted Share Units shall only vest on the Trigger Date to the extent that the Performance Conditions or other vesting conditions set out in an Award have been satisfied on or before the Trigger Date;
- (d) if the date in §2.5(a) or §2.5(b) occurs during a Restricted Period, the Vesting Date shall be extended to a date which is the earlier of: (i) one business day following the end of such Restricted Period; and (ii) the Expiry Date; and
- (e) no Restricted Share Unit will remain outstanding for any period which exceeds the Expiry Date of such Restricted Share Unit.

Forfeiture and Cancellation Upon Expiry Date

2.6 Restricted Share Units which do not vest on or before the Expiry Date of such Restricted Share Unit will be automatically cancelled, without further act or formality and without compensation.

Amendment of Trigger Date

2.7 The Board of Directors may, at any time after a grant of a Restricted Share Unit, accelerate the Trigger Date of such Restricted Share Unit.

Account

2.8 Restricted Share Units issued pursuant to this Plan (including fractional Restricted Share Units, computed to three digits) will be credited to a notional account maintained for each Recipient by the Company for the purposes of facilitating the determination of amounts that may become payable hereunder. A written confirmation of the balance in each Recipient's account will be sent by the Company to the Recipient upon request of the Recipient.

Dividend Equivalents

2.9 On any date on which a cash dividend is paid on Shares, a Recipient's account will be credited with the number and type of Restricted Share Units (including fractional Restricted Share Units, computed to three digits) calculated by

- (a) multiplying the amount of the dividend per Share by the aggregate number of Restricted Share Units that were credited to the Eligible Person's account as of the record date for payment of the dividend, and
- (b) dividing the amount obtained in §2.9(a) by the Fair Market Value on the date on which the dividend is paid.

Adjustments and Reorganizations

2.10 In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

Notice and Acknowledgement

2.11 No certificates will be issued with respect to the Restricted Share Units issued under this Plan. Each Eligible Person will, prior to being granted any Restricted Share Units, deliver to the Company a signed acknowledgement substantially in the form of Schedule "A" to this Plan.

PART 3

PAYMENTS UNDER THIS PLAN

Payment of Restricted Share Units

3.1 Subject to the terms of this Plan and, in particular, §3.7 of this Plan, the Company, in its discretion and as may be determined by the Board of Directors, will pay out vested Restricted Share Units issued under this Plan and credited to the account of a Recipient by paying or issuing (net of any Applicable Withholding Tax) to such Recipient, on or subsequent

to the Trigger Date but no later than the Expiry Date of such Vested Restricted Share Unit, an Award Payout of either:

- (a) subject to receipt of the Required Approvals, one Share for such whole vested Restricted Share Unit. Fractional Shares shall not be issued and where a Recipient would be entitled to receive a fractional Share in respect of any fractional vested Restricted Share Unit, the Company shall pay to such Recipient, in lieu of such fractional Share, cash equal to the Vesting Date Value as at the Trigger Date of such fractional Share. Each Share issued by the Company pursuant to this Plan shall be issued as fully paid and non-assessable, or
- (b) a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested Restricted Share Unit.

Limitation on Issuance of Shares to Insiders

3.2 Notwithstanding anything in this Plan, the Company shall not issue Shares under this Plan to any Eligible Person who is an Insider of the Company where such issuance would result in:

- (a) the total number of Shares issuable at any time under this Plan to Insiders, or when combined with all other Shares issuable to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis; and
- (b) the total number of Shares that may be issued to Insiders during any one year period under this Plan, or when combined with all other Shares issued to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non diluted basis.

Where the Company is precluded by this §3.2 from issuing Shares to an Insider of the Company, the Company will pay to the relevant Insider a cash Award Payout in an amount equal to the Vesting Date Value as at the Trigger Date of the Restricted Share Unit.

Consultants and Advisors

3.3 The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

Cancellation on Termination for Cause

3.4 Unless the Board at any time otherwise determines, all unvested Restricted Share Units held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a

Termination arising from the termination of employment or removal from service by the Company or a Related Entity for cause.

Retirement, Total Disability, Death and Termination without Cause

3.5 If a Recipient ceases to be an Eligible Person for any of the following reasons, unvested Restricted Share Units will immediately vest on the date the Recipient ceases to be an Eligible Person:

- (a) Retirement of a Recipient;
- (b) death or Total Disability of a Recipient; and
- (c) the Termination of employment or removal from service by the Company or a Related Entity without cause.

Change of Control

3.6 In the event of a Change of Control, all Restricted Share Units credited to an account of a Recipient that have not otherwise previously been cancelled pursuant to the terms of the Plan shall vest on the date on which the Change of Control occurs (the “**Change of Control Date**”). Within thirty (30) days after the Change of Control Date, but in no event later than the Expiry Date, the Participant shall receive a cash payment equal in amount to: (a) the number of Restricted Share Units that vested on the Change of Control Date; multiplied by (b) the Fair Market Value on the Change of Control Date, net of any withholding taxes and other source deductions required by law to be withheld by the Company.

Tax Matters and Applicable Withholding Tax

3.7 The Company does not assume any responsibility for or in respect of the tax consequences of the receipt by Recipients of Restricted Share Units, or payments received by Recipients pursuant to this Plan. The Company or relevant Related Entity, as applicable, is authorized to deduct such taxes and other amounts as it may be required or permitted by law to withhold (“**Applicable Withholding Tax**”), in such manner (including, without limitation, by selling Shares otherwise issuable to Recipients, on such terms as the Company determines) as it determines so as to ensure that it will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, or the remittance of tax or other obligations. The Company or relevant Related Entity, as applicable, may require Recipients, as a condition of receiving amounts to be paid to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Company or Related Entity, as applicable, respecting the payment by such Recipients of applicable income or other taxes.

Payment of Shares and Hold Periods

3.8 As soon as practicable after vesting of Restricted Share Units the Company will pay out vested Restricted Share Units by issuing Common Shares (the “**Award Payout Shares**”) as contemplated in §3.1 (a) herein, and will direct its transfer agent to issue to the Eligible Person

the appropriate number of Shares. A hold period will be applied from the date of grant of the Restricted Share Units for all Shares issued to:

- a) Insiders of the Company; or
- b) any Eligible Person, including Insiders, where the Award Payout Price is set at a discount to the Market Price.

3.9 Where the hold period is applicable, the certificate representing the Award Payout Shares, or written notice in the case of uncertificated Shares, will include a legend stipulating that the Award Payout Shares issued are subject to a four-month hold period.

PART 4

MISCELLANEOUS

Compliance with Applicable Laws

4.1 The issuance by the Company of any Restricted Share Units and its obligation to make any payments hereunder is subject to compliance with all applicable laws. As a condition of participating in this Plan, each Recipient agrees to comply with all such applicable laws and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with such applicable laws. The Company will have no obligation under this Plan, or otherwise, to grant any Restricted Share Unit or make any payment under this Plan in violation of any applicable laws.

Non-Transferability

4.2 Restricted Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

No Right to Service

4.3 Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person or Recipient a right to be retained in the service or to continue in the employment of the Company or any Related Entity, or affect in any way the right of the Company or any Related Entity to terminate his or her employment at any time.

Successors and Assigns

4.4 This Plan will enure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

Plan Amendment

4.5 The Board may amend this Plan as it deems necessary or appropriate, subject to the requirements of applicable laws, but no amendment will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. An increase in the number of Restricted Share Units available for issuance under this Plan and any resultant dilution to any Recipient shall not be considered to have adversely affected any Recipient under this §4.5.

4.6 Any amendments made to this Plan are subject to approval by the Exchange.

Plan Termination

4.7 The Board may terminate this Plan at any time, but no termination will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. In no event will a termination of this Plan accelerate the vesting of Restricted Share Units or the time at which a Recipient would otherwise be entitled to receive any payment in respect of Restricted Share Units hereunder.

Governing Law

4.8 This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

Reorganization of the Company

4.9 The existence of this Plan or Restricted Share Units will not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, Shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

No Shareholder Rights

4.10 Restricted Share Units are not considered to be Shares or securities of the Company, and a Recipient who is issued Restricted Share Units will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor entitled to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, and will not be considered the owner of Shares by virtue of such issuance of Restricted Share Units.

No Other Benefit

4.11 No amount will be paid to, or in respect of, a Recipient under this Plan to compensate for a downward fluctuation in the Fair Market Value or price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Recipient for such purpose.

Unfunded Plan

4.12 For greater certainty, this Plan will be an unfunded plan, including for tax purposes and for purposes of the *Employee Retirement Income Security Act* (United States). Any Recipient to which Restricted Share Units are credited to his or her account or holding Restricted Share Units or related accruals under this Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights that may arise thereunder.

SCHEDULE "A"

FORM OF RESTRICTED SHARE UNIT AGREEMENT

Umbral Energy Corp. (the "**Company**") hereby confirms the grant to the undersigned Recipient of Restricted Share Units ("**Units**") described in the table below pursuant to the Company's Restricted Share Unit Plan (the "**Plan**"), a copy of which Plan has been provided to the undersigned Recipient.

No. of Units	Trigger Date	Expiry Date

[Include any specific/additional vesting period or Performance Conditions]

DATED _____, 20____.

UMBRAL ENERGY CORP.

Per: _____
Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Recipient under the Plan, agrees to be bound by the provisions thereof and agrees that the Plan will be effective as an agreement between the Company and the undersigned with respect to the Units granted or otherwise issued to it.

DATED _____, 20____.

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

Recipient's Signature

Name of Recipient (print)