# EGUANA TECHNOLOGIES INC.

**NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS**
**October 29, 2014**

The annual and general meeting ("**Meeting**") of holders of common shares, of series 7 preferred shares, of series 9 preferred shares, of series 10 preferred shares, of series 11 preferred shares, of series 12 preferred shares, of series 13 preferred shares, of series 14 preferred shares, of series 15 preferred shares (collectively known as "**Voting Shares**"), and of the series 8 preferred share of Eguana Technologies Inc. ("**Corporation**") will be held on Wednesday, October 29, 2014 at Bow Valley Square, Conference Center, Third Floor, 205 - 5th Avenue SW, Calgary, Alberta at 2:30 PM MDT for the following purposes:

1. to receive the audited financial statements for the financial year ended September 30, 2013;

2. to set the number of directors at five and to elect directors;

3. to appoint auditors and authorize the directors to fix the auditors' remuneration;

4. to authorize an amended stock option plan; and

5. to transact such other business as may properly be brought before the Meeting.

Shareholders are referred to the accompanying Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

The Board of Directors has fixed the close of business on September 19, 2014 as the record date for determining holders of Voting Shares who are entitled to vote at the Meeting.

Holders of Voting Shares who are unable to be present at the Meeting are requested to date, sign, and return the accompanying form of proxy to TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 or by fax 416-595-9593 or by voting online: www.voteproxyonline.com, prior to 4:30 PM EDT on October 27, 2014, being at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment.

Dated the 19th day of September, 2014

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Michael Carten"*

_____

Michael Carten
President and Chief Executive Officer

**EGUANA TECHNOLOGIES INC.**

**Management Information Circular**

dated September 19, 2014

**for the Annual and General Meeting to be held on October 29, 2014**

## SOLICITATION OF PROXIES

This management information circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management of Eguana Technologies Inc. ("**Corporation**") for use at the annual and general meeting ("**Meeting**") of holders of Voting Shares ("**Shareholders**") to be held on October 29, 2014 at 2:30 PM MDT at Bow Valley Square, Conference Center, Third Floor, 205 - 5th Avenue SW, Calgary, Alberta.

The record date for the purpose of determining holders of Voting Shares is September 19, 2014 ("**Record Date**"). Shareholders of record on that date are entitled to receive notice of and attend the Meeting and vote his shares, except to the extent that a registered Shareholder has transferred the ownership of any shares subsequent to the Record Date and the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he owns the shares and demands, not later than 10 calendar days before the Meeting, that his name be included on the Shareholder list, in which case, the transferee will be entitled to vote his shares at the Meeting.

This solicitation is made on behalf of management. The Corporation will bear the costs incurred in the preparation and mailing of the Meeting materials. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by directors, officers and employees of the Corporation who will not be remunerated for their services.

## APPOINTMENT AND REVOCATION OF PROXIES

**The persons named in the enclosed form of proxy are officers and directors of the Corporation. As a Shareholder, you have the right to appoint a person, who need not be a Shareholder, to represent you at the Meeting. To exercise this right you should insert the name of your representative in the blank space provided on the form of proxy and strike out the other names or submit another appropriate proxy.** The form of proxy should be dated and executed by the Shareholder or an attorney, authorized in writing and with proof of the authorization attached. A proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting his shares in person.

A form of proxy will not be valid for the Meeting or any adjournment unless it is completed and delivered to TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 no later than 4:30 PM EDT on Monday, October 27, 2014 or any adjournment thereof. You may also send your proxies by fax to (416) 595-9593 or vote your shares online at www.voteproxyonline.com.

**The Voting Shares represented by the Shareholder proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and that, if the Shareholder specifies a choice with respect to the any matter to be acted upon, the Voting Shares will be voted accordingly.**

A Shareholder may revoke his proxy at any time prior to a vote. 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 authorized attorney in writing, or, if the Shareholder is a company, under its

corporate seal by an officer or attorney duly authorized, either at the registered office of the Corporation or with TMX Equity Transfer Services, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment at which the proxy is to be used, or with the Chair of the Meeting on the day of the Meeting, or any adjournment.

### ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold the common shares ("**Common Shares**"), series 7 preferred shares ("**Series 7 Shares**"), series 9 preferred shares ("**Series 9 Shares**"), series 10 preferred shares ("**Series 10 Shares**"), series 11 preferred shares ("**Series 11 Shares**"), series 12 preferred shares ("**Series 12 Shares**"), series 13 preferred shares ("**Series 13 Shares**"), series 14 preferred shares ("**Series 14 Shares**"), series 15 preferred shares ("**Series 15 Shares**") ( collectively known as "**Voting Shares**") or the series 8 preferred share ("**Series 8 Share**") in their own name ("**Beneficial Shareholders**").

Shareholders who do not hold their Voting Shares in their own name should note that only proxies deposited by Shareholders who appear on the records of the registrar and transfer agent will be recognized at the Meeting. If the Voting Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Voting Shares will, in all likelihood, not be registered in the Shareholder's name. Without specific instructions, brokers and their nominees are prohibited from voting shares held by Beneficial Shareholders.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every broker and other intermediaries have their own mailing procedures and provide their own return instructions to clients which should be carefully followed by Beneficial Shareholders in order to ensure that their Voting Shares are voted at the Meeting. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada ("**Broadridge**"). Broadridge mails a Voting Information Form ("**VIF**") asking the Beneficial Shareholders to return the VIF to Broadridge by mail or by way of the Internet or telephone. A Beneficial Shareholder who receives a VIF cannot use that VIF to vote directly at the Meeting.

All reference to Shareholders in this Circular, the form of proxy and Notice are to registered Shareholders unless specifically stated otherwise.

### NOTICE-AND-ACCESS

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* for the Meeting in respect of the mailing of the Meeting materials to Shareholders. The notice-and-access provisions are a new set of rules developed by the Canadian Securities Administrators that reduce the volume of materials required to be physically mailed to shareholders by allowing a reporting issuer to post its proxy-related meeting materials on a website.

### REQUEST FOR FINANCIAL STATEMENTS

National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") sets out the procedures, for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Series 7 Shares, of Series 8 Shares, of Series 9 Shares, of Series 10 Shares, of Series 11 Shares, of Series

12 Shares, of Series 13 Shares, of Series 14 Shares and of Series 15 Shares. As at September 19, 2014 ("**Record Date**"), there were 38,231,519 Common Shares, 623,850 Series 7 Shares, one Series 8 Share, 53,236 Series 9 Shares, 80,000 Series 10 Shares, 50,000 Series 11 Shares, 50,000 Series 12 Shares, 50,000 Series 13 Shares, 50,000 Series 14 Shares, and 62,000 Series 15 Shares issued and outstanding.

The holders of Common Shares are entitled to one vote for each Common Share held on all matters to be considered and acted upon at the Meeting. The holders of Series 7 Shares are entitled to 6 votes for each Series 7 Share held, the holders of Series 9 Shares are entitled to 6 votes for each Series 9 Share held, the holders of Series 10 Shares are entitled to 7 votes for each Series 10 Share held, the holders of Series 11 Shares are entitled to 8 votes for each Series 11 Share held, the holders of Series 12 Shares are entitled to 12 votes for each Series 12 Share, the holders of Series 13 Shares are entitled to 25 votes for each Series 13 Share, the holders of Series 14 Shares are entitled to 95 votes for each Series 14 Share, and the holders of Series 15 Shares are entitled to 83 votes for each Series 15 Share held on all matters to be considered and acted upon at the Meeting.

The holder of the Series 8 Share is entitled to receive notice of and to attend all meetings of the Shareholders and, except for the right to designate one director to the Board of Directors (being Mr. George Powlick) or as otherwise required by the *Business Corporations Act* (Alberta), the holder of the Series 8 Share is not entitled to vote at any meeting of the Shareholders. Subject to the foregoing, as long as DHCT II Luxembourg S.a.r.l. ("**DHCT**"), together with its affiliates, own in the aggregate more than 10% of the issued and outstanding Common Shares and any non-voting common shares on a fully-diluted basis (calculated as the number of Common Shares and non-voting common shares that would be outstanding if all rights to acquire Common Shares and non-voting common shares were exercised, excluding for the purposes of this calculation, all Common Shares issuable upon the conversion of any options under any stock option plan of the Corporation), the holder of the Series 8 Share, voting separately as a class, shall have the right to designate and elect one director from time to time, at the meetings of the Shareholders and/or between meetings of the Shareholders, and shall not, only in its capacity as holder of the Series 8 Shares, be entitled to vote in the election of the remaining directors of the Corporation.

To the knowledge of the directors and management, as at the Record Date, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities carrying more than 10% of the voting rights attached to all classes of voting securities of the Corporation, other than as follows:

| Name and Province/ Country of Residence | Number and Class of Shares | Percentage of Class Outstanding | Percentage of Outstanding Voting Shares |
|---|---|---|---|
| DHCT II Luxembourg S.a.r.l.[1] Luxembourg | 450,000 Series 7 Shares | 72.13% Series 7 Shares | 30.1% |
| | 50,000 Series 9 Shares | 93.92% Series 9 Shares | |
| | 80,000 Series 10 Shares | 100% Series 10 Shares | |
| | 50,000 Series 11 Shares | 100% Series 11 Shares | |
| | 50,000 Series 12 Shares | 100% Series 12 Shares | |
| | 50,000 Series 13 Shares | 100% Series 13 Shares | |
| | 50,000 Series 14 Shares | 100% Series 14 Shares | |
| | 6,000,000 Common Shares | 15.69% Common Shares | |

[1]DHCT II Luxembourg S.a.r.l. holds 1,250,000 warrants to acquire 1,250,000 common shares at $0.50 until December 27, 2017 and 3,529,411 warrants to acquire 3,529,411 common shares at $0.17 until May 1, 2018.

## BUSINESS OF THE MEETING

### FINANCIAL STATEMENTS

The board of directors ("**Board**") has approved the audited financial statements for the year ended September 30, 2013, the report of the auditor thereon, and the unaudited financial statements for the interim period ended June 30, 2014. These financial statements have been mailed to registered and beneficial shareholders that responded to the Corporation's request card. The financial statements are available on the Corporation's SEDAR profile at www.sedar.com and will be presented at the Meeting.

### FIX NUMBER OF DIRECTORS

Shareholders will be asked to vote in favour of the resolution to fix the number of directors to be elected at the Meeting at five.

### ELECTION OF DIRECTORS

There are currently five directors and their term of office will expire at the Meeting. Management proposes that five directors be elected at the Meeting. The holder of the Series 8 Share intends to elect Mr. Powlick as a director. The following table sets forth the nominees, positions with the Corporation, their principal occupations, periods during which they have served as directors and the number of voting shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction.

| Name and Residence | Position Currently Held | Principal Occupation | Director Since | Number of Voting Shares Held |
|---|---|---|---|---|
| Michael Carten[1,2]<br>Alberta, Canada | President, CEO and Chairman | President, CEO and Chairman of the Corporation | September 1999 | 535,336 common shares<br>12,500 Series 7 preferred shares |
| K. Andrew Gustajtis<br>Ontario, Canada | Director | Vice President and Managing Director of D&D Securities Company, an investment dealer | August 2012 | 254,518 common shares<br>38,600 Series 7 and 2,000 Series 9 preferred shares |
| Gregory Nelson<br>Arizona, USA | Director | Executive Vice President of the Corporation from January 2009 until April 2010 when he retired; currently an advisor to the Corporation | April 2008 | 120,000 common shares |
| Robert Penner[1]<br>Alberta, Canada | Director | Retired from KPMG since April 2004 | July 2004 | 199,900 common shares<br>3,000 Series 15 preferred shares |

| Name and Residence | Position Currently Held | Principal Occupation | Director Since | Number of Voting Shares Held |
|---|---|---|---|---|
| George W Powlick[1, 3] California, U.S.A. | Director | Managing Director of Doughty Hanson & Co, a private investment company | May 2009 | Nil |

[1]Member of the Audit Committee and Corporate Governance Committee
[2]Mr. Carten holds his shares directly and indirectly through Michael Professional Corporation, CWT Power International Ltd. and Sustainable Energy Technologies Inc.
[3]Designated appointee of DHCT

*Penalties, Sanctions, Cease Trade Orders or Bankruptcies*

No proposed director, within 10 years before the date of this Circular, has been, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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 (collectively, an "**Order"**) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was 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, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director 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, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, except as noted below.

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

Mr. Penner was a director of Storm Cat Energy Corporation ("**Storm Cat**") of which all of the wholly owned subsidiaries filed a voluntary petition on November 10, 2008 for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado. Storm Cat was not included in the U.S. bankruptcy filing, nor did it file an application for creditor protection under the *Companies' Creditors Arrangement Act* in Canada.

## APPOINTMENT OF AUDITORS

The Shareholders will be asked to vote for the appointment of BDO Canada LLP, Chartered Accountants, Calgary, Alberta as auditors until the close of the next annual meeting at such remuneration as may be approved by the Board. For the purposes of Part 4.11 of National Instrument 51-102, BDO Canada LLP, Chartered Accountants, are deemed to have been appointed auditors since September 5, 2013.

## AMEND THE STOCK OPTION PLAN

The Corporation currently has a Fixed Number Stock Option Plan ("**Plan**") whereby 5,233,558 stock options can be granted pursuant to the Plan. The Plan has served as an integral component of the Corporation's compensation system.

As of September 19, 2014 there are 3,086,119 stock options granted and 2,147,439 Common Shares reserved for future grants. The Corporation has 38,231,519 issued and outstanding Common Shares and therefore would like to increase the number of Common Shares reserved pursuant to the Plan to 7,646,303 shares which would give management and the Board of Directors more flexibility to reward current employees and to provide a competitive employment package to new employees.

The proposed amended Plan is attached as Appendix C to this Circular. Management does not contemplate any further amendments to the Plan which terms were approved by Shareholders at the meeting held on October 29, 2013. Management is asking Shareholders to approve the following resolution:

"BE IT RESOLVED as an ordinary resolution that:

1. the stock option plan of the Corporation in substantially the form attached as Appendix C to the Circular ("**Amended Plan**") be and is hereby approved and adopted as the stock option plan of the Corporation;

2. the form of the Amended Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;

3. all issued and outstanding stock options previously granted under the Plan are hereby continued under and governed by the Amended Plan;

4. the Shareholders hereby expressly authorize the Board to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and

5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

## AUDIT COMMITTEE

## AUDIT COMMITTEE CHARTER

The charter is attached as Appendix A.

## COMPOSITION OF THE AUDIT COMMITTEE

The Committee consists of Michael Carten, Robert Penner and George Powlick. Messrs. Carten, Penner and Powlick are all considered financially literate however, only Mr. Penner and Mr. Powlick are considered independent. Michael Carten is the President and CEO and is not independent as defined by National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

## RELEVANT EDUCATION AND EXPERIENCE

Michael Carten, LLB is co-founder, President, CEO and Chairman and has led the Corporation from proof of concept through the product development and commercialization process to full production. Mr Carten has more than 30 years experience in the conventional and alternative energy industry. Mr. Carten holds a BA from Loyola College (Université de Montréal) and a Bachelors of Law from Dalhousie Law School.

Robert Penner CA is a chartered accountant and independent consultant. Prior to becoming a consultant, Mr. Penner was a senior tax partner with KPMG LLP where he worked from 1979 to 2004.

George Powlick is Managing Director of Doughty Hanson Technology Ventures based in London, England. Mr. Powlick has been an active venture capitalist since 1995 in Silicon Valley and in Europe. He holds an MBA from Anderson School of Business at UCLA and a BSc in materials science and engineering from the University of California, Berkeley.

## AUDIT COMMITTEE OVERSIGHT

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

## RELIANCE ON CERTAIN EXEMPTIONS

Since the commencement of the Corporation's most recently completed financial year, it has not relied on the exemption in section 2.4 (*De Minimus Non-audit Services)* or an exemption granted under Part 8 *(Exemptions)* of NI 52-110 *Audit Committees*.

## PRE-APPROVAL POLICIES AND PROCEDURES

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

## EXTERNAL AUDITOR SERVICE FEES

The aggregate fees billed by the external auditors in each of the last two fiscal years for audit and other fees are as follows:

| Financial Year Ending | Audit Fees[1] | Audit Related Fees[2] | Tax Fees[3] | All Other Fees |
|---|---|---|---|---|
| 2013 | $211,907 | Nil | Nil | Nil |
| 2012 | $157,322 | $67,731 | Nil | Nil |

[1]Fees paid for the audit of the annual financial statements and other regulatory audits and fillings
[2]Fees paid for services related to the audit services
[3]Fees paid for tax compliance, tax advice, tax planning and advisory services

**EXEMPTION**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Committee and its reporting obligations under NI 52-110.

## EXECUTIVE COMPENSATION

*Objectives and Philosophy of the Compensation Program*

The overall compensation program is intended to attract and retain competent, committed individuals who will ensure the long-term success of the Corporation by rewarding performance and contributions to the achievement of corporate goals and objectives. The Corporation strives to maintain alignment between the interests of Shareholders with those of executives and key employees. To this end, salaries for the Chief Executive Officer and certain of the key employees, have been held significantly below market, and employees and executives have been awarded stock options, allowing the Corporation to offer a competitive compensation package and encouraging investment in the Corporation.

*Criteria for Compensation*

The compensation policy is based largely upon the market value of the type of job the individual performs, the experience, skills, knowledge and responsibilities of the individual and their level of individual performance.

*Elements of Compensation and Determination of Amounts for Each Element*

The Corporation strives to provide a competitive compensation package, with a direct link to corporate performance, by emphasizing the components of cash and stock options to motivate highly qualified personnel. To this end, the Corporation compensates its executive officers through base salary and the award of stock options to acquire Common Shares ("**Options**") under the stock option plan ("**Option Plan**"), all at levels which the Corporation believes are reasonable in light of the performance of the Corporation under the leadership of the executive officers.

*Base Salary*

Base salary is intended to compensate core competencies in the executive role relative to skills, level of responsibility, industry experience, individual performance and contribution to the growth of the Corporation. Base salary provides fixed compensation determined by reference to competitive market information. Salaries of certain executive officers have historically been kept significantly below those of the industry and general marketplace because a greater emphasis is placed on Options in order to better align the interests of executives with those of Shareholders. Base salaries for executive officers are reviewed annually by the Board of Directors to ensure they are appropriate so as to protect the ability of the Corporation to hire and retain key personnel.

*Options*

Long-term equity-based incentive compensation through the granting of Options is an important element of the compensation policy because it rewards long-term performance by allowing executive officers and employees to participate in the long-term market appreciation of the Common Shares and the overall growth of the Corporation. The Board believes that the granting of Options is required for the Corporation to be competitive from a total remuneration standpoint and to encourage retention. The granting of Options also promotes the alignment of interests of Shareholders and executives.

With respect to the granting of Options, the Board reviews the recommendation of the CEO regarding Option awards. The CEO bases his decision upon the seniority, level of responsibility and the contribution of each individual toward the Corporation's goals and objectives. Consideration is also given to the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options.

The Option Plan allows for a maximum number of shares which can be issued at 5,233,558, subject to Shareholder approval at this Meeting. Pursuant to the terms of the Option Plan, the Board has the discretion to determine the fixed term of the option, which shall not exceed ten years, and vesting provisions of the stock options at the time of granting, including earlier termination provisions for the stock options. The Board shall have the discretion to amend the date upon which stock options will terminate on a case by case basis.

*Benefits*

The NEOs are eligible to participate in the same benefits as offered to all full-time employees. The Corporation does not view these benefits as a significant element of its compensation structure but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

*Compensation Governance*

The Board has considered the implications of the risks associated with the Corporation's compensation policies and practices. Neither an officer nor a director are permitted to purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the officer or director.

*ASSESSMENT OF COMPENSATION*

The compensation of the President and CEO is determined by the Board and the compensation for all other executive officers is determined by the Board after consideration of the recommendations of the President and CEO.

The Corporation recognizes that past and future success of the Corporation relies on its people and strives to foster compensation packages that promote the attraction, retention and development of quality personnel. Although salaries have historically been significantly below market, total compensation of executive officers is targeted to be competitive against similarly sized companies within the industry.

**COMPENSATION OF NAMED EXECUTIVE OFFICERS**

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly to Named Executive Officers ("**NEOs**"). NEO means CEO, CFO, each of the three most highly compensated executive officers 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 each individual who would be an NEO but for the fact that the individual was neither an executive officer at the end of that financial year.

The Named Executive Officers for the year ended September 30, 2013 were Michael Carten, President and Chief Executive Officer ("**CEO**") Justin Holland, Chief Operating Officer ("**COO**"), Brent Harris, Chief Technology Officer ("**CTO**"), and Roger Fredette, Chief Financial Officer ("**CFO**").

The Corporation does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or defined contribution pension plans for its NEOs.

| Name and Principal Position | Fiscal Year Ended September 30 | Salary | Option-Based Awards[1] | All Other Compensation | Total Compensation |
|---|---|---|---|---|---|
| Michael Carten<br>President, CEO | 2013<br>2012<br>2011 | $150,000<br>$150,000<br>$150,000 | $39,130<br>Nil<br>Nil | $3,403<br>Nil<br>Nil | $192,533<br>$150,000<br>$150,000 |
| Roger Fredette<br>CFO | 2013<br>2012<br>2011 | $108,131<br>$122,835<br>$131,085 | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | $108,131<br>$122,835<br>$131,085 |
| Justin Holland<br>COO | 2013<br>2012<br>2011 | $150,000<br>$150,000<br>$145,000 | $31,025<br>$60,000<br>Nil | Nil<br>Nil<br>Nil | $181,025<br>$210,000<br>$145,000 |
| Brent Harris<br>CTO | 2013<br>2012<br>2011 | $120,000<br>$120,000<br>$120,000 | $26,434<br>$30,000<br>Nil | $4,021<br>Nil<br>Nil | $150,455<br>$150,000<br>$120,000 |

[1]Option-based award amounts are non-cash amounts, and are the fair value estimates of options granted during the year, calculated using the Black-Scholes pricing model, whereby the fair value of stock options is determined on the grant date. The Black-Scholes model is an industry accepted valuation method.

*OUTSTANDING SHARE-BASED AND OPTION-BASED AWARDS*

The following table sets forth details of all awards outstanding for each NEO as of the most recent financial year end, including awards granted before the most recently completed financial year. The Corporation does not have any share-based award plans for its NEOs.

| | Option-Based Awards | | | |
|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options | Option exercise Price | Option Expiration Date | Value of Unexercised In-the-Money Options[1] |
| Michael Carten | 100,000 | $0.30 | January 6, 2019 | $12,500 |
| | 200,000 | $0.30 | June 29, 2019 | $25,000 |
| | 44,484 | $0.30 | March 17, 2015 | $5,560 |
| | 50,000 | $0.30 | April 30, 2016 | $6,250 |
| | 230,180 | $0.40 | June 3, 2023 | $5,754 |
| Roger Fredette | Nil | N/A | N/A | N/A |
| Justin Holland | 200,000 | $0.30 | March 19, 2022 | $25,000 |
| | 50,000 | $0.30 | August 3, 2020 | $6,250 |
| | 182,500 | $0.40 | May 31, 2023 | $4,562 |
| Brent Harris | 8,158 | $0.30 | March 17, 2015 | $1,019 |
| | 25,000 | $0.30 | April 30, 2016 | $3,125 |
| | 35,000 | $0.30 | January 6, 2019 | $4,375 |
| | 100,000 | $0.30 | March 29, 2022 | $12,500 |
| | 155,492 | $0.40 | May 31, 2023 | $3,887 |

[1]The closing price of the common shares on the TSX Venture Exchange on September 30, 2013 was $0.425.

*INCENTIVE PLAN AWARDS - VALUE VESTED DURING THE YEAR*

The following table sets forth the value of option-based awards which vested or were earned during the most recently completed financial year for each NEO. The Corporation does not have any share-based award plans for its NEOs.

| Name | Option-Based Awards - Value Vested During Year |
|---|---|
| Michael Carten | Nil |
| Justin Holland | Nil |
| Roger Fredette | Nil |
| Brent Harris | Nil |

[1]Based on the difference between the market price of the options at the vesting date and the exercise price of $0.30

*PENSION PLAN BENEFITS*

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

*TERMINATION AND CHANGE OF CONTROL BENEFITS*

Except as specifically described for Mr. Carten, the Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a NEOs responsibilities.

The Corporation and Michael Carten are party to an Executive Employment Agreement ("**Carten Agreement**"), effective September 1, 2009. The Carten Agreement provided for, among other things, an annual base salary of $150,000 ("**Base Salary**") over a three year term ("**Term**") based on a 50% availability commitment by Mr. Carten to the Corporation with a proportionate adjustment for time spent on Corporation business in excess of the 50% commitment. Effective August 5, 2010 Mr. Carten assumed the role of CEO 2010. The Carten Agreement was amended, extending the Term to August 31, 2015. As part of the amending agreement, Mr. Carten agreed to defer payment of the additional compensation above the base $150,000 until the Corporation achieves positive quarterly earnings before interest taxes depreciation and amortization for any one fiscal quarter, or there is a change of control of the Corporation, or the Corporation terminates his employment.

Pursuant to the terms of the Carten Agreement, certain amounts may become payable to Mr. Carten in the event of the termination of his employment. If the Corporation terminates his employment for any reason or if Mr. Carten terminates his employment within 90 days of a change of control of the Corporation, Mr. Carten will be entitled to receive: (i) a lump sum payment equal to the greater of the Base Salary payable during the balance of the Term of the Carten Agreement and six months' Base Salary; and (ii) a further lump sum payment equal to the value of his benefits over the balance of the Term of the Agreement or six months, whichever period is longer. In the event that the Carten Agreement expires at the end of the Term without being renewed, Mr. Carten will be entitled to receive a payment equal to six months Base Salary.

**DIRECTOR COMPENSATION**

The Corporation paid independent directors an annual retainer of $25,000 plus $500 for each meeting of the Board or Committee attended by the director during the fiscal year ended September 30, 2013. In addition, the directors were reimbursed for expenses incurred in carrying out their duties as directors. No compensation is paid to directors whom also serve as NEOs. Messrs. Nelson and Powlick are not paid a retainer as directors. Mr. Nelson serves as a consultant based on a retainer of $4,000 per month. Mr. Powlick takes no cash compensation due to policies of Doughty Hanson Technology Ventures. The Corporation does not have share-based award plans, non-equity incentive plans or pension plans for its directors.

| Name | Fees Earned | Option-Based Awards | All Other Compensation | Total |
|---|---|---|---|---|
| Gregory Nelson | Nil | $8,696 | Nil | $8,696 |
| Robert Penner | $39,500 | $5,610 | Nil | $45,110 |
| Andrew Gustajtis | $24,739 | $22,610 | Nil | $47,349 |
| George Powlick | Nil | $5,610 | Nil | $5,610 |

[1]Option-based award amounts are non-cash amounts, and are the fair value estimates of options granted during the year, calculated using the Black-Scholes pricing model, whereby the fair value of stock options is determined on the grant date. The Black-Scholes model is an industry accepted valuation method.

*OUTSTANDING OPTION-BASED AWARDS*

The following table sets forth for each director, other than NEOs, all option-based and share-based awards outstanding as at September 30, 2013. The Corporation does not have any share-based award plans.

| Option-Based Awards | | | | |
|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options | Option exercise Price | Option Expiration Date | Value of Unexercised In-the-Money Options[1] |
| Gregory Nelson | 50,000 | $0.30 | April 6, 2018 | $6,250 |
| | 50,000 | $0.30 | August 13, 2019 | $6,250 |
| | 55,000 | $0.30 | January 6, 2019 | $6,875 |
| | 51,150 | $0.40 | May 31, 2023 | $1,279 |
| Robert Penner | 35,000 | $0.30 | August 2, 2014 | $4,375 |
| | 10,000 | $0.30 | April 30, 2016 | $1,250 |
| | 15,000 | $0.30 | May 23, 2017 | $1,875 |
| | 40,000 | $0.30 | August 13, 2019 | $5,000 |
| | 33,000 | $0.40 | May 31, 2023 | $825 |
| George Powlick | 100,000 | $0.30 | August 13, 2019 | $12,500 |
| | 33,000 | $0.40 | May 31, 2023 | $825 |
| Andrew Gustajtis | 133,000 | $0.40 | May 31, 2023 | $3,325 |

[1]The closing price of the common shares on the TSX Venture Exchange on September 30, 2013 was $0.425.

*INCENTIVE PLAN AWARDS - VALUE VESTED DURING THE YEAR*

The following table sets forth for each director, other than a NEO, the value vested or earned on all option-based awards during the financial year ending September 30, 2013. The Corporation does not have a non-equity incentive plan or a share based aware plan for its directors.

| Name | Option-Based Awards - Value Vested During Year |
|---|---|
| Gregory Nelson | Nil |
| Andrew Gustajtis | Nil |
| Robert Penner | Nil |
| George Powlick | Nil |

[1]Based on the difference between the market price of the options at the vesting date and the exercise price of $0.30

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information for the options outstanding under the Option Plan as at September 30, 2013.

| Plan Category | Number of Common Shares to be Issued Upon Exercise of Outstanding Options | Weighted-Average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans |
|---|---|---|---|
| Equity compensation plans approved by securityholders | 2,676,019 | $0.88 | 2,557,539 |
| Equity compensation plans not approved by securityholders | Nil | Nil | Nil |
| Total | 2,676,019 | $0.88 | 2,557,539 |

## DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation has disclosed its corporate governance practices in Appendix B.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or officers or associates of such persons have been indebted to the Corporation or any of its subsidiaries at any time since the beginning of the most recently completed fiscal year. No such person has 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 Corporation or any of its subsidiaries in respect of the purchase of securities or otherwise.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or officer, any person or company beneficially owning, directly or indirectly, more than 10% of the voting securities, or any associate or affiliate of such persons in any transaction within the last fiscal year or in any proposed transaction which in either case has materially affected or will materially affect the Corporation or its subsidiaries.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest, direct or indirect, of any director or officer or of any associate or affiliate of any of the foregoing, in any matter to be acted upon at the Meeting.

## ADDITIONAL INFORMATION

Additional financial information regarding the Corporation's business is contained in the audited consolidated financial statements and management's discussion and analysis for the year ended September 30, 2013. These statements and all the continuous disclosure documents submitted to the Securities Commissions can be found on SEDAR at www.sedar.com. Shareholders who wish to receive

copies of the annual audited financial statements or Management's Discussion and Analysis should send a request to Eguana Technologies Inc., Unit 3, 6143 - 4th Street SE, Calgary, Alberta T2H 2H9, or by phone at (403) 508-6990, or by fax to (403) 205-2509.

## APPENDIX A

## Audit Committee Charter

Constitution

The Board of Directors of Sustainable Energy Technologies (the "Company") hereby resolves to establish an Audit Committee (the "Committee") which is formally constituted as a committee of the Board.

Membership

The Board shall appoint the members of the Committee:

- At least two members of the Committee including the Chair shall be non-executive members of the Board.
- The Chair shall not chair any other Board committee.
- The Board may co-opt additional members to the Committee as required; initially there will be three members of the Committee.
- A quorum shall be two members of whom at least one shall be a non-exec Board member. At least one member of the Committee should have a financial background.

Objective

The Audit Committee shall monitor on the Board's behalf the appropriate processes and controls resulting from policies set by the Board; this will include particular focus on:

- The scope, results and effectiveness of the external audit
- Careful review of any non-audit services provided by the external auditors
- Effectiveness of the processes of governance
- Effectiveness of spend/value for money
- Compliance with policy and statutory requirements
- Internal controls including adherence to policy
- Safeguarding of assets

The Committee will depend on reporting from the finance department, external audit and other reporting from management or from external advisors as appropriate in order to achieve this.

Scope of Duties

*Corporate Governance:*

To support the Board in reviewing the effectiveness of the corporate governance to enable the Company to implement best practice as set out in appropriate guidance

*Internal Control:*

To commission reviews of specific controls and procedures (financial or non-financial) where so requested by the Board.

*Compliance with External Legislation and Internal Policies:*

To ensure adherence to management policies and directives.

To verify that mechanisms are in place to ensure compliance with statutory requirements, financial and other.

*Financial Statements:*

To review the annual report and accounts before submissions to the Board, focusing particularly on:

- Any changes in accounting policies and practices
- Major judgmental areas
- Significant adjustments arising from the audit
- The going concern assumption
- Compliance with accounting standards
- Compliance with legal requirements
- Any presentational issues having particular significance to the public perception of the organization.
- To receive during the course of the year reports on any matters that may impact on the accounts and disclosure therein.

*External Audit:*

To consider the appointment and performance of the external auditor, the audit fee, and any questions of resignation or dismissal.

To discuss with the external auditor the long term approach to the audit of the Company. On an annual basis, before the audit commences approve the Audit Plan with particular reference to its nature and scope, emphasis and priorities.

To discuss any problems or reservations arising from the external auditors' work and any other matters that the external auditors may wish to bring to the attention of the Committee.

To review the external auditors' management letter together with management's written response before presentation to the Board.

To review the contents of any report issued by the external auditor along with management's written response, before its presentation to the Board and monitor the implementation of those external auditors' recommendations, which are accepted by the Committee.

*Reporting:*

The Chair will report to the Board as appropriate on the areas covered by the above terms of reference. Specifically, the Committee is required:

- to recommend the approval of the audited report and accounts.
- to recommend to the Board the reappointment or change in appointment of external auditors

The minutes of the Committee meetings should be formally recorded and submitted to the Board at its next meeting.

*Authority:*

The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.

The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee is authorized to approve the issuance of interim unaudited quarterly financial statements and to appoint any one of its members and the Chief Executive Officer to sign the statements on behalf of the Committee and the Board.

*Frequency of Meetings:*

Meetings shall be held at least four times per year (generally every quarter and ideally two weeks prior to a Board meeting).

*Attendance at Meetings:*

The Committee shall have the power to request Management to attend its meetings. The Chairman of the Committee to attend or to speak may also call upon other persons. The Controller and/or Director Finance shall normally attend meetings. A representative of the external auditors may be requested to attend meetings when appropriate.

*Proceedings of Meetings:*

The quorum necessary for the transaction of business shall be two. 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 or exercisable by the Committee.

All or any of the members of the Committee may participate in a meeting of the Committee by means of conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

## APPENDIX B

## CORPORATE GOVERNANCE DISCLOSURE

*Board of Directors*

The Board of Directors exercises independent supervision over management by meeting independent of the management director to ensure that the management director is not unduly influencing the decision of the independent directors. Independent directors are Andrew Gustajtis, Robert Penner, and George Powlick. Michael Carten is not independent because he is President and CEO. Gregory H. Nelson is not independent because he was a member of the senior management team until April 15, 2010 and provides consulting services to the Corporation.

*Directorships*

Robert Penner is a director of Corridor Resources Inc., Storm Cat Energy Corporation, Gastar Exploration Ltd. and Terra Energy Corp.

Andrew Gustajtis is a director of Pacific Energy Resources Ltd. and Nautor Progressive Corporation.

*Orientation and Continuing Education*

The Board ensures that a new member is provided access to senior management to discuss the current business strategy, encourages new members to meet individually with current members to discuss historical information and has access to the minute books.

*Ethical Business Conduct*

The Board encourages ethical business conduct by ensuring that all members are experienced in leading corporations with ethical business standards.

*Nomination of Directors*

The Board as a whole proposes nominees and a majority of the independent directors meet with the nominee to ensure compatibility with current members.

*Compensation*

The Board of Directors reviews the CEO compensation on an annual basis. The independent directors other than George Powlick and Gregory Nelson receive an annual stipend of $25,000 plus $500 per meeting. The Chairman of the Audit Committee receives an additional $10,000. The Board as a whole reviews the stock option plan and any grants to the Board members.

*Assessments*

The Board does not have a formal process where the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. The Chairman of the Board reviews the attendance and performance of the committees on an informal basis.

*Other Board Committees*

The Board has expanded the Audit Committee responsibilities to include Corporate Governance oversight.

**APPENDIX C**

**EGUANA TECHNOLOGIES INC.**

**Stock Option Plan**

## 1 Purpose

The purpose of the Stock Option Plan (the "Plan") of Eguana Technologies Inc. (the "Corporation") is to advance the interests of the Corporation and each subsidiary of the Corporation (a "Subsidiary") by encouraging the directors, officers, management, consultants and employees of the Corporation and its Subsidiaries to acquire shares in the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and its Subsidiaries and furnishing them with additional incentive in their efforts on behalf of the Corporation and its Subsidiaries.

## 2. Administration

a) The Plan shall be administered by the board of directors of the Corporation, or if appointed, by a special committee of Directors appointed from time to time by the Board of Directors of the Corporation (such committee, or if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "Committee") pursuant to rules of procedure fixed by the Board of Directors.

b) Each option granted under this Plan shall be evidenced by an agreement, signed on behalf of the Corporation and by the optionee, in such form, as the Committee shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

## 3. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Common Shares as will be sufficient to satisfy the requirements of the Plan.

## 4. Eligibility and Participation

Directors, officers, management, consultants and employees of the Corporation and its Subsidiaries shall be eligible for selection to participate in the Plan (such persons herein collectively referred to as "Participants"). The Committee shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted, and the number of shares to be subject to each option, subject to the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSX Venture Exchange (the "Exchange"). Currently the Exchange provides the following limitations:

(a) the total number of common shares issuable shall not exceed 7,646,303, such number representing 20% of the issued and outstanding common shares of the Corporation;

(b) the number of Common Shares reserved for issuance, within a one-year period, to any one Optionee shall not exceed 5% of the Voting Shares;

(c) the number of Common Shares reserved for issuance, within a one-year period, to any one Consultant of the Corporation may not exceed 2% of the Voting Shares;

(d) the aggregate number of Common Shares reserved for issuance, within a one-year period, to Employees or Consultants conducting Investor Relations Activities may not exceed 2% of the Voting Shares; and

(e) unless the Plan has been approved by the shareholders of the Corporation at a meeting thereof by a majority of the votes cast at the meeting, other than votes attaching to securities beneficially owned by Insiders of the Corporation to whom Common Shares may be issued pursuant to the Plan, and Associates of any such Insiders:

(f) the maximum number of Common Shares reserved for issuance pursuant to options granted to Insiders at any time may not exceed 10% of the number of Voting Shares;

(g) the maximum number of Common Shares which may be issued to Insiders, within a one-year period, may not exceed 10% of the number of Voting Shares; and

(h) the maximum number of Common Shares which may be issued to any one Insider and the Associates of such Insider, within a one-year period, may not exceed 5% of the number of Voting Shares;

provided that for the purposes of paragraphs (i), (ii), and (iii) above, an entitlement granted prior to the grantee becoming an Insider may be excluded in determining the number of Common Shares issuable to Insiders.

## 5. Exercise Price

The exercise price of the Common Shares covered by each option shall be determined by the Committee when such option is granted. The exercise price shall be not less than the price permitted by the policy or policies of the Exchange or other stock exchanges on which the Common Shares of the Corporation are listed.

In the event that the Corporation proposes to reduce the exercise price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, said amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the exercise price reduction.

## 6. Vesting

The Committee may, in its sole discretion, determine the time during which Options shall vest and the method of vesting.

## 7. Option Period, Consideration and Payment

a) The period within which such option shall be exercised (the "Option Period") shall be a period of time fixed by the Committee, not to exceed ten (10) years from the date the option is granted, provided that the Option Period shall be reduced with respect to any option as provided in Sections 8 and 9.

b) Options that have vested may be exercised in whole or in part at any time and from time to time during the Option Period. To the extent required by the Exchange or any other stock exchange(s) on which the Common Shares of the Corporation are listed, no option may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.

c) Except as set forth in Sections 8 and 9, no option may be exercised unless the Participant is at the time of such exercise a director, officer, manager, consultant or employee of the Corporation or a Subsidiary and where the Option has been granted for a specific service, the Option may be exercised only upon completion of that service.

d) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such shares with respect to which the option is exercised.

8. **Ceasing To Be a Director, Officer, Manager or Employee**

a) If a Participant shall cease to be an employee and/or director of the Corporation or a Subsidiary for any reason other than death, disability or resignation, he may, but only within a period of 180 days next succeeding his ceasing to be an employee and/or director, exercise his option to the extent that he was entitled to exercise it at the date of such cessation.

b) If a Participant shall cease to be an employee and/or director of the Corporation or a Subsidiary as a result of his resignation from the Corporation, he may, but only within a period of 90 days next succeeding his ceasing to be an employee and/or director, exercise his option to the extent that he was entitled to exercise it at the date of such cessation.

c) If a Participant shall cease to be a consultant (excluding investor relations consultants) to the Corporation or a Subsidiary for any reason other than death or disability, he may, but only within a period of 90 days next succeeding his ceasing to be a consultant, exercise his option to the extent that he was entitled to exercise it at the date of such cessation.

d) Notwithstanding the foregoing, the Board of Directors shall have the discretion to amend the date upon which such stock options will terminate on a case by case basis.

9. **Death and/or Disability of Participant**

In the event of the death or disability of a Participant, the option previously granted to him shall be exercisable only within the twelve (12) months next succeeding such death or disability and then, in the case of death of the Participant, only:

i) By the person or persons to whom the Participants rights under the Option shall pass by the Participants will or the laws of descent and distribution; and

ii) If and to the extent that he was entitled to exercise the option at the date of his death.

10. **Rights of Optionee**

No person entitled to exercise any option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Common Shares issuable upon exercise of such option until certificates representing such Common Shares shall have been issued.

11. **Proceeds from Sale of Shares**

The proceeds from sale of Common Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the board of directors may determine and direct.

12. **Adjustments**

In the event that the outstanding Common Shares of the Corporation are changed into or exchanged for a different number or kind of shares or other securities of the Corporation, or in the event that there is a reorganization, amalgamation, consolidation, subdivision, reclassification, dividend payable in capital stock or other change in the capital stock of the Corporation, then each Participant holding an option shall thereafter upon the exercise of the option granted to him, be entitled to receive, in lieu of the number of Common Shares to which the Participant was theretofore entitled upon such exercise, the kind and amount of shares or other securities or property which the Participant would have been entitled to receive as a

result of any such event if, on the effective date thereof, the Participant had been the holder of the Common Shares to which he was theretofore entitled upon such exercise.

**13. Termination of Option in the Event of Take-Over Bid**

In the event a take-over bid (as defined in the Securities Act (Alberta), which is not exempt from the take-over bid requirements of Part 14 of the Securities Act (Alberta) (or its replacement or successor provisions) shall be made for the Common Shares of the Corporation, the Corporation may determine that the Optionee shall have the right to exercise the Option to purchase all of the shares optioned but only if the shares may only be purchased for tender or exchange pursuant to the take-over bid and any unexercised options terminate upon completion of the take-over bid. If for any reason the shares are not tendered or exchanged for any reason, all the shares shall be cancelled and returned to treasury, shall be added back to the number of shares remaining unexercised under the option and the Corporation shall refund to the Optionee all of the consideration paid by the Optionee.

**14. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

**15. Amendment and Termination of Plan**

The Committee may amend or discontinue the Plan at any time, provided that no such amendment may, without the consent of the Optionee, alter or impair any Option previously granted to an Optionee under the Plan, and provided further that any amendment to the Plan will require the prior consent of the Exchange, or such other or additional stock exchange on which the Common Shares are listed for trading.

**16. Common Shares Duly Issued**

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefore in accordance with the terms of the Option, and the issuance of Common Shares thereunder will not require a resolution or approval of the Board of Directors of the Corporation.

**17. Necessary Approvals**

The obligation of the Corporation to issue and deliver shares in accordance with the Plan is subject to any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

**18. Stock Exchange Rules**

The rules of any stock exchange upon which the Corporation's Shares are listed shall be applicable relative to options granted to Participants.

**19. Definitions**

In this Plan, capitalized terms used herein that are not otherwise defined herein shall have the meaning ascribed thereto in the Corporate Finance Manual of the Exchange, and in particular, in policies 1.1 and 4.4 of said Corporate Finance Manual.

**20. Effective Date and Prior Plans**

This Plan shall come into force and effect on October 29, 2014 and entirely replaces and supersedes prior share option plans enacted by the Board of Directors of the Corporation, or its predecessor corporations. Options granted under any prior share option plans shall be administered in accordance with the provisions of this Plan. Subject to the agreement of a holder of options granted under any prior share option plans, the options of such holder shall be amended by the adoption of this Plan to extend the period during which such options may be exercised.

**21. Interpretation** The Plan will be governed by and construed in accordance with the laws in force in the Province of Alberta.