



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON SEPTEMBER 16, 2021

AND

MANAGEMENT INFORMATION CIRCULAR

DATED AUGUST 10, 2021

TETHYS PETROLEUM LIMITED
ONE NEXIS WAY, CAMANA BAY,
GRAND CAYMAN, KY1-9005, CAYMAN ISLANDS

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the “**Meeting**”) of the holders of Ordinary Shares of Tethys Petroleum Limited (the “**Company**”) will be held at 5100 Poplar Avenue, Suite 3120, Memphis, Tennessee, 38137, United States on September 16, 2021 at 9.00am (Central Daylight Time – local time in Memphis, United States) for the following purposes as well as to transact such other business as may properly be brought before the Meeting or any adjournment thereof:

General Business

1. Resolution 1 – Receipt of Financial Statements and Auditors’ Report

To receive and consider the financial statements of the Company for the year ended December 31, 2020 and the report of the auditors thereon.

2. Resolutions 2.1 to 2.4 – Election of Directors

To propose each of the following separate resolutions as ordinary resolutions of the Company, the appointment of which and the resignation of the existing directors pursuant to Article 69 of the Articles shall take effect from the conclusion of the Meeting:

2.1 to re-elect Yerlan Dikhanbaev as a director of the Company;

2.2 to re-elect Adeola Ogunsemi as a director of the Company;

2.3 to re-elect Mattias Sjoborg as a director of the Company; and

2.4 to re-elect William P. Wells as a director of the Company;

3. Resolution 3 – Appointment and Remuneration of Auditors

To propose the following resolution as an ordinary resolution of the Company:

That Grant Thornton UK LLP, be appointed as auditors of the Company to hold office in accordance with the Company’s Articles of Association, and that their compensation be fixed by the board of directors.

4. Resolution 4 – Approval of a New Stock Option Plan

To propose the following resolution as an ordinary resolution of the Company:

To pass an ordinary resolution approving, ratifying and confirming a new stock option plan.

If you are a non-registered Shareholder and have received these materials through your broker, investment dealer or other intermediary, you will not receive a form of proxy. Please follow the instructions provided by such broker, investment dealer or other intermediary to ensure that your vote is counted at the Meeting. See “Advice to Beneficial Owners” in the accompanying Circular.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Circular. At the Meeting, shareholders will be asked to approve each of the foregoing resolutions, all as more particularly described in the Circular.

Only shareholders of record as of August 6, 2021 (the “**Record Date**”) are entitled to receive notice of the Meeting.

DATED this 10 day of August, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

“Casey McCandless”
Corporate Secretary

IMPORTANT

It is desirable that as many Ordinary Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Ordinary Shares represented, please complete the form of proxy and return it as soon as possible. In accordance with the Articles, to be valid, all proxies must be deposited at the office of the Registrar and Transfer Agent of the Company at 301 – 100 Adelaide St W Toronto, ON M5H 4H1, Canada not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on Monday September 13, 2021 or twenty-four hours preceding any adjournment of the Meeting.

The Company gives notice that only those shareholders entered on the register of shareholders (or their duly appointed proxies) at close of business on the Record Date, will be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his or her place. A proxy need not be a shareholder of the Company. Completion of a form of proxy does not preclude a shareholder from subsequently attending and voting at the Meeting in person if he or she so wishes.

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TETHYS PETROLEUM LIMITED
ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 16, 2021

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Tethys Petroleum Limited (“**Tethys**”, the “**Company**” or “**we**”) for use at the annual general meeting of the holders of ordinary shares of the Company (“**Ordinary Shares**”) to be held at 5100 Poplar Avenue, Suite 3120, Memphis, Tennessee, 38137, United States on September 16, 2021 at 9.00am (Central Daylight Time – local time in Memphis, United States), or at any adjournment thereof (the “**Meeting**”), for the purposes set forth in the notice of meeting (the “**Notice of Meeting**”).

Holders of the Ordinary Shares (each a “**Shareholder**” and, collectively the “**Shareholders**”) are directed to read the Circular carefully and in full in evaluating the matters for consideration at the Meeting. Further disclosure on the matters set out above may be found in the Circular in the section entitled “*Particulars of Matters to be Acted Upon*”.

The costs incurred in the preparation and mailing of the Notice Package will be borne by the Company. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Company who will not be directly compensated therefor.

Registered shareholders are requested to complete, date and sign the form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular. If you plan to attend the Meeting and wish to vote in person, please follow the instructions on the voting form to appoint yourself, instead of the management nominees, to vote at the Meeting.

Shareholders who hold their shares with a bank, broker or other financial intermediary are not registered Shareholders. All non-registered Shareholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with the instructions provided to them by such broker or intermediary. A non-registered Shareholder receiving a voting instruction form or proxy cannot use that form as a proxy to vote such Shareholder’s Ordinary Shares directly at the Meeting; rather, the voting instruction form must be returned in accordance with the instructions provided well in advance of the Meeting in order for such Shareholder’s Ordinary Shares to be voted at the Meeting.

All information provided herein is as at the date of this Circular unless otherwise indicated.

VOTING BY PROXY - APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the “**Management Designees**”) in the instrument of proxy (the “**Instrument of Proxy**”) are directors or officers of the Company and have been selected by the directors of the Company and have indicated their willingness to represent as proxy the Shareholder who appoints them. A registered Shareholder has the right to designate a person (whom needs not be a Shareholder) other than the Management Designees to represent such Shareholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the registrar and transfer agent of the Company, TSX Trust Company (the “**Registrar and Transfer Agent**”). Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the Shareholder’s Ordinary Shares are to be voted. The nominee should bring personal identification with him or her to the Meeting. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorised in writing, with proof of such authorisation attached, where an attorney executed the proxy form or, if the appointor is a company, under its seal or under the hand of its duly authorised officer or attorney or other person authorised to sign. In addition, a proxy may be revoked by a Shareholder personally attending at the Meeting and voting his or her shares. A proxy nominee need not be a Shareholder.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Registrar and Transfer Agent, addressed to its attention, at 301 – 100 Adelaide St W Toronto, ON M5H 4H1, Canada not

later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on Monday September 13, 2021 or twenty-four hours preceding any adjournment of the Meeting (of more than 48 hours, but less than 28 days). Any proxy delivered in respect of the Meeting will be valid for any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy. The board of directors of the Company (the “**Board**”) has approved William P. Wells, the Executive Chairman of the Company, to serve as Chairman of the Meeting.

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or by his or her authorised attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorised, either at the registered office of the Company or with the Registrar and Transfer Agent, addressed to its attention, at 301 – 100 Adelaide St W Toronto, ON M5H 4H1, Canada at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting his or her Ordinary Shares.

A Shareholder giving a proxy has the right to attend the Meeting, or appoint someone else to attend as his or her proxy at the Meeting and the proxy submitted earlier can be revoked in the manner described above.

VOTING IN PERSON AT THE MEETING

A registered Shareholder will appear on a list of Shareholders prepared by the Registrar and Transfer Agent for purposes of the Meeting. To vote in person at the Meeting each registered shareholder will be required to register for the Meeting by identifying themselves at the registration desk. Non-registered Beneficial Shareholders must appoint themselves as a proxyholder to vote in person at the Meeting. Also see “*Advice to Beneficial Shareholders*” below.

VOTING OF PROXIES

Each shareholder may instruct his or her proxy how to vote his or her Ordinary Shares by completing the blanks on the Instrument of Proxy. All Ordinary Shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Ordinary Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of Resolutions 2, 3 and 4 as set out in the Notice of Meeting. No vote with respect to Resolution 1 is required or proposed to be taken. In the absence of any specification as to voting on any other form of proxy, the Ordinary Shares represented by such form of proxy will be voted as the proxy sees fit.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Company.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Ordinary Shares in their own name.

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

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

Shareholders who hold their Ordinary Shares (a “**Beneficial Shareholder**”) in the following manner:

- (a) registered in the name of an intermediary that the Beneficial Shareholder deals with in respect of the Ordinary Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or certain administrators; or
- (b) registered in the name of a depository (such as The Canadian Depository for Securities Limited or “**CDS**”),

should note that only proxies deposited by Shareholders who appear on the records maintained by the Registrar and Transfer Agent as registered holders of Ordinary Shares will be recognized and acted upon at the Meeting. If Ordinary Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Ordinary Shares will, in all likelihood, not be registered in the Shareholder’s name.

In accordance with Canadian securities law, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the “**meeting materials**”) to CDS and intermediaries for onward distribution to Beneficial Shareholders.

In accordance with applicable laws, including but not limited to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, non-registered owners who have advised their Intermediary that they do not object to the Intermediary providing their ownership information to issuers whose securities they beneficially own (“**Non-Objecting Beneficial Owners**,” or “**NOBOs**”) will receive by mail: (i) a voting information form which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “**Voting Instruction Form**”); (ii) the meeting materials; and (iii) the request for financial statements form.

Intermediaries are required to forward the meeting materials to non-registered owners who have advised their Intermediary that they object to the Intermediary providing their ownership information (“**Objecting Beneficial Owners**,” or “**OBOs**”) unless an OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward proxy-related materials to OBOs. Generally, OBOs who have not waived the right to receive proxy-related materials will either be given a form of proxy or a Voting Instruction Form, as described further below. Management of the Company does not intend to pay for Intermediaries to forward meeting materials to OBOs. An OBO will not receive the meeting materials unless the Intermediary assumes the cost of delivery.

A. Voting Instruction Form. In most cases, a Beneficial Shareholder will receive, as part of the meeting materials, a voting instruction form. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. In accordance with the Articles, to be valid, all voting instruction forms must be deposited at the office of the Registrar and Transfer Agent of the Company at 301 – 100 Adelaide St W Toronto, ON M5H 4H1, not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on Monday September 13, 2021, or twenty-four hours preceding any adjournment of the Meeting of more than 48 hours, but less than 28 days. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder’s behalf), the Beneficial Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Beneficial Shareholder, or

B. Form of Proxy. Less frequently, a Beneficial Shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Ordinary Shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Beneficial Shareholder must complete the form of proxy and deposit it with the Registrar and Transfer Agent at 301 – 100 Adelaide St W Toronto, ON M5H 4H1, Canada not later than 5:00 p.m. (Eastern Standard Time – local time in Toronto, Canada) on Monday September 13, 2021, or twenty-four hours preceding any adjournment of the Meeting

of more than 48 hours, but less than 28 days. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Beneficial Shareholder must strike out the names of the Management Designees named in the proxy and insert the Beneficial Shareholder's (or such other person's) name in the blank space provided.

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

All references to Shareholders in this Circular and the accompanying Instrument of Proxy and the Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person proposed or who has been a director or executive officer of the Company at any time since the beginning of its last completed financial year, or any associate of any such director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the Record Date, Tethys had no preference shares and 107,548,114 Ordinary Shares issued and outstanding. Every Shareholder present has on a show of hands one vote for each Ordinary Share of which he, she or it is the holder and on a poll every Shareholder present in person or represented by proxy has one vote for each Ordinary Share of which he, she or it is the holder. Only those Shareholders of record on the Record Date are entitled to receive notice of and vote at the Meeting.

Two or more Shareholders present in person or represented by proxy constitute a quorum for the Meeting, irrespective of the number of persons actually present at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to all of the issued and outstanding Ordinary Shares other than (i) Pope Asset Management, LLC, and its affiliates, whose clients own 31,005,188 Ordinary Shares or approximately 28.8% of the outstanding Ordinary Shares, (ii) Olisol Petroleum Limited which owns 24,304,446 Ordinary Shares or approximately 22.6% of the outstanding Ordinary Shares, and (iii) Jaka Partners FZC which owns 17,414,758 Ordinary Shares or approximately 16.2% of the outstanding Ordinary Shares.

PARTICULARS OF MATTERS TO BE ACTED UPON

Shareholder Resolution No. 1 – Receipt of Financial Statements and Auditors’ Report

At the Meeting, Shareholders will receive and consider the financial statements of the Company for the year ended December 31, 2020 and the auditors’ report thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

Shareholder Resolution No. 2 – Election of Directors

The Company currently has four (4) directors, all of whom are being nominated for election. The table set out below sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Company presently held by such nominee, the nominee’s municipality of residence, principal occupation at present and during the preceding five years, the period during which the nominee has served as a director, and the number of Ordinary Shares that the nominee has advised are beneficially owned or over which control or direction is exercised by the nominee, directly or indirectly, as of the Record Date.

The Articles of the Company provide that Shareholders have a right to vote ‘for’ or ‘against’ (rather than ‘withhold’) the election of each director on an individual basis. Pursuant to the Articles, a director who receives more votes “against” than votes “for” will be considered not to have been elected.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote for the election of the persons named in the following tables to the Board. Each director elected will hold office until the next annual general meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated.

Procedure for Nomination of Directors

Under the Articles of the Company, no person other than a director retiring may be appointed or reappointed a director at a general meeting unless (i) he or she is recommended by the Board, or (ii) no earlier than one day after the notice of the meeting is sent to shareholders and no later than 7 days before the date fixed for the meeting, there shall have been left at the registered office of the Company notice in writing signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting of his or her intention to propose that person for appointment or reappointment together with notice in writing signed by that person of his or her willingness to be appointed or reappointed.

The directors named below are the only four directors nominated for election to the Board.

Name and Place of Residence	Director Since	Present Principal Occupation, Business or Employment	Number of Ordinary Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
Yerlan Dikhanbaev⁽¹⁾ Nursultan, Kazakhstan	March 2, 2020	Mr. Dikhanbaev is a Director of Eurotransit Terminal LLP, a Kazakhstan-based trade and procurement, commercial, agency, customs brokerage, warehousing, rendering and freight forwarding services business. He has held similar senior level positions at Qazaq Business Group LLP, KazTransGas Aimak JSC, Soyuztranslink LLP and Proctor and Gamble, Central Asia.	Nil
Adeola Ogunsemi⁽¹⁾ Richmond, Texas, United States	June 11, 2015	Mr. Ogunsemi is an experienced oil and gas professional and is currently the Chief Financial Officer of Oando Energy Resources, a leading African exploration and production company.	Nil
Mattias Sjoborg⁽¹⁾ London, United Kingdom	November 16, 2016	Mr. Sjoborg is Chairman and Chief Executive Officer of Plena Group and has led teams through origination, due diligence, negotiation and the restructuring of medium to large emerging market enterprises.	1,047,498 ⁽²⁾
William P. Wells⁽¹⁾ Memphis, Tennessee, United States	November 20, 2015	Mr. Wells is the founder and primary portfolio manager for Pope Asset Management, LLC (“PAM”). Founded in 2000, PAM is a Registered Investment Advisor offering financial asset management services to high net worth investors.	31,005,188 ⁽³⁾

Notes:

- (1) William P. Wells is not an independent director as a result of being an executive officer of the Company. Messrs. Sjoborg, Dikhanbaev and Ogunsemi are all independent directors (as defined herein).
- (2) Represents Ordinary Shares owned by Plena Holding S.A. (Luxembourg) of which Mr. Sjoborg is the beneficial owner.
- (3) Represents the Ordinary Shares owned by PAM clients and over which PAM may exercise control or direction.

The term of each of the aforementioned directors ends on the date of the Meeting.

Corporate Cease Trade Orders and Penalties or Sanctions

The Company was subject to a failure-to-file cease trade order (“FFCTO”) issued by the Alberta Securities Commission on June 29, 2018, which order was revoked on September 7, 2018 once the Company brought its filings with Canadian regulatory authorities up to date.

Apart from the above-mentioned FFCTO, no proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that was:

- (i) subject to an order (within the meaning of Canadian securities legislation) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director has been subject to 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 any other penalty or sanction imposed by a court or regulatory body.

Corporate Bankruptcies

No proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

No proposed director nor the Chief Executive Officer or Chief Financial Officer has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Shareholder Resolution No. 3 – Appointment and Remuneration of the Auditors

Shareholders will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution appointing Grant Thornton UK LLP (“GTUK”), 30 Finsbury Square, London, EC2A 1AG, United Kingdom, as auditors of the Company to hold office in accordance with the Company’s Articles of Association, and that their compensation be fixed by the Board. GTUK were appointed as auditors of the Company on November 7, 2018.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote proxies for the ordinary resolution approving the appointment of GTUK as auditors for the Company for the ensuing year and authorizing the Board to fix the compensation of the auditors.

Shareholder Resolution No. 4 – Approval of a New Stock Option Plan (the “2021 Stock Option Plan”)

On July 28, 2021, the Board approved the 2021 Stock Option Plan and received approval from the TSX Venture Exchange (the “TSXV”) with regards to such plan on August 5, 2021. The 2021 Stock Option Plan will only continue to be effective if approved by shareholders at the Meeting.

The purposes of the 2021 Stock Option Plan as set out in the plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Participants with that of other shareholders of the Company generally, and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Ordinary Shares as long-term investments.

The 2021 Stock Option Plan will be administered by the Board and will provide that the Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to persons who, at the time of grant of Options, are directors,

officers, employees and consultants of the Company or its subsidiaries (collectively, the “**Eligible Persons**”, and Eligible Persons that have been granted Options under the 2021 Stock Option Plan, the “**Participants**”), non-transferable options (the “**Options**”), provided that the number of Ordinary Shares reserved for issuance will not exceed 6% of the then outstanding Ordinary Shares. In connection with the foregoing, the maximum number of Ordinary Shares for which Options may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Ordinary Shares or 2% in the case of a grant of Options to a consultant or a person performing Investor Relations Activities (as defined by the TSXV). Unless disinterested shareholder approval as required by the policies of the TSXV is obtained: (i) the maximum number of Ordinary Shares for which Options may be issued to insiders of the Company (as a group) at any point in time shall not exceed 10% of the outstanding Ordinary Shares; and (ii) the aggregate number of Options granted to insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Ordinary Shares, calculated at the date an Option is granted to any insider.

Subject to any requirements of the TSXV, the Board may determinate the expiry date of each Option. Subject to a limited extension if an Option expires during a Blackout Period (as defined in the 2021 Stock Option Plan), an Option may be exercised for a period of up to seven years after the grant date, provided that: (i) upon a Participant’s termination for Cause (as defined in the 2021 Stock Option Plan), all Options, whether vested or not, as at the Termination Date (as defined in the 2021 Stock Option Plan) will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested Options as at the Termination Date shall automatically and immediately vest, and all vested Options will continue to be subject to the Stock Option Plan and be exercisable for a period of 90 days after the Termination Date; (iii) in the case of the Disability (as defined in the 2021 Stock Option Plan) of a Participant, all Options as at the Termination Date shall continue to vest and be subject to the 2021 Stock Option Plan and be exercisable for a period of 12 months after the Termination Date; (iv) in the case of the retirement of a Participant, the Board shall have discretion, with respect to such Options, to determine whether to accelerate the vesting of such Options, cancel such Options with or without payment and determine how long, if at all, such Options may remain outstanding following the Termination Date, provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date; and (v) in all other cases where a Participant ceases to be an Eligible Person, including a termination without Cause or a voluntary resignation, unless otherwise determined by the Board, all unvested Options shall automatically and immediately expire and be forfeited as of the Termination Date, and all vested Options will continue to be subject to the 2021 Stock Option Plan and be exercisable for a period of 90 days after the Termination Date.

The exercise price of the Options will be determined by the Board at the time any Option is granted. In no event will such exercise price be lower than the last closing price of the Ordinary Shares on the TSXV less any discount permitted by the rules or policies of the TSXV at the time the Option is granted. Subject to any vesting restrictions imposed by the TSXV, or as may otherwise be determined by the Board at the time of grant, Options shall vest equally over a three year period such that 1/3 of the Options shall vest on the first, second and third anniversary dates of the date that the Options were granted.

On a Change of Control (as defined in the 2021 Stock Option Plan) of the Company, the Board shall have discretion as to the treatment of Options, including whether to (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Options; (ii) permit the conditional exercise of any Options, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Options; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Options not exercised prior to the successful completion of such Change of Control. If there is a Change of Control, any Options held by a Participant shall automatically vest following such Change of Control, on the Termination Date, if the Participant is an employee, officer or a director and their employment, or officer or director position is terminated or they resign for Good Reason (as defined in the 2021 Stock Option Plan) within 12 months following the Change of Control.

The Board may, at any time, suspend or terminate the 2021 Stock Option Plan. Subject to compliance with any applicable law, including the rules of the TSXV, the Board may also, at any time, amend or revise the terms of the 2021 Stock Option Plan. No such amendment of the 2021 Stock Option Plan or any Options granted thereunder may be made if such amendment would materially and adversely impair any rights arising from any Options previously granted to a Participant under the 2021 Stock Option Plan without the consent of the Participant or the representatives of his or her estate, as applicable.

At the Meeting, shareholders of the Company will be asked to consider, and if thought appropriate, pass an ordinary resolution substantially in the form noted below to approve the 2021 Stock Option Plan and to authorize the issuance of Options to purchase up to 6% of the outstanding Ordinary Shares. The full text of the 2021 Stock Option Plan is set out in Appendix “A” attached hereto.

“RESOLVED THAT:

- (a) the stock option plan substantially in the form attached as Appendix “A” to the management information circular of the Company dated August 10, 2021 (the “**2021 Stock Option Plan**”) is hereby approved, ratified and confirmed; and
- (b) any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing.”

The resolution respecting the approval of the 2021 Stock Option Plan will require the affirmative vote of a majority of the votes cast thereon at the Meeting. Management of the Company recommends that shareholders vote in favour of the resolution to approve the 2021 Stock Option Plan. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the resolution to approve the 2021 Stock Option Plan.**

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Compensation Discussion and Analysis

Introduction

We depend on the performance of experienced and committed executive officers with the skills, education, experience and personal qualities necessary to manage our business. Our executive compensation arrangements are designed and administered to attract and retain such individuals, particularly with the skills to work successfully in our specific areas of operation.

In 2020, William Wells, Chief Executive Officer, Casey McCandless, Chief Financial Officer and Corporate Secretary and Clive Oliver, Former Chief Financial Officer and Corporate Secretary, (collectively, the “**Named Executive Officers**”) met the requirements to be classified as “Named Executive Officers” of the Company, as such term is defined in Form 51-102F6 Statement of Executive Compensation to National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) for the year ended December 31, 2020.

Elements of Compensation

We use different compensation elements in our executive compensation arrangements. The primary components of our executive compensation program are:

- base compensation;
- cash bonuses and
- other benefits.

See the section titled “*Disclosure of Corporate Governance Practices – Other Board Committees – Compensation Committee*” for additional discussion on the Company’s approach to determining the compensation of Named Executive Officers and directors.

Compensation Consultants and Advisors

The Company did not use compensation consultants or advisers during the last two years ended December 31, 2020.

Summary Compensation Table

The following table sets forth all compensation paid to Named Executive Officers and directors for the two years ended December 31, 2020, other than the compensation described below under the heading “*Outstanding Option based Awards*”.

Name and Position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)⁽¹⁾⁽²⁾
William P. Wells ⁽³⁾ Director	2020	159,898	Nil	5,244	Nil	Nil	165,142
	2019	44,648	Nil	5,103	Nil	Nil	49,751
Casey McCandless ⁽⁴⁾ Chief Financial Officer and Corporate Secretary	2020	64,000	Nil	N/A	Nil	Nil	64,000
Clive Oliver ⁽⁵⁾ Former Chief Executive Officer Former Chief Financial Officer and Corporate Secretary	2020	86,474	Nil	N/A	Nil	Nil	86,474
	2019	228,983	Nil	N/A	Nil	Nil	228,983
Mattias Sjoborg ⁽⁶⁾ Former Chief Executive Officer and Director	2020	46,661	Nil	9,177	Nil	Nil	55,838
	2019	80,935	Nil	18,024	Nil	Nil	98,959

Name and Position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)⁽¹⁾⁽²⁾
Abay Amirkhanov Former Director	2020	49,830	Nil	Nil	Nil	Nil	49,830
	2019	44,649	Nil	Nil	Nil	Nil	44,649
Yerlan Dikhanbayev ⁽⁷⁾ Director	2020	36,119	Nil	2,191	Nil	Nil	38,310
Medgat Kumar ⁽⁸⁾ Former Director	2020	5,742	Nil	1,031	Nil	Nil	6,773
	2019	44,647	Nil	8,931	Nil	Nil	53,578
Adeola Ogunsemi Director	2020	45,899	Nil	9,177	Nil	Nil	55,076
	2019	44,647	Nil	8,931	Nil	Nil	53,578

Notes:

- (1) Cash amounts paid or accrued in respect of the services of the non-executive directors were paid/are payable in pounds sterling (£). These amounts were converted into US\$ for the purposes of the above table at an average rate of UK£1.00 = US\$1.311 (2020) and UK£1.00 = US\$1.276 (2019), based on the average exchange rate quoted by oanda.com for the year.
- (2) Total compensation for the year represents the sum of all cash compensation paid or accrued. There were no option-based or share based awards granted in the 2019 or 2020 years.
- (3) Mr. Wells was appointed Chief Executive Officer effective March 17, 2020.
- (4) Mr. McCandless was appointed Chief Financial Officer and Corporate Secretary effective May 5, 2020.
- (5) Mr. Oliver was appointed Chief Executive Officer effective September 1, 2019 and resigned effective May 3, 2020. Amounts paid in respect of his services were paid in pounds sterling (£). These amounts were converted into US\$ for the purposes of the Summary Compensation Table at an average rate of UK£1.00 = US\$1.311 (2020) and UK£1.00 = US\$1.276 (2019), based on the average exchange rate quoted by oanda.com for the year.
- (6) Mr. Sjoborg was appointed Interim Chief Executive Officer effective July 9, 2018 and stepped down from this role effective September 1, 2019.
- (7) Mr. Dikhanbayev was appointed a Director of the Company effective March 2, 2020.
- (8) Mr. Kumar resigned as a Director of the Company effective February 4, 2020.

Employment Agreements

Mr. Wells was appointed Chief Executive Officer effective March 17, 2020 and the Company has accrued a monthly fee of US\$12,000. He does not have a written employment agreement.

Mr. McCandless was appointed Chief Financial Officer and Corporate Secretary effective May 5, 2020 and received a monthly fee of US\$8,000. He does not have a written employment agreement.

Mr. Oliver was employed by the Company pursuant to an employment agreement dated August 14, 2018 (the “**Former CFO Agreement**”). The Former CFO Agreement did not have an express term and was terminable by the Company as well as by Mr. Oliver with two months’ notice. The CFO Agreement was terminated on May 3, 2020.

Incentive Plan Awards

Outstanding Option based Awards

The Company previously operated a Stock Incentive Plan although no awards have been made under the plan, including to directors or Named Executive Officers, since March 2016. The Company does not currently intend to make any awards under this plan for the foreseeable future.

The following sets forth all compensation securities, consisting of Stock Options granted under the Stock Incentive Plan, held by a Named Executive Officer or director as of the year ended December 31, 2020 for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries:

- William P. Wells, Chief Executive Officer and Director, and Adeola Ogunsemi, Director, each held 43,312 Stock Options expiring March 31, 2026, exercisable at £0.25.

No Named Executive Officer or director exercised a compensation security during the year ended December 31, 2020.

Stock Incentive Plan

Prior to its initial public offering, the Company adopted the Stock Incentive Plan referred to as the “*2007 Long Term Stock Incentive Plan (as amended effective April 24, 2008 and May 7, 2009)*” pursuant to which the Company could grant Stock Options to any director, officer, employee or consultant of the Company or subsidiary of the Company (collectively, “**Service Providers**”). The purpose of the Stock Incentive Plan was to secure for the Company and the Shareholders the benefits of incentives inherent in share ownership by Service Providers who, in the judgment of the Board, would be largely responsible for its future growth and success. No awards have been made under the Stock Incentive Plan since March 2016 and the Company does not currently intend to do so for the foreseeable future. As described above, the Board of Directors of the Company approved the 2021 Option Plan which will become effective if approved by shareholders. See “*Particular of Matters to Be Acted Upon - Shareholder Resolution No. 4 – Approval of a New Stock Option Plan (the “2021 Stock Option Plan”)*” above for more details.

Defined Benefit or Actuarial Plans

The Company did not have any defined benefit (or actuarial plans) or defined contribution plan during the financial year ended December 31, 2020.

Termination and Change of Control Benefits

There are no employment agreements in effect that provide for payments to Named Executive Officers on termination or upon a change of control of the Company, except as described above under “*Employment Agreements*”.

The Stock Incentive Plan provides that, in the event of a “Change of Control” (as defined therein), all outstanding Stock Options will immediately vest and become exercisable.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, the Company is required to include in this Information Circular the disclosure required under Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

Introduction

The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of shareholders but that it also promotes effective decision making at Board level. The Board is of the view that its approach to corporate governance is appropriate and continues to work to align with the recommendations currently in effect and contained in National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”). In addition, the Board monitors and considers for implementation the corporate governance standards which are proposed by various Canadian regulatory authorities.

Board of Directors

The Board is responsible for overseeing the conduct of the business of the Company and supervising management, who are responsible for the daily conduct of the business of the Company. The Board is currently comprised of four (4) directors, all of whom are being nominated for election at the Meeting. A director is “independent” within the meaning of Section 1.4 of National Instrument 52-110 – *Audit Committees* (“NI 52-110”) if he or she does not have any direct or indirect material relationship with the Company which, in the view of the Board, could reasonably interfere with the exercise of the member’s independent judgement. Based on the foregoing definition, the Board has four (4) independent directors at the date of this Circular.

Independence Status of Directors				
Name	Management	Independent	Not Independent	Reason for Non-Independent Status
Yerlan Dikhanbaev		✓		N/A
Adeola Ogunsemi		✓		N/A
Mattias Sjoborg		✓		N/A
William P. Wells	✓			Executive Chairman and Chief Executive Officer from March 17, 2020

The Board is comprised of a majority of independent directors and so the Board has concluded that the Board has functioned and can continue to function independently as required.

Following the election of the directors at the Meeting, the Board will consist of four directors, three of whom will be independent within the meaning of section 1.4 of NI 52-110. Mr. Wells is not independent by virtue of being the Executive Chairman and Chief Executive Officer of the Company.

Certain of the directors are also directors of other reporting issuers (or the equivalent) in a Canadian or foreign jurisdiction as indicated in the table below:

Name	Reporting Issuer
William P. Wells	Annuity and Life Re (Holdings), Ltd.

Orientation and Continuing Education

Director Orientation

Under the Board Charter, the Chairman and Corporate Secretary are responsible for providing an induction program for new directors and for periodically providing materials for all directors on subjects that would assist them in discharging their duties. When a new director is elected to the Board, he or she will be given a letter of appointment outlining his or her duties, responsibilities, the role of the Board, its committees and its directors, the nature and operation of the Company's business, remuneration and an induction package including material that will assist with the familiarization of the director with the Company. The intention is that within a reasonable time following appointment to the Board, each new director shall spend time visiting the Company's operations for a personal briefing by the executive on the Company's values, operations, corporate interests, strategic plans, financial statements and key policies.

Continuing Education of Directors

Under the Board Charter, the Corporate Secretary shall alert directors to opportunities to better understand their corporate governance responsibilities through continuing education programs. In addition, directors are encouraged to visit the Company's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Company.

Ethical Business Conduct

The Company has adopted a written Code of Business Conduct and Ethics (the "**Code**") which applies to the Company's directors, officers and employees, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. The Company expects all directors, officers and employees to act ethically at all times in accordance with the Code.

The Board takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of employment and as otherwise directed by management, to sign a copy of the Code acknowledging that the employee has read, understood and will comply with the Code. The Code encourages that an employee report to their supervisor or the Board possible unethical conduct and breaches of the Code. The Company's Secretary acts as Compliance Monitor with respect to such matters.

In addition to the Code, the Company has adopted an Audit Committee Charter and a Whistleblower Policy (the "**Policy**") with respect to accounting and auditing irregularities. The Policy enables directors, officers and employees to forward any accounting and auditing concerns to the Chairman of the Audit Committee on an anonymous basis. The Company has also adopted a disclosure and insider trading policy to ensure the communications to the investing public about the Company are timely, factual and accurate in accordance with applicable legal and regulatory requirements and to help ensure that the directors, officers and other insiders of the Company understand and comply with the insider trading restrictions under applicable securities legislation.

Since the beginning of the Company's most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere.

The Board requires that the Chief Executive Officer and other executive officers act with integrity and foster a culture of integrity throughout the Company. The Board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. In addition, the Board is responsible for responding to potential conflict of interest situations, particularly with respect to

considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. Directors and executive officers are required to disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with the Company, and that directors excuse themselves from both Board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the Board strives to ensure that directors exercise independent judgement, unclouded by the relationships of the directors and executive officers to each other and the Company, in considering transactions and agreements in respect of which directors and executive officers have an interest.

An Anti-Bribery Policy was put in place in 2011. The policy prohibits the offering, giving, solicitation or acceptance of any bribe, whether cash or other inducement to or from any person or company, wherever they are situated and whether they are a public official or body or private person or company, by any individual employee, agent or other person or body acting on the Company's behalf in order to gain any commercial, contractual or regulatory advantage for the Company in a way which is unethical or in order to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

The policy has been implemented Company-wide in order to ensure the following:

Proportionate Procedures

Procedures are proportionate to the bribery risks faced and to the nature, scale and complexity of the Company's activities. They are also clear, practical to implement and enforced.

Top-level commitment

Top management fosters a culture where bribery is never acceptable.

Risk assessment

It assesses the nature and extent of its exposure to potential external and internal risks of bribery being committed on its behalf by persons associated with it. The assessment is periodic and documented.

Due Diligence

The Company applies appropriate due diligence in respect of persons who perform or will perform services for or on behalf of the Company in order to mitigate identified bribery risks.

Communication

Through internal and external communication, including training, the organisation seeks to ensure that its bribery prevention policies are embedded and understood throughout the Company.

Monitoring and Review

The Company monitors and reviews procedures designed to prevent bribery by persons associated with it. The Company engaged an international legal firm in 2014 to assist the Company to review and update its Anti-Bribery and Corruption policies and procedures.

Nomination of Directors and Compensation

The Compensation Committee is responsible for identifying new candidates to join the Board. The Committee is Chaired by Mattias Sjoborg. The Committee is responsible for identifying qualified candidates, recommending nominees for election as directors and appointing directors to committees. The Compensation Committee is requested to objectively consider, among other things, a candidate's independence, financial and technical acumen, skills, ethical standards, career experience, financial responsibilities and risk profile, understanding of fiduciary duty and available time to devote to the duties of the Board in making their recommendations for nomination to the Board. The Committee reviews the composition and size of the Board

and tenure of directors in advance of annual general meetings, as well as when individual directors indicate that their terms may end or that their status may change. The Compensation Committee encourages all directors to participate in considering the need for and in identifying and recruiting new nominees for the Board. In doing so, the directors are requested by the Compensation Committee to have regard to the skill sets which are deemed, from time to time, to be most desired in proposed nominees for the Board.

With respect to compensation, the Compensation Committee reviews and approves corporate goals and objectives relevant to the directors and executive officers' compensation, evaluates the directors' and Executive Officers' performance in the light of those corporate goals and objectives and determines or makes recommendations to the Board with respect to the directors and executive officers' compensation level based on this evaluation. This committee also considers and, if deemed appropriate, reviews and approves proposed changes to compensation for the executive officers of the Company and incentive compensation plans of the Company. This includes the review of the Company's executive compensation and other human resource philosophies and policies, the review and administration of the Company's bonuses and stock options plan and the preparation and submission of a report for inclusion in annual continuous disclosure documents, as required.

Aside from Mr. Sjoborg, the Compensation Committee is comprised of non-management members of the Board and is required to convene at least two times each year.

Other Board Committees

The Company's three standing committees are the Compensation Committee, Reserves Committee and Audit Committee. The functions of the Compensation Committee and the Reserves Committee are set out below. The function of the Audit Committee is set out in detail in the section titled "*Audit Committee*".

Compensation Committee

The general aims of the Compensation Committee are to assist the Board in: (i) setting the compensation of senior management and directors, including Named Executive Officers; and (ii) nominating members for election or appointment to the Board, in each case pursuant to a process whereby those responsible for recommendations to the Board have no personal interest in the outcome of the decisions.

The Compensation Committee:

- (a) reviews and approves corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluates the performance of the Chief Executive Officer in the light of those corporate goals and objectives and determines (or makes recommendations to the Board with respect to) the Chief Executive Officer's compensation level based on this evaluation;
- (b) considers and, if deemed appropriate, approves the Chief Executive Officer's recommendations for compensation for the executive officers and Company incentive compensation plans;
- (c) reviews executive compensation disclosure before the Company publicly discloses this information;
- (d) reviews and assesses the risks associated with the compensation and benefit programmes and ensures such programmes are in alignment with the Company's corporate goals and value creation objectives; and
- (e) is responsible for appointing and determining the terms of appointment of any consultants in respect of the executive officers' compensation.

In fulfilling its role, the following general policies apply:

- (i) the Compensation Committee determines and reviews with the Chief Executive Officer and with the Board the framework or policies for the compensation of the executive officers;

- (ii) in determining such policy, the Compensation Committee takes into account all factors which it deems necessary;
- (iii) the remuneration of non-executive directors is a matter for the Board and recommended by the Chairman; and
- (iv) no director or executive officer is involved in any decisions as to his or her own compensation.

Under the direction of the Compensation Committee, the Company is committed to the fundamental principles of fair pay for performance, improved shareholder returns and external competitiveness in the design, development and administration of its compensation programs. The Compensation Committee recognizes the need to attract and retain a stable and focused leadership with the capability to manage the operations, finances and assets of the Company.

Reserves Committee

The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually (or when deemed necessary) assess the work of the reserves evaluator and approve the Company's annual reserve report (and resource reports if appropriate) and consent forms of management and the reserves evaluator thereto. The Reserves Committee will act in a like manner should other external subsurface studies, beyond the annual reserves report, be required by the Company during the course of the year.

Assessments

Currently the Board, its Committees and individual directors are not regularly assessed with respect to their effectiveness and contribution.

The Board regularly reviews the performance of the officers of the Company and, should any issues arise, the Chairman would then discuss any issues with the Compensation Committee.

One component of good corporate governance, for example to identify gaps between a company's strategy and the skillset of the Board to deliver the strategy, is to periodically hold a board review, facilitated by external nomination consultants. The Compensation Committee does not believe that such an exercise would add value to the Company at this time but may instigate a review at some future juncture.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of them is or was indebted to the Company at any time since the beginning of the last completed financial year of the Company except for "routine indebtedness" (as defined under Canadian securities laws).

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee is responsible for reviewing the Company's financial reporting procedures, internal controls and the performance of the external auditors. The Audit Committee Charter of Tethys was reviewed and updated in March 2013 and a copy of this updated charter is set forth as Appendix B of this Circular.

Composition of the Audit Committee

All members of the committee are considered independent and all members are financially literate within the meaning of NI 52-110 – *Audit Committees*.

Relevant Education and Experience of Members of the Audit Committee

Adeola Ogunsemi (Chairman)

Mr. Adeola Ogunsemi is an experienced oil and gas professional. Mr. Ogunsemi is currently the Chief Financial Officer of Oando Energy Resources, a leading African exploration and production company, previously listed on the Toronto Stock Exchange in Canada. Previously, Mr. Ogunsemi was with BP America for 5 years, rising to become Assistant Controller.

Before joining BP America, Mr. Ogunsemi worked for Northern Illinois Gas in Chicago, USA, for 4 years, the Chicagoland Chamber of Commerce and Midas International in Chicago, USA.

Mr. Ogunsemi obtained a Master of Business Administration (MBA) in Finance and Strategic Management from the University of Chicago Booth School of Business in 2003 and a Bachelor of Science in Accounting and Finance from DePaul University in Chicago in 2000. He is also a Chartered Global Management Accountant (CGMA) in the USA and an Associate Chartered Accountant in Nigeria.

Yerlan Dikhanbayev

Mr. Dikhanbayev is a Director of Eurotransit Terminal LLP, a Kazakhstan-based trade and procurement, commercial, agency, customs brokerage, warehousing, rendering and freight forwarding services business. He has held similar senior level positions at Qazaq Business Group LLP, KazTransGas Aimak JSC, Soyuztranslink LLP and Proctor and Gamble, Central Asia.

Mattias Sjoborg

Mr. Mattias Sjoborg is Chairman and Chief Executive of Plena Group, which he joined in 2001, and has led teams through origination, due diligence, negotiation and the restructuring of medium to large emerging market enterprises. In 2001, Mr. Sjoborg bought out Plena Group in a management buy-out and has led its growth by continuing to assemble cross border transactions as well as government privatisations in predominately emerging markets. Mr. Sjoborg has a BA in Corporate Finance and an MBA degree from IMD Lausanne, Switzerland.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year, has the Company relied on any of the following exemptions from NI 52-110:

- (a) the exemption in section 2.4 (*De Minimis Non-Audit Services*);
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*);
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*).

Pre-Approval Policies and Procedures

The Audit Committee has delegated to the Chairman of the Audit Committee (or such other member of the Audit Committee who may be delegated authority), the authority to act on behalf of the Audit Committee between meetings of the Audit Committee with respect to the pre-approval of audit and permitted non-audited services provided by the external auditor. The

Audit Committee is required to be notified of any non-approved services over and above audit and tax. The Chairman reports on any such pre-approval at the next meeting of the Audit Committee.

External Auditor Service Fees

The following table provides information about the aggregate fees billed to the Company and its affiliates for professional services rendered by GTUK and its affiliated firms for the year-ended December 31, 2020, in their capacity as the Company's external auditors.

Type of Service Provided	Year-ended December 31, 2020	Year-ended December 31, 2019
Audit Fees	\$147,245	\$151,877
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total	\$147,245	\$151,877

Exemption

The Company is relying upon Section 6.1 of NI 52-110 which exempts venture issuers from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides details as at December 31, 2020 with respect to all compensation plans of the Company under which equity securities of the Company are authorised for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)
Equity compensation plans approved by security holders ⁽¹⁾	Options: 1,128,438	Options: US\$0.34	Options: Nil

Notes:

- (1) In addition, 1 million Ordinary Shares have been reserved for issuance pursuant to the Company's Employee Share Purchase Plan (the "ESPP"), which received Shareholder approval in 2013. The Company does not intend to implement the ESPP in the foreseeable future.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of the Company is not aware of any material interest, direct or indirect, of any director or executive officer of the Company, any Shareholder of the Company that beneficially owns, or controls or directs, directly or indirectly, more than

10% of the voting securities of the Company or any associate or affiliate of such persons, in any transaction within the most recently completed financial year or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS

The auditors of the Company are Grant Thornton UK LLP, who were appointed on November 8, 2018.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com. Financial information relating to Tethys is provided in the Company's financial statements and management's discussion and analysis ("MD&A") for the financial year ended December 31, 2020. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands or (ii) email to info@tethys-group.com.

APPROVAL OF DIRECTORS

The contents of this Circular and the sending, communication or delivery thereof to the Shareholders of the Company entitled to receive the Notice of the Meeting, to each director of the Company, to the auditors of the Company and to the appropriate governmental agencies have been approved and authorised by the directors of the Company.

DATED August 10, 2021

ON BEHALF OF THE BOARD OF DIRECTORS

William P. Wells, Chairman

APPENDIX A
2021 STOCK OPTION PLAN

TETHYS PETROLEUM LIMITED
STOCK OPTION PLAN

ARTICLE 1

ESTABLISHMENT, PURPOSE AND DURATION

1.1 **Establishment of the Plan**. The following is the stock option plan (the “**Plan**”) of Tethys Petroleum Limited (the “**Company**”) pursuant to which stock options to purchase ordinary shares (“**Shares**”) of the Company may be granted to eligible Participants (as defined below).

The Plan was approved by the Board (as defined below) on July 28, 2021 and shareholders of the Company on [date], 2021, and is effective as of the date of such approval by shareholders (the “**Effective Date**”) until the earlier of (i) the date it is terminated by the Board in accordance with the Plan, and (ii) [10] years after the date of the Plan.

1.2 **Purpose of the Plan**. The purposes of the Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Participants with that of other shareholders of the Company generally, and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Shares (as defined below) as long-term investments.

ARTICLE 2

DEFINITIONS

Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the context clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

“**Affiliate**” means any corporation, partnership or other entity (i) in which the Company, directly or indirectly, has majority ownership interest or (ii) which the Company controls. For the purposes of this definition, the Company is deemed to “**control**” such corporation, partnership or other entity if the Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

“**Blackout Period**” means a period of time during which the Participant cannot sell Shares, due to applicable law or policies of the Company in respect of insider trading.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company as may be constituted from time to time.

“**Cause**” means (i) if the Participant has a written agreement pursuant to which he or she offers his or her services to the Company and the term “cause” is defined in such agreement, “cause” as defined in

such agreement; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Company's reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee.

"Change of Control" means the occurrence of any one or more of the following events:

- (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company as a result of which the holders of Shares prior to the completion of the transaction hold or beneficially own, directly or indirectly, less than 50% of the outstanding Voting Securities of the successor corporation after completion of the transaction;
- (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets of the Company and/or any of its subsidiaries to any other person or entity, other than a disposition to a wholly-owned subsidiary in the course of a reorganization of the assets of the Company and its subsidiaries;
- (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (iv) an acquisition by any person, entity or group of persons or entities acting jointly or in concert of beneficial ownership of more than 50% of the Shares; or
- (v) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

"Committee" means the Board of Directors or if so delegated in whole or in part by the Board, the Compensation Committee of the Board of Directors, or any other duly authorized committee of the Board appointed by the Board to administer the Plan.

"Company" means Tethys Petroleum Limited.

"Consultant" has the meaning set out in Policy 4.4 of the TSXV or such replacement definition for so long as the Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

"Director" means any individual who is a member of the Board of Directors of the Company.

"Disability" means the disability of the Participant which would entitle the Participant to receive disability benefits pursuant to the long-term disability plan of the Company (if one exists) then covering the Participant, provided that the Board may, in its sole discretion, determine that, notwithstanding

the provisions of any such long-term disability plan, the Participant is permanently disabled for the purposes of the Plan.

“Employee” means any employee or officer of the Company or an Affiliate of the Company. Directors who are not otherwise employed by the Company or an Affiliate of the Company shall not be considered Employees under the Plan.

“FMV” means, unless otherwise required by any applicable provision of the Code or any regulations thereunder or by any applicable accounting standard for the Company’s desired accounting for Options or by the rules of the TSXV, a price that is determined by the Committee, provided that such price cannot be less than the last closing price of the Shares on the TSXV less any discount permitted by the rules or policies of the TSXV.

“Good Reason” a resignation or Retirement following a Change of Control shall be considered to be for good reason if any of the following occur without the consent of the Participant:

- (i) A substantial and detrimental alteration of his or her position or title or in the nature or status of his or her responsibilities from those in effect immediately prior to the Change of Control,
- (ii) A reduction of 10% or more of his or her base salary or target bonus and cancellation of applicable compensation plans and the failure to replace those plans with substantially comparable plans;
- (iii) The failure to continue to provide employment benefits and perquisites comparable to those enjoyed immediately prior to the Change of Control; or
- (iv) The Participant being relocated to an office or location that is 50 kilometres or more from the current location where he or she is employed.

“Insider” shall have the meaning ascribed thereto in Section 1(1) of the OSA.

“ITA” means the *Income Tax Act* (Canada).

“Non-Employee Director” means a Director who is not an Employee.

“Notice Period” means any period of contractual notice or reasonable notice that the Company or an Affiliate of the Company may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Company or Affiliate elects to pay severance *in lieu* of providing notice to the Participant, provided that where a Participant’s employment contract provides for an increased severance or termination payment in the event of termination following a Change of Control, the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.

“Option” means the conditional right to purchase Shares at a stated Option Price for a specified period of time subject to the terms of the Plan.

“Option Agreement” means a written agreement entered into by the Company or an Affiliate of the Company and a Participant setting forth the terms and provisions applicable to Options granted under the Plan substantially in the form set out in Schedule A. An Option Agreement need not be identical to other Option Agreements either in form or substance.

“Option Price” means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.

“OSA” means the *Securities Act* (Ontario), as may be amended from time to time.

“Participant” means an Employee, Non-Employee Director or Consultant who has been selected to receive an Option, or who has an outstanding Option granted under the Plan or the Predecessor Plan.

“Person” shall have the meaning ascribed to such term in Section 1(1) of the OSA.

“Voting Securities” shall mean any securities of the Company ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

ARTICLE 3 ADMINISTRATION

3.1 **General.** The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Company, and all other interested parties. No member of the Committee will be liable for any action or determination taken or made in good faith with respect to the Plan or Options granted hereunder. Each member of the Committee shall be entitled to indemnification by the Company with respect to any such determination or action in the manner provided for by the Company and its subsidiaries.

3.2 **Authority of the Committee.** The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Option Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Options, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Option recipients, establishing all Option terms and conditions, including exercise price and vesting terms, and, subject to Article 14, adopting modifications and amendments to the Plan or any Option Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Company and its Affiliates operate.

3.3 **Delegation.** The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

ARTICLE 4

SHARES SUBJECT TO THE PLAN AND MAXIMUM OPTIONS

4.1 **Maximum Number of Shares Available for Options.** The maximum number of Shares issuable pursuant to Options issued under the Plan shall be equal to 6% of the then outstanding Shares on a rolling basis. To the extent that an Option lapses or the rights of its Participant terminate, any Shares subject to such Option shall again be available for the grant of an Option.

4.2 **Option Grants to Individuals.** The maximum number of Shares for which Options may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Shares, calculated on the date an Option is granted to the Participant, unless the Company obtains disinterested shareholder approval as required by the policies of the TSXV. The maximum number of Shares for which Options may be issued to any Consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the TSXV) shall not exceed 2% of the outstanding Shares, calculated on the date an Option is granted to the Consultant or any such person, as applicable.

4.3 **Option Grants to Insiders.** Unless disinterested shareholder approval as required by the policies of the TSXV is obtained: (i) the maximum number of Shares for which Options may be issued to Insiders (as a group) at any point in time shall not exceed 10% of the outstanding Shares; and (ii) the aggregate number of Options granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares, calculated at the date an Option is granted to any Insider.

4.4 **Adjustments in Authorized Shares.** In the event of any corporate event or transaction (collectively, a "**Corporate Reorganization**") (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, arrangement, amalgamation, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Company, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Options, the Option Price, and any other value determinations applicable to outstanding Options or to the Plan, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such corporate event or transaction. In connection with a Corporate Reorganization, the Committee shall have the discretion to permit a holder of Options to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan and the applicable Option

Agreement) and the holder will then accept on the exercise of such Option, *in lieu* of the Shares that such holder would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, that holder had owned all Shares that were subject to the Option. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Options under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Options, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan, provided that any such adjustments must comply with Section 409A of the Code with respect to any U.S. Participants.

Subject to the provisions of Article 9 and any applicable law or regulatory requirement, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance, assumption, substitution or conversion of Options under the Plan in connection with any Corporate Reorganization, upon such terms and conditions as it may deem appropriate. Additionally, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

ARTICLE 5

ELIGIBILITY AND PARTICIPATION

5.1 **Eligibility.** Options under the Plan shall be granted only to *bona fide* Employees, Non-Employee Directors and Consultants.

5.2 **Actual Participation.** Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Employees, Non-Employee Directors and Consultants, those to whom Options shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Option.

ARTICLE 6

GRANT AND EXERCISE OF OPTIONS

6.1 **Grant of Options.** Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion.

6.2 **Option Agreement.** Each Option grant shall be evidenced by an Option Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option

pertains, the conditions, if any, upon which an Option shall become vested and exercisable, and any such other provisions as the Committee shall determine.

6.3 **Option Price.** The Option Price for each grant of an Option under the Plan shall be determined by the Committee and shall be specified in the Option Agreement. The Option Price for an Option shall be not less than the FMV of the Shares on the date of grant.

6.4 **Vesting of Options.** Unless otherwise specified in an Option Agreement, and subject to any provisions of the Plan or the applicable Option Agreement relating to acceleration of vesting of Options, Options shall vest equally over a three year period such that 1/3 of the Options shall vest on the first, second and third anniversary dates of the date that the Options were granted.

6.5 **Duration of Options.** Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, that, subject to section 6.6, no Option shall be exercisable later than the [seventh (7th)] anniversary date of its grant.

6.6 **Blackout Periods.** If the date on which an Option is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Option shall be extended to the last day of such 10 business day period.

6.7 **Exercise of Options.** Options granted under this Article 6 shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

6.8 **Payment.** Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment of the Option Price.

The Option Price upon exercise of any Option shall be payable to the Company in full in cash, certified cheque or wire transfer.

As soon as practicable after receipt of a notification of exercise and full payment of the Option Price, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable shares of the Company. As of the business day the Company receives such notice and such payment, the Participant (or the person claiming through a Participant, as the case may be) shall be entitled to be entered on the share register of the Company as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter, but in any event, on or before the 15th day of the third month of the year following the year in which the

Option was exercised, a certificate or evidence of book entry representing the said number of Shares. The Company shall cause to be delivered to or to the direction of the Participant Share certificates or evidence of book entry Shares in an appropriate amount based upon the number of Shares purchased under the Option(s).

ARTICLE 7

TERMINATION OF EMPLOYMENT

7.1 Death, Disability, Retirement and Termination or Resignation of Employment.

If the Option Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:

- (a) *Death:* If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate of the Company:
 - (i) all unvested Options as at the Termination Date shall automatically and immediately vest; and
 - (ii) all vested Options (including those that vested pursuant to (i) above) shall continue to be subject to the Plan and exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (b) *Disability:* If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability then all Options remain and continue to vest (and are exercisable) in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (c) *Retirement:* If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Options, to determine: (i) whether to accelerate vesting of any or all of such Options, (ii) whether any of such Options shall be cancelled, with or without payment, and (iii) how long, if at all, such Options may remain outstanding following the Termination Date; provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date.
- (d) *Termination for Cause:* If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Options, whether vested or not, as at the Termination Date shall automatically and immediately expire and be forfeited.
- (e) *Termination without Cause or Voluntary Resignation:* If a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in sections 7.1(a)-(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:
 - (i) all unvested Options shall automatically and immediately expire and be forfeited, and

- (ii) all vested Options shall continue to be subject to the Plan and exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.

7.2 **Nontransferability of Options.** An Option granted under the Plan may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all Options granted to a Participant under the Plan shall be exercisable during such Participant's lifetime only by such Participant.

ARTICLE 8

BENEFICIARY DESIGNATION

8.1 **Beneficiary.** A Participant's "beneficiary" is the person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.

8.2 **Discretion of the Committee.** Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 8, or both, in favor of another method of determining beneficiaries.

ARTICLE 9

RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE

9.1 **Employment.** Nothing in the Plan or an Option Agreement shall interfere with or limit in any way the right of the Company or an Affiliate of the Company to terminate any Participant's employment, consulting or other service relationship with the Company or the Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or the Affiliate.

Neither an Option nor any benefits arising under the Plan shall constitute part of an employment or service contract with the Company or an Affiliate of the Company, and, accordingly, subject to the terms of the Plan, the Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Company or its Affiliates for severance payments or otherwise, except as provided in the Plan.

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Company and an Affiliate or among Affiliates of the Company, shall not be deemed a termination of employment. The Committee may provide, in a Participant's Option Agreement or otherwise, the conditions under which a transfer of employment

to an entity that is spun off from the Company or an Affiliate of the Company shall not be deemed a termination of employment for purposes of an Option.

9.2 **Participation.** No Employee or other Person eligible to participate in the Plan shall have the right to be selected to receive an Option. No person selected to receive an Option shall have the right to be selected to receive a future Option, or, if selected to receive a future Option, the right to receive such future Option on terms and conditions identical or in proportion in any way to any prior Option.

9.3 **Rights as a Shareholder.** A Participant shall have none of the rights of a shareholder with respect to Shares covered by any Option until the Participant becomes the holder of such Shares.

ARTICLE 10

CHANGE OF CONTROL

10.1 **Change of Control and Termination of Employment.** Subject to section 10.2, if there is a Change of Control, any Options held by a Participant shall automatically vest following such Change of Control, on the Termination Date, if the Participant is an Employee, officer or a Director and their employment, or officer or Director position is terminated or they resign for Good Reason within 12 months following the Change of Control, provided that no acceleration of Options shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the Exchange is either obtained or not required.

10.2 **Discretion to Board.** Notwithstanding any other provision of the Plan, in the event of an actual or potential Change of Control, the Board may, in its sole discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit (including, but not limited to those set out in (iii) and (iv) below), the vesting date of any Options; (ii) permit the conditional redemption or exercise of any Options, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Options, including for greater certainty by (1) permitting Participants to exercise or redeem any Options to assist the Participants to participate in the actual or potential Change of Control, or (2) providing that any Options exercised or exercised shall be exercisable or redeemed for, in lieu of Shares, such property (including shares of another entity or cash) that shareholders of the Company will receive in the Change of Control; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Options not exercised or redeemed prior to the successful completion of such Change of Control. With respect to U.S. Participant, the treatment of Options upon a Change of Control shall be provided for in the Option Agreement.

10.3 **Non-Occurrence of Change of Control.** In the event that any Options are conditionally exercised pursuant to section 10.2 above and the Change of Control does not occur, the Board may, in its sole discretion, determine that any (i) Options so exercised shall be reinstated, and (ii) Shares issued be cancelled and any exercise or similar price received by the Company shall be returned to the Participant.

10.4 **Agreement with Purchaser in a Change of Control.** In connection with a Change of Control, the Board may be permitted to condition any acceleration of vesting on the Participant entering into an employment, confidentiality or other agreement with the purchaser as the Board deems appropriate.

ARTICLE 11 AMENDMENT AND TERMINATION

11.1 **Amendment and Termination.** The Board may, at any time, suspend or terminate the Plan. Subject to compliance with any applicable law, including the rules of the TSXV, the Board may also, at any time, amend or revise the terms of the Plan and any Option Agreement. No such amendment of the Plan or Option Agreement may be made if such amendment would materially and adversely impair any rights arising from any Options previously granted to a Participant under the Plan without the consent of the Participant or the representatives of his or her estate, as applicable. Any amendment that would cause an Option held by a Participant that is a U.S. taxpayer to fail to comply with Section 409A of the Code shall be null and void with respect to such Participant.

11.2 **Reduction of Option Price or Grant Price.** Disinterested shareholder approval as required by the policies of the TSXV shall be obtained for any reduction in the Option Price of an Option if the Participant is an Insider of the Company at the time of the proposed amendment.

ARTICLE 12 WITHHOLDING

12.1 **Withholding.** The Company or any of its Affiliates shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company or the Affiliate, an amount sufficient to satisfy federal, provincial and local taxes or domestic or foreign taxes required by law or regulation to be withheld with respect to any taxable event arising from or as a result of the Plan or any Option hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Company withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.

12.2 **Acknowledgement.** Participant acknowledges and agrees that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company: (a) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of the Plan; and (b) does not commit to and is under no obligation to structure the terms of the Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for taxes in more than one jurisdiction.

ARTICLE 13 SUCCESSORS

Any obligations of the Company or its Affiliates under the Plan with respect to Options granted hereunder shall be binding on any successor to the Company or its Affiliates, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Company or the Affiliate, as applicable.

ARTICLE 14 GENERAL PROVISIONS

14.1 **Delivery of Title.** The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable law or ruling of any governmental body that the Company determines to be necessary or advisable.

14.2 **Investment Representations.** The Committee may require each Participant receiving Shares pursuant to an Option under the Plan to represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

14.3 **Uncertificated Shares.** To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis to the extent not prohibited by applicable law or the rules of the TSXV.

14.4 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Option Agreement. In such an instance, unless the Committee determines otherwise, fractional Shares and any rights thereto shall be forfeited or otherwise eliminated.

14.5 **Other Compensation and Benefit Plans.** Nothing in the Plan shall be construed to limit the right of the Company or an Affiliate of the Company to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Option shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.

14.6 **No Constraint on Corporate Action.** Nothing in the Plan shall be construed (i) to limit, impair or otherwise affect the Company's or its Affiliates' right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit

the right or power of the Company or its Affiliates to take any action which such entity deems to be necessary or appropriate.

14.7 **Compliance with Canadian Securities Laws.** All Options and the issuance of Shares underlying such Options issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian and any other applicable securities laws where applicable.

14.8 **Compliance with U.S. Securities Laws.** All Options and the issuance of Shares underlying such Options issued pursuant to the Plan will be issued pursuant to the registration requirements of the U.S. Securities Act of 1933, as amended or an exemption from such registration requirements. If the Options or Shares are not so registered and no such registration exemption is available, the Company shall not be required to issue any Shares otherwise issuable hereunder.

ARTICLE 15

LEGAL CONSTRUCTION

15.1 **Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

15.2 **Severability.** In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

15.3 **Requirements of Law.** The granting of Options and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Company or an Affiliate of the Company shall receive the consideration required by law for the issuance of Options under the Plan.

The inability of the Company or an Affiliate of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company or the Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Company or the Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15.4 **Governing Law.** The Plan and each Option Agreement shall be governed by the laws of the Province of Ontario excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

15.5 **Compliance with Section 409A of the Code.**

- (a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that the Plan and any Options made hereunder shall not provide for the

payment of “deferred compensation” within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. The Plan and any Options made hereunder shall be administrated and interpreted in a manner consistent with this intent.

- (b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Option Agreement by reason of the occurrence of a Change of Control or the Participant’s disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of “change in control event,” “disability,” or “separation from service,” as the case may be, in Section 409A of the Code and applicable proposed or final Treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Option under the Plan or any Option Agreement.
- (c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this Article 15.5 will apply to a Participant who is subject to taxation under the ITA.

SCHEDULE A

FORM OF OPTION AGREEMENT

THIS OPTION AWARD AGREEMENT is made as of the ● day of ●, 20●.

B E T W E E N :

TETHYS PETROLEUM LIMITED,
a corporation incorporated under the Laws of the Cayman Islands

(hereinafter referred to as the “**Company**”),

- and -

[name],

(hereinafter referred to as the “**Participant**”)

WHEREAS the Participant has been designated as eligible to participate in the Stock Option Plan of the Company (the “**Plan**”);

AND WHEREAS the Company desires to grant to the Participant stock options (“**Options**”) to purchase ordinary shares (the “**Shares**”) of the Company in accordance with the terms of the Plan;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto agree as follows:

1. All capitalized terms used in this Agreement, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.
2. The Company hereby grants to the Participant Options under the Plan on the following basis:

1. GRANT DATE	2. NUMBER OF OPTIONS	3. EXERCISE PRICE	4. EXPIRY DATE
5. ●	6. ●	7. ●	8. ●

3. The Options granted hereunder are granted subject to the terms and conditions of the Plan, which are hereby incorporated by reference as terms and conditions of this Agreement, and subject to such other terms and conditions as are set out in this Agreement.
4. The Options will vest equally over a three year period such that ● Options shall vest on ●, 20●, 20●, and 20●.
5. By signing this Agreement, the Participant acknowledges, represents, warrants, covenants and agrees that it:
 - a. has read and understands the Plan and agrees to comply with, and be bound by, the terms and conditions thereof and of this Agreement, including, but not limited to the provisions of the Plan dealing with (i) the method of exercising Options, (ii) the Board’s discretion (1) upon a Change of Control and (2) to amend the Plan and/or this Option Agreement,

- and (iii) the treatment of the Participant and its rights with respect to the Options should it cease to be an Eligible Person;
- b. was not induced to participate in the Plan by expectations of employment or other relationship with the Company or continued employment or other relationship with the Company and is entering into this Agreement voluntarily;
 - c. has been encouraged to seek independent legal and tax advice before executing this Agreement, and by executing this Agreement, will be deemed to have either sought and received such advice or determined that such advice was not necessary in the Participant's particular circumstances; and
 - d. understands that the issuance of Shares to the Participant on the exercise of any Option is subject to compliance with all applicable laws, rules and regulations and in connection therewith, the Participant agrees to: (i) comply with all such laws, rules, regulations and requirements; (ii) furnish to the Company any information, report and/or undertakings required to comply with all such laws, rules, regulations and requirements; and (iii) cooperate with the Company in complying with such laws, rules, regulations and requirements, including any applicable tax withholding and remittance obligations.
6. The terms of this Agreement supersede the relevant terms of any prior agreement, commitment, undertaking or other obligation or understanding with respect to the issue of any shares or any other equity interest, or any options to purchase shares or any other equity interest, in the Company to the Participant, and the Participant acknowledges that all such obligations and understandings have been fully satisfied and discharged by the Company and the Participant entering into this Agreement.
 7. Time shall be of the essence of this Agreement.
 8. This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the Company and the heirs, executors and personal legal representatives of the Participant.
 9. This Agreement shall be governed by, and construed under the laws of, the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

TETHYS PETROLEUM LIMITED

By _____
Name:
Title:

[NAME]

By _____
Name:
Title:

APPENDIX B
AUDIT COMMITTEE CHARTER

(see attached)

TETHYS PETROLEUM LIMITED



Audit Committee Charter

1 INTERPRETATION

In these terms of reference:-

"**Auditor**" means the external auditors of the Company;

"**Board**" means the board of directors of the Company;

"**Code of Conduct and Ethics Policy**" means the Company's Code of Conduct and Ethics Policy in force at the date of adoption of this Charter, as it may be amended or replaced from time to time;

"**Committee**" means the audit committee of the Board; and

"**Company**" means Tethys Petroleum Limited.

2 CONSTITUTION

By a resolution dated October 5, 2006, the Board resolved, pursuant to the authority and power conferred upon the Board by Article 101 of the Company's articles of association, to establish a committee of the Board to be known as the audit committee.

3 GENERAL AIMS

Without prejudice to the specific duties of the Committee detailed below, the general aims of the Committee shall be to assist the Board in meeting its financial reporting responsibilities and to oversee the Company's relationship with the Auditor.

4 SPECIFIC DUTIES

The Committee shall perform the following duties for the Company.

4.1 Financial Reporting

4.1.1 The Committee shall review the financial statements of the Company, including its:

- (a) annual and interim reports and accounts;
- (b) announcements of annual and interim results; and
- (c) any other formal announcement relating to the Company's financial results.

4.1.2 The Committee shall review and discuss with management and the Auditor:

- (a) the Company's annual audited financial statements and related documents prior to their filing or distribution, including;
 - (i) the annual financial statements, related footnotes and Management's Discussion and Analysis, including significant issues regarding accounting principles, practices and significant management estimates and judgements, including any significant changes in the Company's

selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies;

- (ii) the use of off-balance sheet financing including management's risk assessment and adequacy of disclosure;
 - (iii) any significant changes to the Company's accounting policies;
 - (iv) the Auditor's audit report on the financial statements; and
- (b) the Company's quarterly unaudited financial statements and related documents prior to their filing of distribution, including.
- (i) quarterly unaudited financial statements and related documents, including Management's Discussion and Analysis including significant issues regarding accounting principles, practices and significant management estimates and judgements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies;
 - (ii) if applicable, the Auditor's report of its review of the financial statements;
 - (iii) the use of off-balance sheet financing including management's risk assessment and adequacy of disclosure;
 - (iv) any significant changes to the Company's accounting policies.

4.1.3 The Committee shall review:

- (a) the Company's Annual Information Form, or other similar report filed with securities regulatory authorities, as to financial information;
- (b) all prospectuses and information circulars of the Company as to financial information;
- (c) any financial information contained in other documents, such as announcements of a price sensitive nature.

4.1.4 The Committee shall review:

- (a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
- (b) the methods used to account for significant or unusual transactions where different approaches are possible;

- (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the Auditor;
 - (d) the Company's reporting practices; and
 - (e) all significant financial reporting issues and all judgements which they contain.
- 4.1.5 The Committee shall review and discuss with management financial information, including earnings press releases, the use of “pro forma” or non-IFRS financial information and earnings guidance, contained in any filings with the securities regulators or news releases related thereto (or provided to analysts or rating agencies) and consider whether the information is consistent with the information contained in the financial statements of the Company or any subsidiary with public securities. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
- 4.1.6 The Committee shall review the annual financial statements of any pension funds where not reviewed by the Board as a whole.
- 4.1.7 The Committee shall recommend to the Board the approval of the annual financial statements and related documents and either approve the interim financial statements and related documents or recommend to the Board such financial statements and documents for approval.
- 4.2 **Internal Controls and risk management systems**
- 4.2.1 The Committee shall:
 - (a) keep under review the effectiveness of the Company's internal controls and risk management systems; and
 - (b) review and approve any statements to be included in the Company's annual report and accounts concerning internal controls and risk management.
- 4.3 **Ethics Reporting**
- 4.3.1 The Committee is responsible for the establishment of a policy and procedures for:
 - (a) the receipt, retention and treatment of any complaint received by the Company regarding financial reporting, accounting, internal accounting controls or auditing matters;
 - (b) the confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 4.3.2 The Committee will review, on a timely basis, serious violations of the Code of Conduct and Ethics Policy including all instances of fraud.

- 4.3.3 The Committee will review on a summary basis at least quarterly all reported violations of the Code of Conduct and Ethics Policy.

4.4 **Internal Audit**

The Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board accordingly. In the event that an internal audit function is introduced, the Board shall extend as appropriate the terms of reference to include, inter alia, monitoring and reviewing the effectiveness of the internal audit function, senior appointments and removals in respect of that function, resourcing of that function, meetings with the internal auditors and reviewing executive management's responsiveness to findings and recommendations of the internal audit function.

4.5 **External Audit**

4.5.1 The Committee shall:

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment or removal of the Auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- (b) oversee the Company's relationship with the Auditor including (but not limited to):
 - (i) approval of their remuneration, whether fees for audit or non-audit services and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the Auditor as a whole, including the provision of any non-audit services;
 - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the Auditor and the Company (other than in the ordinary course of business) or any other conflict of interest;
 - (v) agreeing with the Board a policy on the employment of former employees of the Auditor, then monitoring the implementation of this policy;

- (vi) ensuring receipt, at least annually, from the external auditor of a formal written statement delineating all relationships between the Auditor and the Company, including non-audit services provided to the Company;
- (vii) monitoring the Auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- (viii) assessing annually the qualifications, expertise and resources of the Auditor and the effectiveness of the audit process, which shall include a report from the Auditor on their own internal quality procedures;
- (c) overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor;
- (d) meeting regularly with the Auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the Auditor at least once a year, without executive management being present, to discuss their remit and any issues arising from the audit;
- (e) reviewing and approving the annual external audit plan and ensure that it is consistent with the scope of the audit engagement;
- (f) reviewing the findings of the audit with the Auditor;
- (g) reviewing any representation letter(s) requested by the Auditor before they are signed by the executive management;
- (h) reviewing the executive management letter and executive management's response to the Auditor's findings and recommendations;
- (i) giving consideration to the rotation of the audit partner on a periodic basis;
- (j) reviewing any related findings and recommendations of the Auditor together with management's responses including the status of previous recommendations;
- (k) reviewing any serious difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of the Auditor's work or access to required information; and
- (l) reviewing any other matters related to the conduct of the external audit, which are to be communicated to the Committee by the Auditor under generally accepted auditing standards.

4.5.2 The Committee shall develop and implement policies and procedures on the supply of non-audit services by the Auditor, taking into account any relevant statutory requirements on the matter. If such policies and procedures have not been adopted, the Committee shall pre-approve any non-audit services to be provided to the Company or

its subsidiaries by the Auditor, except that the Committee has delegated a de minimis level of \$20,000 per annum to the Committee Chair who will report to the Committee at their next meeting of any work approved with this limit.

4.6 Other Matters

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and
- (c) oversee any investigation of activities which are within its terms of reference.

5 REPORTING

- 5.1 The chairman of the Committee shall report to the Board generally on its proceedings after each meeting.
- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any matter within its remit where action or improvement is needed.
- 5.3 The Committee's Charter shall be available on request and shall be available on the Company's website (if any).

6 REGULATORY DUTIES

In carrying out its duties the Committee shall:

- (a) give due regard to:
 - (i) all relevant legal and regulatory requirements; and
 - (ii) the rules of any stock exchange or which the Company's securities may be listed;
- (b) ensure that it has such information as it considers necessary or desirable to fulfil its duties as set out in these terms of reference.

7 MEMBERSHIP

- 7.1 Members of the Committee shall be appointed from time to time by the Board, in consultation with the chairman of the Committee.
- 7.2 The Committee shall be made up of at least three members each of whom shall be a member of the Board.
- 7.3 The chairman of the Board shall not be a member of the Committee.

- 7.4 All members of the Committee shall be “independent” as that term is defined under the requirements of applicable securities laws and the standards of any stock exchange on which the Company’s securities are listed, taking into account any transitional provisions that are permitted.
- 7.5 Members shall serve one-year terms and may serve consecutive terms to ensure continuity of experience. Members shall be reappointed each year to the Committee by the Board at the Board meeting that coincides with the annual shareholder meeting. A member of the Committee shall automatically cease to be a member upon ceasing to be a director of the Company. Any member may resign or be removed by the Board from membership on the Committee or as Chair.
- 7.6 All members of the Committee must be “financially literate” as that qualification is interpreted by the Board and or acquire such literacy within a reasonable period of time after joining the Committee. At the present time, the Board interprets “financial literacy” to mean a basic understanding of finance and accounting and the ability to read and understand financial statements (including the related notes) of the sort released or prepared by the Company in the normal course of its business.
- 7.7 The Board shall appoint the chairman of the Committee who shall be a non-executive director of the Company. In the absence of the Chairman, the remaining members of the Committee present at a fully convened Committee meeting may elect one of their number to chair the meeting. The Board shall determine the period for which the chairman of the Committee holds office.
- 7.8 The Board may from time to time remove members from the Committee.
- 7.9 The membership of the Committee shall be set out in the annual report of the Company.

8 SECRETARY

The Board shall from time to time nominate an appropriate person to be the secretary of the Committee.

9 MEETINGS

- 9.1 The Committee shall meet at least two times in each year at appropriate times in the reporting and audit cycle and at such other times as the chairman of the Committee shall require.
- 9.2 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member of the Committee or at the request of the Auditor or any internal auditor if they consider it necessary.
- 9.3 Unless otherwise agreed, at least three (3) working days notice shall be given of each meeting of the Committee.
- 9.4 Unless otherwise agreed, notice of each meeting of the Committee shall:
- (a) confirm the venue, time and date of the meeting;

- (b) include an agenda of items to be discussed at the meeting; and
 - (c) be sent to each member of the Committee, the secretary, any other person required, invited or entitled to attend the meeting and all other non-executive directors of the Company.
- 9.5 Supporting papers shall be sent to members of the Committee and to other attendees at the same time as the relevant notice.
- 9.6 The quorum necessary for the transaction of business by the Committee shall be two members of the Committee and a duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 9.7 Only members of the Committee shall have the right to attend meetings of the Committee. However, others (such as the other directors, representatives from the finance function of the Company and external advisers) may be invited to attend and speak at (but not vote at) a meeting of the Committee as and when appropriate.
- 9.8 The Auditor shall be invited to attend and speak at meetings of the Committee on a regular basis but shall not be entitled to vote at such meetings.
- 9.9 Meetings of the Committee may be held by conference telephone or similar communications equipment whereby all members participating in the meeting can hear each other; provided always however that at least once per annum a direct meeting shall be held between the Committee and the Auditor where a quorum of the members of the Committee and the Auditor are present in person at the same location.
- 9.10 Matters for decision by the Committee shall be decided by a majority decision of the members.

10 MINUTES

- 10.1 The secretary of the Committee shall minute the proceedings and resolutions of Committee meetings and record the names of those present and in attendance.
- 10.2 The secretary of the Committee shall ascertain, at the start of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.
- 10.3 Following each meeting of the Committee, the secretary shall circulate, for comment, draft minutes to each member who was present at the meeting.
- 10.4 After approval and signing of the minutes by the chairman of the Committee meeting, the secretary shall circulate copies of the minutes to all members of the Board, (unless a conflict of interest exists).

11 AUTHORITY

- 11.1 The Committee is a committee of the Board and as such exercises such powers of the Board as have been delegated to it.

11.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.

11.3 The Committee is authorised to:

- (a) seek any information it requires (including from any employee of the Company) in order to perform its duties;
- (b) obtain outside legal or other professional advice (including the advice of independent consultants) on any matters within its terms of reference including, without limitation, any legal matters which could have a significant effect on the Company's financial position;
- (c) to commission any reports or surveys, which it deems necessary, to help it fulfil its obligations;
- (d) to secure the attendance of external advisors at its meetings (if it considers it necessary); and
- (e) to call any employee to be questioned at a meeting of the Committee as and when required,

all at the Company's expense.

12 **OWN PERFORMANCE**

At least once a year, the Committee shall review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

