

GORDON CREEK ENERGY INC.

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**MANAGEMENT PROXY CIRCULAR
AS AT AND DATED JUNE 23, 2015**

(unless otherwise indicated)

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Proxy Circular ("Circular") is being furnished to the shareholders of **GORDON CREEK ENERGY INC.** (the "Company") in connection with the solicitation of proxies by management of the Company for use at the Annual Meeting of the shareholders of the Company (the "Meeting") to be held at 10:00 a.m. MST on July 28, 2015, in the Boardroom at 1350, 734 7th Avenue SW, Calgary, Alberta, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Meeting.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone or electronic communication by the directors, officers and regular employees of the Company without special compensation. All costs of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

Appointment of Proxyholder

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Those shareholders so desiring may be represented by proxy at the Meeting. The persons named in the form of proxy accompanying this Circular are directors and/or officers of the Company ("Management Appointees"). **A shareholder has the right to appoint a person or company (who need not be a shareholder) to attend and act on the shareholder's behalf at the Meeting other than the Management Appointees.** To exercise this right, the shareholder must either insert the name of the desired person in the blank space provided in the form of proxy accompanying this Circular and strike out the names of the Management Appointees or submit another proper form of proxy.

NON-REGISTERED SHAREHOLDERS

Only shareholders whose names appear on the records of the Company (“registered shareholders”) or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are not registered shareholders because the shares they own are not registered in their names. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans; or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”), of which the Intermediary is a participant. In accordance with current securities regulatory policy, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy accompanying this Circular (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries.

Current securities regulatory policy requires Intermediaries to forward the Meeting Materials to, and to seek voting instructions from, Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **submit it to the Company, c/o Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, fax number: 1 (866) 249-7775;** or
- (b) more typically, be given a voting instruction or proxy authorization 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 “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company or otherwise communicate voting instructions to the Intermediary or its service company (by way of telephone or the internet, for example), in accordance with the instructions of the Intermediary or its service company.

Non-Registered Holders cannot use a proxy authorization form to vote shares directly at the Meeting.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares that they beneficially own.

The Meeting Materials are being sent to both registered and non-registered owners of shares. If you are a Non-Registered Holder and the Company or its agent has sent the Meeting Materials directly to you, as a non-objecting beneficial owner under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding shares on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding shares on your behalf) has

assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Management of the Company does not intend to pay for Intermediaries to forward to objecting beneficial owners under NI 54-101 the Meeting Materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary*, and, in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the Meeting Materials unless the objecting beneficial owner's Intermediary assumes the cost of delivery. **Non-Registered Holders cannot be recognized at the Meeting for purposes of voting their shares in person or by way of depositing a form of proxy.** If you are a Non-Registered Holder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your Intermediary well in advance of the Meeting to determine how you can do so.

Non-Registered Holders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their shares voted at the Meeting.

Deposit of Proxies

The instrument of proxy must be dated and signed and, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, deposited either at the office of Computershare Investor Services Inc. Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, fax number: 1 (866) 249-7775, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment or postponement thereof or with the Chairman of the Meeting prior to the commencement of the Meeting or any adjourned or postponed meeting.

Revocation of Proxies

Pursuant to Section 148(4) of the *Canada Business Corporations Act* (the "Act"), a shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Only registered shareholders have the right to revoke a proxy. A Non-Registered Holder may revoke a proxy authorization form or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of proxy authorization form or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least 7 days prior to the Meeting.

Exercise of Discretion

Shares represented by proxies may be voted by the proxyholder on a show of hands, except where the proxyholder has conflicting instructions from more than one shareholder, in which case, such proxyholder will not be entitled to vote on a show of hands. In addition, shares represented by proxies will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for upon demand for a poll by a shareholder or proxyholder present at the Meeting or required because the number of shares represented by proxies that are to be voted against a matter is greater than 5% of the votes attached to all shares that are entitled to be voted and to be represented at the Meeting. In either case, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares shall be voted or withheld from voting in accordance with the specifications so made. **SHARES REPRESENTED BY PROXIES NAMING A MANAGEMENT APPOINTEE AS PROXYHOLDER WILL BE VOTED FOR EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER.**

The form of proxy accompanying this Circular, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the Management Appointees designated in the form of proxy accompanying this Circular to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

Record Date and Right to Vote

The record date for the determination of shareholders entitled to receive Notice of and to vote at the Meeting has been fixed at June 23, 2015. Every shareholder of record at the close of business on June 23, 2015 will be entitled to vote either in person or by proxy at the Meeting or any adjournment thereof.

Voting Securities and Principal Holders Thereof

As at the date of this Circular, the Company has issued and outstanding 21,227,433 fully paid and non-assessable common shares, each share carrying the right to one vote. The Company has no other class of voting securities.

To the knowledge of the directors and executive officers of the Company as at the date of this Circular, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the outstanding voting rights of the Company, other than the following:

Beneficial Shareholder	Number of Shares/Percentage
Tempest Resource Fund Limited Partnership 400 Burrard Street Suite 1400 Vancouver British Columbia V6C 3A6	4,086,969 / 19.3%

STATEMENT OF EXECUTIVE COMPENSATION (Form 51-102F6)

"Chief Executive Officer" or "CEO" means an individual who acted as chief executive officer of the Company or acted in a similar capacity, for any part of the most recently completed financial year.

"Chief Financial Officer" or "CFO" means an individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.

"Executive Officer" means an individual who is a chair, a vice-chair or president of the Company, a vice-president in charge of a principal business unit, division or function including sales, finance or production of the Company and an individual who is performing a policy-making function in respect of the Company.

"Named Executive Officers" or "NEOs" means the following individuals:

- (i) a CEO;
- (ii) a CFO;
- (iii) each of the three most highly compensated Executive Officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity,

other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and

- (iv) each individual who would be an NEO under (iii) but for the fact that the individual was neither an Executive Officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year;

At the end of the Company's most recently completed financial year, the Company had two Named Executive Officers, Rupert Evans, the Company's CEO and John Bell, the Company's CFO. There were no other Named Executive Officers of the Company, or other individuals acting in a similar capacity whose total compensation was, individually, more than \$150,000 during the financial year ended January 31, 2015.

COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis ("CD&A") is to provide information about the Company's executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs. The primary goal of the Company's executive compensation program is to attract and retain the key executives necessary for the Company's long term success and to motivate and encourage executives to further development of the Company and its operations. Executive compensation consists of salary, service fees charged by an external management company and long-term incentive stock options.

The Company is an exploration stage company engaged in the acquisition, exploration and development of natural resource properties. The Company has limited cash flows from operations, a situation that may continue until the Company can secure sufficient financing to develop its existing properties. Accordingly, the granting of stock options is an important element of executive compensation which does not require cash disbursement by the Company. In determining compensation with respect to stock option grants, however, the company is cognizant of the TSX Venture Exchange's statement in its Policy 4.4 that: "Incentive Stock Options are a means of rewarding optionees for future services provided to the Issuer. They are not intended as a substitute for salaries or wages, or as a means of compensation for past services rendered." The Board of Directors determines the compensation in the form of stock options to its NEOs, as well as to its directors. Stock options are granted in accordance with the Company's Stock Option Plan at the discretion of the Board of Directors of the Company at an exercise price of not less than the closing price on the TSX Venture Exchange of the common shares on the date of the grant of such options. The Stock Option Plan, which is a "rolling" plan, provides that the aggregate number of common shares subject to options under the Stock Option Plan shall not exceed 10% of the common shares outstanding at the date of the grant of an option. The normal term of the options is 5 years from the date of grant. In the event of resignation or termination of an optionee, such optionee may exercise options held by such optionee for a specified period not to exceed 90 days following the effective date of such resignation or the expiry date, whichever is earlier.

SUMMARY COMPENSATION TABLE

Named Executive Officers

Name and principal position	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁶⁾	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual Incentive plans	Long-term incentive plans			
Rupert Evans ⁽²⁾ <i>CEO</i>	2015	65,107	0	0	0	0	0	65,107	65,107
John Bell , <i>CFO</i>	2015	54,475 ⁽³⁾	0	0	0	0	0	54,475 ⁽³⁾	54,475 ⁽³⁾
	2014	56,700 ⁽³⁾	0	0	0	0	0	56,700 ⁽³⁾	56,700 ⁽³⁾
	2013	56,900 ⁽³⁾	0	0	0	0	0	56,900 ⁽³⁾	56,900 ⁽³⁾
Cameron White ⁽²⁾ <i>CEO</i>	2015	42,581 ⁽⁴⁾	0	0	0	0	0	42,581 ⁽⁴⁾	42,581 ⁽⁴⁾
	2014	90,000 ⁽⁴⁾	0	0	0	0	0	90,000 ⁽⁴⁾	90,000 ⁽⁴⁾
	2013	90,000 ⁽⁴⁾	0	0	0	0	0	90,000 ⁽⁴⁾	90,000 ⁽⁴⁾
Rick Ironside ⁽²⁾ <i>President and COO</i>	2015	38,387 ⁽⁵⁾	0	0	0	0	0	38,387 ⁽⁵⁾	38,387 ⁽⁵⁾
	2014	142,000 ⁽⁵⁾	0	0	0	0	0	142,000 ⁽⁵⁾	142,000 ⁽⁵⁾
	2013	144,000 ⁽⁵⁾	0	0	0	0	0	144,000 ⁽⁵⁾	144,000 ⁽⁵⁾

Notes:

- (1) Ended January 31.
- (2) Rupert Evans was appointed President, CEO and as a member of the Board of Directors on July 21, 2015. Cameron White and Rick Ironside resigned as CEO and President & COO, respectively, July 21, 2015. Both Mr. White and Mr. Ironside continue as members of the Board of Directors.
- (3) D. John Bell Professional Corporation, a company controlled by Mr. Bell, receives a base fee of \$4,725 per month (\$2,500 per month starting in January 2015) for the provision of management services.
- (4) Koele Capital Corp., a company that is controlled by Cameron White, received a base fee of \$7,500 per month for the provision of CEO services, plus supplemental fees from time to time. (For compensation past July 21, 2015 see Non-NEO Directors - Director Compensation Table below.)
- (5) Westrich Resources Inc., a company that is controlled by Rick Ironside, received a base consulting fee of \$5,000 per month (\$10,000 from January 2014 to March 2014 and \$12,500 prior) for the provision of President and COO services, plus supplemental fees from time to time. (For compensation past July 21, 2015 see Non-NEO Directors - Director Compensation Table below.)
- (6) At January 31, 2015, a total of \$297,814 of the above compensation remains unpaid.
- (7) Values calculated based on Black-Scholes ("BS") valuation model as computed during the course of preparation of the Company's audited and quarterly financial statements.

Narrative Discussion

Due the early stage of the Company's growth and development, the Company does not have a formal structure, defined objectives or analysis framework for determining compensation in the form of fees, salaries, bonuses or stock option grants. Determinations are made on a case-by-case basis through discussions involving senior management and the Board of Directors of the Company.

INCENTIVE PLAN AWARDS

Named Executive Officers

Outstanding share-based awards and option-based awards

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Rupert Evans	6,667	4.50	Nov. 15, 2016	N/A	N/A	N/A	N/A
John Bell	16,666	4.50	Nov. 15, 2016	N/A	N/A	N/A	N/A

Pursuant to the Company's Stock Option Plan, options are granted at the discretion of the Board of Directors of the Company. The exercise price of the options may not be less than the market price of the Company's shares on the date of the grant of the options. Generally, 25% of the options vest on the date of grant, and a further 25% of the options vest every 6 months thereafter.

Incentive plan awards – value vested or earned during the year

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Rupert Evans	N/A	N/A	N/A
John Bell	N/A	N/A	N/A

Note:

- (1) Values calculated based on the difference between the market price of the company's shares on the vesting date of any options vested during the year, and the option exercise price of such vested options.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Named Executive Officers

The Company has no compensatory plan or arrangement with respect to the Named Executive Officer in the event of the resignation, retirement or any other termination of the Named Executive Officer's employment with the Company and its subsidiaries or in the event of a change of control of the Company or its subsidiaries or in the event of a change in the Named Executive Officer's responsibilities, where in respect of the Named Executive Officer the value of such compensation exceeds \$50,000.

DIRECTOR COMPENSATION

Non-NEO Directors

Director Compensation Table

Name	Fees earned (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Stephen G. Cheikes	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Podruski	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Alan J. Walker	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Evans	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cameron White ⁽²⁾	47,419 ⁽³⁾	Nil	Nil	Nil	Nil	Nil	47,419 ⁽³⁾
Rick Ironside ⁽²⁾	31,613 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	31,613 ⁽⁴⁾

(1) For the year ended January 31.

(2) Cameron White and Rick Ironside resigned as CEO and President & COO, respectively, July 21, 2015. Both Mr. White and Mr. Ironside continue as members of the Board of Directors.

(3) Koele Capital Corp., a company that is controlled by Cameron White, receives a base fee of \$7,500 per month for the provision of consulting services, plus supplemental fees from time to time. The base fee arrangement terminated effective May 31, 2015.

(4) Westrich Resources Inc., a company that is controlled by Rick Ironside, receives a base consulting fee of \$5,000 per month for the provision of consulting services, plus supplemental fees from time to time.

(5) At January 31, 2015, a total of \$79,032 of the above compensation remains unpaid.

Narrative Discussion

Due the early stage of the Company's growth and development, the Company does not have a formal structure, defined objectives or analysis framework for determining compensation payable to Directors in the form of fees, equity plans or stock option grants. Determinations are made on a case by case basis through discussions involving senior management and the Board of Directors of the Company.

Share-based awards, option based awards and non-equity incentive plan compensation

Outstanding share-based awards and option-based awards

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Stephen G. Cheikes	6,666	4.50	Nov. 15, 2016	N/A	N/A	N/A	N/A
James Podruski	6,666	4.50	Nov. 15, 2016	N/A	N/A	N/A	N/A
David Evans	6,666	4.50	Nov 15, 2016	N/A	N/A	N/A	N/A
Alan J. Walker	20,000	2.25	May 16, 2016	N/A	N/A	N/A	N/A

Cameron White	20,000	4.50	Nov. 15, 2016	N/A	N/A	N/A	N/A
Rick Ironside	20,000	4.50	Nov. 15, 2016	N/A	N/A	N/A	N/A

Pursuant to the Company's incentive Stock Option Plan, options are granted at the discretion of the Board of Directors of the Company. The exercise price of the options may not be less than the market price of the Company's shares at the time of the grant of the options. Generally, 25% of the options vest on the date of grant, and a further 25% of the options vest every 6 months thereafter.

Incentive plan awards – value vested or earned during the year

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Stephen G. Cheikes	N/A	N/A	N/A
James Podruski	N/A	N/A	N/A
David Evans	N/A	N/A	N/A
Alan J. Walker	N/A	N/A	N/A
Cameron White	N/A	N/A	N/A
Rick Ironside	N/A	N/A	N/A

Note:

(1) Values calculated based on the difference between the market price of the company's shares on the vesting date of any options vested during the year, and the option exercise price of such vested options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has implemented a "rolling" Stock Option Plan which is described below under the heading "Annual Ratification of Stock Option Plan". The Stock Option Plan is administered by the Board of Directors.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	175,000	\$3.66 per share	1,947,743
Equity compensation plans not approved by security holders	Nil	N/A	N/A
Total	175,000	\$3.66 per share	1,947,743

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee of the Company or any of its subsidiaries, including proposed nominees for election as a director of the Company, nor any associate of any of them, is or has been indebted to the Company or any of its subsidiaries at any time since the beginning of the Company's last completed financial year, nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries other than as set out below:

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To the Company or its Subsidiaries	To Another Entity
Share purchases	\$53,205 ⁽¹⁾	Nil
Other	Nil	Nil

(1) This amount is owed to the Company by Barry Brumwell, Vice-President of Operations, and was provided to Mr. Brumwell as a loan (the "Loan") in connection with the consulting agreement entered into between the Company and a company controlled by Mr. Brumwell upon Mr. Brumwell's appointment. Concurrently, Mr. Brumwell and certain of his associates purchased 133,333 units of the Company at a price of \$2.25 per unit, each unit consisting of one common share of the Company and one two-year warrant to purchase an additional common share at a price of \$3.00 per share. (Share amounts and prices have been adjusted to reflect a 15 for 1 share consolidation completed in fiscal 2014). The loan is non-interest bearing and is repayable within 90 days of Mr. Brumwell's termination. Mr. Brumwell may engage in certain outside consulting activities as permitted by the Company and 50% of any fees so earned will be payable to the Company until the Loan is repaid in full. Thereafter, 50% of such fees will be paid to the Company as income.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies in Canada. The Company has reviewed its own corporate governance practices in light of these guidelines and as prescribed in National Instrument 58-101, discloses below its corporate governance practices. The Company is a "venture issuer" within the meaning of National Instrument 58-101.

The board of directors of the Company (the "Board") believes that good corporate governance improves corporate performance and benefits all shareholders. This section sets out the Company's approach to corporate governance.

1. **Board of Directors** – The Board facilitates its exercise of independent supervision over management by ensuring that a majority of its members are "independent" based upon the tests for independence set forth in section 1.4 of National Instrument 52-110. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment or is otherwise considered to exist under National Instrument 52-110. The only non-independent directors of the Company, because they are members of management or are considered to be in a material relationship with the Company, are Rupert Evans who is CEO and President and David Evans who is the Chairman.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying out the Company's business in the ordinary course, evaluating business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business

transactions and all debt and equity financing transactions. Through its Audit Committee, the Board examines the effectiveness of the Company's internal control process.

2. **Directorships** – David Evans and Rick Ironside are directors of Artisan Energy Corporation, a TSX Venture Exchange listed oil & gas exploration and production company that shares office facilities with the Company in Calgary, Alberta.

3. **Orientation and Continuing Education** – Each new director receives orientation on the Company's business, current projects, and the industry. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

4. **Ethical Business Conduct** – The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Furthermore, the Board promotes fair dealing with all its stakeholders and requires compliance with the laws of each jurisdiction in which it operates.

5. **Nomination of Directors** – The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Board does not have a nominating committee and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

6. **Compensation** – The Company presently does not pay any fees or provide any form of compensation to the members of the board of directors in their capacities as such, other than the grant of incentive stock options. Information regarding the granting of incentive stock options to the members of the Board is contained above under the heading "Director Compensation" which information has been provided in accordance with form NI51-102F6 – Executive Compensation.

7. **Other Board Committees** – The Board has no other committees other than the Audit Committee and the Reserves Committee.

8. **Assessments** – The Board monitors on an ongoing basis the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committee. The Board has not implemented a process for assessing its effectiveness. As a result of the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis. The Board does not formally assess the performance of its committees or individual Board members.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company is comprised of Cameron White, David Evans and Stephen Cheikes. Two of the three Audit Committee members are considered "Independent" and all three are "financially literate" as those terms are defined in National Instrument 52-110. All three members of the Audit Committee have extensive public company experience having served as directors of public companies and/or audit committee members.

A copy of the Audit Committee Charter is attached hereto as Schedule "A".

The Audit Committee provides review and oversight of the Company's accounting and financial reporting process, and the audit process, including the selection, oversight and compensation of the Company's external auditor. Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Audit Fees

For the year ended January 31, 2015, the Company's has accrued \$90,000 for all audit fees and \$10,000 for all non-audit related fees (combined audit and non-audit related fees were \$102,200 for the year ended January 31, 2014).

The Company, as a "venture issuer," is relying on the exemption in section 6.1 of National Instrument 52-110 *Audit Committees*.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, or controls or directs, directly or indirectly, common shares of the Company, or a combination of both, carrying more than ten percent of the voting rights attached to the outstanding common shares of the Company (an "Insider"); (c) director or executive officer of a person or company that is itself an Insider or subsidiary of the Company; or (d) any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction that has materially affected or would materially affect the Company, except with respect to an interest arising from the ownership of common shares of the Company where such person or company will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of common shares of the Company.

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

Except as otherwise set out herein, none of the directors or executive officers of the Company, no management proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the beginning of the Company's last completed financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities of otherwise, in any matter to be acted on at the meeting.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Appointment of Auditor

Management proposes that Collins Barrow Calgary LLP ("Collins Barrow") be appointed as Auditors of the Company for the ensuing year. Collins Barrow were appointed as auditors effective October 23, 2012.

2. Election of Directors

Management proposes that the number of directors of the Company for the ensuing year be fixed at 6, subject to such increases as may be permitted by the Articles of the Company.

The term of office of each of the 6 present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the

accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of the shareholders of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the By-laws of the Company, or with the provisions of the Act. No class of shareholders of the Company has the right to elect a specified number of directors or to cumulate their votes with respect to the election of directors. The Articles of the Company provide that the Board of Directors of the Company may appoint one or more directors between annual meetings of shareholders, to hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided the total number of directors so appointed does not exceed one-third the number of directors elected at the last annual meeting of shareholders nor the maximum number of directors set out in the Articles of the Company. The Company does not have an executive committee of its Board of Directors.

The following table sets out the names of the nominees for election as directors, the jurisdiction in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company and the number of common shares of the Company or any of its subsidiaries beneficially owned, controlled or directed, directly or indirectly, by each, as at the date hereof.

Name, Position and Province/ State and Country of Residence⁽¹⁾	Principal Occupation or Employment⁽¹⁾	Period as a Director of the Company	No. of Shares⁽¹⁾
STEPHEN G. CHEIKES ⁽²⁾ Director British Columbia, Canada	Co-Chairman and Chief Executive Officer of Monarch Entertainment Corp., an entertainment finance company.	November 13, 1996 to date	887,815
JAMES PODRUSKI ⁽³⁾ Director Alberta, Canada	Consulting Petroleum Geologist	July 19, 2006 to date	3,333
CAMERON WHITE ⁽²⁾ Director British Columbia, Canada	COO of Thunderbird Films Inc.	November 1, 2001 to date	1,474,950
DAVID EVANS ⁽²⁾ Director and Chairman Calgary, Alberta	Chairman of the Company	June 2, 2008 to date	296.958
RICK IRONSIDE ⁽³⁾ Director DeWinton, Alberta	CEO of Artisan Energy	June 2, 2008 to date	238,887
ALAN J. WALKER ⁽³⁾ Director Salt Lake City, Utah	USTAR (Utah Science Technology and Research) – Technology Outreach Director	May 16, 2011 to date	0
RUPERT EVANS Director, President and CEO Calgary, Alberta	President and CEO of the Company	July 21, 2014 to date	0

Notes:

- (1) The information as to jurisdiction of residence, principal occupation and shares beneficially owned, controlled or directed, directly or indirectly is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Member of the Audit Committee
- (3) Member of the Reserves Committee

To the knowledge of management of the Company, no proposed director (including any personal holding company of a proposed director):

- (a) is, as at the date of this Circular, or has been, within the preceding 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that
 - (i) was subject to a cease trade or similar order (including a management cease trade order whether or not such person was named in the order) or an order that denied the relevant company access to any exemption under securities legislation, that was in effect, for a period of more than 30 consecutive days (an "Order"), while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an Order that was issued after such person 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;
- (b) is, as at the date of this Circular, or has been within the preceding 10 years, a director or executive officer of any company (including the 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; or
- (c) has, within 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, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to:
 - (i) 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 since December 31, 2000, or before December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security-holder in deciding whether to vote for a proposed director; or
- (e) is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

3. Annual Ratification of Stock Option Plan

The Company has a Stock Option Plan in place that has been approved by the Company's shareholders (the "**Plan**") and which provides that 10% of the issued and outstanding common shares of the Company on a "rolling" basis are reserved for issuance pursuant to the exercise of options granted under the Plan.

The purpose of the Plan is to provide an incentive to the Company's directors, senior officers, employees and consultants to continue their involvement with the Company, to increase their efforts on the Company's behalf and to attract qualified new directors, senior officers and employees.

The Plan is administered by the Board of Directors of the Company (the "**Board**"). A full copy of the Plan is available to shareholders of the Company upon request and will be available at the Meeting.

The following is a brief description of the principal terms of the Plan, which description is qualified in its entirety by the terms of the Plan:

1. The maximum number of common shares of the Company that may be reserved for issuance pursuant to stock options granted under the Plan shall not exceed 10% of the issued capital of the Company as at the date of the grant of any stock option under the Plan.
2. The exercise price of the stock options, as determined by the Board in its sole discretion, shall not be less than the minimum price permitted by the policies of the TSX Venture Exchange (the “**Exchange**”). The current policies of the Exchange provide that the exercise price for stock options must not be less than the greater of \$0.10 and the last closing price of the Company’s shares before the date of grant, less a maximum discount of 25% where the closing price was up to \$0.50, 20% where the closing price was \$0.51 to \$2.00 and 15% where the closing price was above \$2.00, subject to adjustment in the event of a recent share consolidation or announcement of material information.
3. The granting of stock options under the Plan is restricted as follows:
 - (a) The aggregate number of common shares that may be reserved for issuance for a stock option to any one individual in a 12 month period must not exceed 5% of the issued shares of the Company at the time of grant of the stock option;
 - (b) The number of options granted to a consultant in a 12 month period must not exceed 2% of the issued shares of the Company at the time of grant of the stock option; and
 - (c) The aggregate number of options granted to employees involved in investor relations activities must not exceed 2% of the issued shares of the Company in any 12 month period, at the time of grant of the stock option.
4. The term of exercise of stock options under the Plan is a maximum of five years from the date of grant provided that in the event of the optionee’s death, the exercise period shall not exceed the lesser of one year from the date of the optionee’s death and the expiry date of the stock option. In addition, stock options may only be exercised until the earlier of the expiry date and a period of not more than 90 days after the optionee ceases to be a qualified optionee, except in the case of persons providing investor relations activities to the Company where it is limited to the earlier of the expiry date and a period of not more than 30 days after such optionee ceases to be a qualified optionee.
5. All options shall be non-assignable and non-transferable except as between an optionee and a wholly owned personal corporation, with the consent of the Exchange.
6. A “disinterested shareholder vote” is required to approve the decrease in the exercise price of stock options previously granted to insiders prior to the exercise of such repriced stock options, or to approve the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the issued common shares of the Company.

Under the policies of the Exchange, “rolling” stock option plans are required to be approved by the shareholders annually. Accordingly, the Company is seeking annual approval by the shareholders of the Plan at the Meeting pursuant to the policies of the Exchange.

At the Meeting therefore, the shareholders of the Company will be asked to pass an ordinary resolution in substantially the following form:

“RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

- (a) the Company’s Stock Option Plan previously approved by shareholders is hereby confirmed, ratified and re-approved;
- (b) the Company’s directors are hereby authorized until the date of the next annual meeting of shareholders of the Company to grant stock options pursuant to the terms and conditions of the Stock Option Plan entitling the holders to purchase such number of common shares as is equal to up to a maximum of 10% of the issued and outstanding common shares of the Company determined at the time of each grant of stock options; and
- (c) any director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

In accordance with the terms of the Plan and the policies of the Exchange, amendments to the Plan are subject to acceptance for filing by the Exchange and may be subject to the approval of the Company’s shareholders. Under the policies of the Exchange, if the grants of options under the Plan, together with all of the Company’s outstanding stock options, could result at any time in:

- a) the number of shares reserved for issuance pursuant to stock options granted to insiders of the Company exceeding 10% of the issued common shares of the Company;
- b) the grant to insiders of the Company, within a 12-month period, of a number of options exceeding 10% of the issued common shares of the Company; or
- c) the issuance to any one optionee, within a 12-month period, of a number of shares exceeding 5% of the issued common shares of the Company;

such shareholder approval must be “disinterested shareholder approval”. As the Plan is limited so as to prevent any of these events from occurring, “disinterested shareholder approval” is not required at this meeting.

The policies of the Exchange and the terms of the Plan also provide that “disinterested shareholder approval” will be required for any agreement to decrease the exercise price of options previously granted to insiders of the Company – no such agreements are being brought before the Meeting.

The term “disinterested shareholder approval” means approval by a majority of the votes cast at the Meeting other than votes attaching to shares of the Company beneficially owned by insiders of the Company to whom options may be granted under the proposed amendment to the Plan and associates of such persons. The term “insiders” is defined in the policies of the Exchange and generally includes directors and senior officers of the Company and its subsidiaries and holders of greater than 10% of the voting securities of the Company. The term “associates” is also defined in the policies of the Exchange.

Unless otherwise directed, the persons named as Management Appointees, if named as proxy, intend to vote in favour of this ordinary resolution. If the Plan is not re-approved by the shareholders, the Company will not be in a position to offer increased incentives to its directors, officers, employees and independent consultants.

4. Approval of Excalibur Partners XX, LP Financing

On March 11, 2015 the Company entered into an agreement with Excalibur Partners XX, LP (“Excalibur”) whereby Excalibur will provide a bridge loan of up to US\$3.0 million that will be focused on re-working and re-activating up to 14 previously drilled development wells (“PDNP Wells”) in order to increase cash flows and reserves (the “Excalibur Financing”). Excalibur is a Texas Limited Partnership and an arm’s length party to the Company.

The Excalibur Financing consists of a one year term subordinated debt carrying an interest rate of 15% (18% if the Company chooses to accrue interest payments). Excalibur will also receive a 6% gross over-riding royalty on production from the PDNP Wells, which will be expanded to cover all Gordon Creek production if the facility is not repaid within six months. The royalty can be repurchased by the Company at any time for US\$1.68 million. If the loan is not repaid within six months, Excalibur will receive, until the loan is repaid, an additional 60% gross over-riding royalty on the PDNP wells, the proceeds of which will be applied to the outstanding principal and interest. Pursuant to the Excalibur Financing, Excalibur will also receive, subject to TSX Venture Exchange (“TSX-V”) approval and subject to anti-dilution adjustments, three year warrants to purchase up to 5,510,971 shares of the Company (the “Warrant Shares”) at a price of \$0.06 per share (the “Warrants”).

The Warrants are transferable, permit Excalibur to elect to use the principal, interest and/or Royalties (whether paid or accrued) as payment for the Warrant Shares and, in addition to standard adjustment provisions, provide that:

- (a) if the Company issues any additional shares following the closing of the Excalibur Financing (including, but not limited to, all classes of shares, warrants, rights to subscribe for shares and securities convertible into any share class) the shares issued subject to the investment shall be adjusted on a full ratchet basis, namely, the adjustment will be made by (i) allowing the holder of the Warrants (“Holder”) to take advantage of the lowest price paid by the purchasers of the additional shares, and (ii) the issuance of additional Warrants or shares, as the case may be, to the Holders, so that the ownership of the Holders after the dilutive issuance shall be set equal to the ownership that the Holders would have had in the absence of the dilutive issuance;
- (b) **Tag Along Rights:** In the event that Company or its shareholders accepts a third party offer to sell substantially all of the assets or Stock of Company, Company shall provide Holder thirty day (30) written notice of the proposed sale. The Holder shall have the right to participate in any proposed third party sale by providing written notice (the "Tag-Along Notice") to the Company within thirty (30) days after the receipt of the third party offer notice. Holder shall have the right to sell, at the same price and upon identical terms and conditions as are to be applicable to the sale of the subject stock by Company, all of its stock and shall receive its Tag-Along Percentage of the Aggregate Purchase Price paid for all stock. If the Tag-Along Notice is not provided by the Holder within such 30-day period, the Holder will be treated as having declined to exercise its tag-along rights. As used herein, the term "Tag-Along Percentage" means, with respect to a shareholder, the percentage of the proceeds of the sale of all stock which would be received by such Member if (i) all of the assets of the Company had been sold to such third party for the aggregate purchase price, (ii) all indebtedness and other obligations of the Company had been assumed and paid by such third party and (iii) the aggregate purchase price had been applied to the payment of distributions to the Shareholders set forth in the Company’s bylaws; and
- (c) **Drag-Along Rights:** In the event that Company or its shareholders accepts a third party offer to sell substantially all of the assets or Stock of Company, Company shall have the right to require Holder to sell all, but not less than all, of his or her stock at such price that Company may negotiate with such third party buyer, but in no event at a price less than the Book Value of the Company (in the aggregate).

The Warrants also provide that, at Closing, Holder shall have the right to name one (non-voting) representative to attend and observe Company board of directors meetings. Upon exercise of the Warrants, Holder shall have the right to elect one voting member of the Company board of directors. Company shall reimburse Holders nominee (to initially be Mark A. Anderson) travel expenses incurred in attending such meetings.

Assuming the exercise in full of the Warrants, the Warrant Shares issued on such exercise will represent 21% of the issued and outstanding common shares of the Company on a fully diluted basis. As noted above, the issuance of the Warrants to Excalibur is subject to TSX-V approval. TSX-V policies typically require shareholder approval of any issuance of securities that creates, or is part of a series of transactions that results in the creation of, a new Control Person (as defined in TSX-V Policy 1.1). Upon exercise in full of the Warrants by Excalibur and issuance of the Warrant Shares to Excalibur, Excalibur will become a Control Person of the Company since it will hold more than 20% of the outstanding voting shares of the Company.

The Board of Directors recommends that you vote FOR the ordinary resolution to approve the issuance of the Warrants to Excalibur pursuant to the Excalibur Financing and the consequent creation of Excalibur as a new Control Person of the Company. At the Meeting therefore, the shareholders of the Company will be asked to pass an ordinary resolution in substantially the following form:

“RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

- (a) the issuance of Warrants to purchase up to 5,510,971 shares of the Company at a price of \$0.06 per share for three years to Excalibur Partners XX, LP (“Excalibur”), pursuant to the terms of the Excalibur Financing (as described in the Management Proxy Circular dated June 23, 2015, and the consequent creation of Excalibur as a new Control Person (as defined in TSX Venture Exchange Policy 1.1) of the Company, is hereby approved; and
- (b) any director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and deliver all documents and instruments and to take such other actions as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.”

Unless otherwise directed, the persons named as Management Appointees, if named as proxy, intend to vote in favour of this resolution.

PERCENTAGE OF VOTES REQUIRED TO PASS RESOLUTIONS

An ordinary resolution of the shareholders requires an affirmative vote of a majority of the votes cast by the shareholders who voted in respect of that resolution in person or by proxy at the Meeting. A special resolution of the shareholders requires an affirmative vote of not less than 2/3 of the votes cast by the shareholders who voted in respect of that resolution in person or by proxy at the Meeting.

PROPOSALS

April 2, 2016 is the final date by which the Company must receive a proposal for any matter that a person entitled to vote at an annual meeting of the Company proposes to raise at the next annual meeting and have included in the management proxy circular in respect thereof.

ADDITIONAL INFORMATION

Additional information relating to the Company will be available prior to the annual general meeting on the Company's SEDAR web page at www.sedar.com. A copy of the following documents may be obtained, without charge, upon request to the Chief Executive Officer of the Company at 1350 734 7th Avenue SW, Calgary, Alberta, T2P 3P8, Phone: (403-453-1608), Fax: (403-453-1609):

- (a) the comparative financial statements of the Company for the financial year ended January 31, 2015 together with the accompanying report of the auditor thereon and related Management Discussion and Analysis and any interim financial statements of the Company for periods subsequent to January 31, 2015 and related Management Discussion and Analysis; and
- (b) this Circular.

APPROVAL

The contents and the sending of this Circular have been approved by the directors of the Company.

**BY ORDER OF THE BOARD OF DIRECTORS
OF GORDON CREEK ENERGY INC.**

(signed) "Rupert Evans"

Rupert Evans
Chief Executive Officer

SCHEDULE “A”

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF GORDON CREEK ENERGY INC. (the “Company”)

THE AUDIT COMMITTEE CHARTER

1 OVERALL PURPOSE / OBJECTIVES

The committee will provide independent review and oversight of the Company’s financial reporting process and will manage the relationship between the Company and its external auditors, including overseeing the audit process and recommending to the Board the nomination and compensation of such external auditors. The committee will also assist the Board in fulfilling its responsibilities in reviewing the Company’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors of the Company and will monitor the independence of those auditors. The committee will also be responsible for reviewing the Company’s financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company’s business, operations and risks.

2 AUTHORITY

The board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of Company officers at meetings as appropriate.

3 ORGANIZATION

3.1 Membership

- a. The committee will be comprised of at least three members, a majority of whom should meet the following independence and qualification requirements:
 - (i) A committee member may not, other than in his or her capacity as a member of the committee, Board or any other committee of the Board, accept directly or indirectly any consulting, advisory or other compensatory fee from the Company. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the committee member, or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the Company.
 - (ii) A committee member may not have been employed by the Company or any of its affiliates in the current or past three years.
 - (iii) A committee member may not be an affiliate of the Company or any of its subsidiaries.
- b. The chairman of the committee will be nominated by the committee from time to time.
- c. A quorum for any meeting of the committee will be two members.
- d. The secretary of the committee will be such person as nominated by the chairman.

3.2 Attendance at Meetings

- a. The committee may invite such other persons (e.g. the Chief Financial Officers, Chief Executive Officer or external auditors) to its meetings, as it deems appropriate.

- b. Meetings shall be held not less twice per year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- c. The proceedings of all meetings will be minuted.

3 ROLES AND RESPONSIBILITIES

The committee will:

- 3.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 3.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 3.3 Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
- 3.4 Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
- 3.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 3.6 Review any legal matters which could significantly impact the financial statements as reported on by the Company's legal counsel and meet with such counsel whenever deemed appropriate.
- 3.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis in respect thereof and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board that the annual and quarterly financial statements be included in the Company's securities filings.
- 3.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 3.9 Focus on judgmental areas, for example those areas involving valuation of assets and liabilities and other commitments and contingencies.
- 3.10 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 3.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 3.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
 - a. actual financial results for the interim period varied significantly from budgeted or projected results;
 - b. generally accepted accounting principles have been consistently applied;
 - c. there are any actual or proposed changes in accounting or financial reporting practices;
 - d. there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

- 3.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 3.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
- 3.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The committee will obtain from the external auditors, on an annual basis, a formal written statement delineating all relationships between the external auditors and the Company.
- 3.16 Evaluate and, if and when appropriate, recommend to the Board selection, compensation or replacement of the external auditors.
- 3.17 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately, including the results of the external auditors' review of the adequacy and effectiveness of the Company's accounting and financial controls.
- 3.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 3.19 Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 3.20 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 3.21 Perform other functions as requested by the full Board.
- 3.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 3.23 Review and update the charter; receive approval of changes from the Board.
- 3.24 Work with the Board to determine an appropriate annual budget for the committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the committee.
- 3.25 Create specific procedures for the receipt, retention and treatment of complaints regarding the Company's accounting, internal accounting controls and auditing matters. These procedures will include, among other things, provisions for the confidential treatment of complaints and anonymity for employees desiring to make submissions.