



**NOTICE OF THE ANNUAL GENERAL AND SPECIAL MEETING  
TO BE HELD ON JULY 7, 2016**

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting (the "**Meeting**") of the shareholders of Africa Energy Corp. (the "**Corporation**") will be held at 9:00 am (Pacific Daylight Time) at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, for the following purposes:

1. To receive the consolidated audited financial statements of the Corporation for the year ended December 31, 2015, together with the report of the auditors thereon.
2. To appoint PricewaterhouseCoopers, LLP as auditor of the Corporation to hold office until the next Annual General Meeting, at a remuneration to be fixed by the directors of the Corporation.
3. To fix the number of directors at five (5).
4. To elect directors to hold office for the ensuing year.
5. To consider and, if thought fit, approve an ordinary resolution ratifying and confirming the Corporation's 10% rolling stock option plan, as more particularly described in the accompanying management information circular.

Accompanying this Notice of Meeting are: (i) a Management Information Circular (the "**Circular**"); (ii) an Instrument of Proxy and Notes thereto; and (iii) a reply card for use by shareholders who wish to receive the Corporation's interim financial statements. Reference is made to the Circular for details of the matters to be considered at the Meeting.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of Proxy either in the addressed envelope enclosed to Proxy Department, Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax to 1-866-249-7775. Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting, either in person or by proxy.**

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining and depositing the required form of proxy, you should contact Computershare Investor Services Inc. by telephone (toll free) at 1-800-564-6253, by fax at 1-866-249-7775 or by e-mail at [service@computershare.com](mailto:service@computershare.com).

DATED at Vancouver, British Columbia the 2<sup>nd</sup> day of June, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"James Phillips"*

President and Chief Executive Officer



## MANAGEMENT INFORMATION CIRCULAR

(all information as of June 2, 2016, unless otherwise noted)

### PERSONS MAKING THE SOLICITATION

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies being made by the management of Africa Energy Corp. (“Africa Energy” or the “Corporation”) for use at the Annual General and Special Meeting of the Corporation’s shareholders (the “Meeting”) to be held on Thursday, July 7, 2016 at 9:00 a.m. (Pacific Daylight Time) at Suite 2000 – 885 West Georgia Street, Vancouver, British Columbia and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation. All costs of this solicitation will be borne by the Corporation.

It is anticipated that this Circular, together with the accompanying Notice of Meeting and form of proxy will first be mailed to shareholders of the Corporation on or about June 8, 2016.

### CURRENCY AND EXCHANGE RATES

Unless otherwise indicated, all monetary amounts referred to herein are stated in United States dollars, the Corporation’s reporting currency. On December 31, 2015, the reported noon exchange rate quoted by the Bank of Canada for USD\$1.00 was CAD\$1.3840.

### SOLICITATION OF PROXIES

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged to send meeting materials directly to Non-Registered Shareholders who have consented to their ownership information being disclosed (non-objecting beneficial owners). We have arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed (objecting beneficial owners). We intend to reimburse the Intermediaries for their reasonable fees and disbursements in regards to the delivery of meeting materials to objecting beneficial owners.

### APPOINTMENT OF PROXYHOLDER AND VOTING BY PROXY

The individuals named in the accompanying form of proxy (the “Proxy”) are directors or officers of the Corporation (the “Management Proxyholders”). **A shareholder wishing to appoint a person or company other than Management Proxyholders to attend and act for the shareholder and on the shareholder’s behalf at the meeting has the right to do so, by striking out the names of the Management Proxyholders and by inserting the desired person’s or company’s name in the blank space provided in the proxy, or by executing a proxy in a form similar to the enclosed form. In either case, the completed form of proxy must be delivered to Computershare prior to the Meeting or any adjournment thereof. A proxyholder need not be a shareholder.**

You can choose to vote your common shares by proxy by mail, by telephone or on the Internet. If you vote your common shares by proxy by mail, completed forms of proxies must be delivered to the Corporation’s transfer agent, Computershare Investor Services Inc. (“Computershare”), at Proxy Department, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, in the envelope provided for that purpose. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week. For telephone voting call 1-866-732-VOTE (8683) (toll free in Canada and the United States) from a touch-tone telephone and follow the voting instructions. International holders wishing to vote by telephone can dial 1-312-588-4290 to place their vote. If you vote by telephone, you cannot appoint anyone other than the appointees named on

the proxy form as your proxyholder. For internet voting, go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions on the screen. For either telephone or internet voting, you will need your 15 digit control number which is noted on your proxy form. Duly completed forms of proxy or a vote using the telephone or over the Internet must be completed no later than forty-eight (48) hours (excluding Saturdays and holidays) before the time of the Meeting, or any adjournment thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received.

If you are a beneficial shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided by your broker or other intermediary.

**If you have any questions concerning how to complete the voting instruction form or respecting the voting of your common shares, please contact Computershare at:**

**Mail:** *Computershare Investor Services  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, ON M5J 2Y1*

**Telephone:** 1-800-564-6253

#### **ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES**

**The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold securities of the Corporation in their own name.** Shareholders who hold their securities through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their securities in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of voting securities will be recognized and acted upon at the Meeting. If voting securities are listed in an account statement provided to a Beneficial Shareholder by a broker, those voting securities will, in all likelihood, not be registered in the shareholder's name. Such voting securities more likely will be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name of the Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Voting securities held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

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

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

#### **EXERCISE OF DISCRETION**

**The enclosed Proxy, when properly completed and delivered, and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of the printing of this Circular, management of the Corporation knows of no such amendment, variation or other matter that may be presented to the Meeting.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

#### **REVOCATION OF PROXIES**

A registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Corporation, at Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 (Attention: Kevin Hisko) at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Secretary of the Corporation or the chairman of the Meeting prior to the time of voting at the Meeting. Only registered shareholders have the right to revoke a proxy. **Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.**

#### **RECORD DATE**

Shareholders registered as at June 2, 2016 (the "Record Date") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

#### **INTEREST OF CERTAIN PERSONS and COMPANIES IN MATTERS TO BE ACTED UPON**

Except as may be disclosed herein, no director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and confirmation of the Corporation's stock option plan.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of common shares of which **244,377,135** common shares are issued and outstanding as at the date hereof. Each common share is entitled to one vote.

The following table sets forth those persons or entities who, to the knowledge of the directors and executive officers of the Corporation, beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding common shares of the Corporation:

Name	Number of Common Shares	Percentage
Africa Oil Corp.	78,336,217	32.06%
Zebra Holdings and Investments S.à.r.l	47,076,544	19.26%

## BUSINESS OF THE ANNUAL GENERAL MEETING

### FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Corporation's consolidated financial statements for the year ended December 31, 2015 and the report of the auditors thereon will be placed before the Meeting. Copies of the consolidated financial statements, the auditors' report and management's discussion and analysis have been mailed to all registered shareholders and non-registered shareholders (or beneficial shareholders) who have opted to receive such materials. These documents can also be found on the Corporation's website at [www.africaenergycorp.com](http://www.africaenergycorp.com) and are also available on SEDAR at [www.sedar.com](http://www.sedar.com). No vote by shareholders is required to be taken with respect to the consolidated financial statements.

### APPOINTMENT AND REMUNERATION OF AUDITORS

The Corporation's board of directors (the "Board" or "Board of Directors") recommends the re-appointment of PricewaterhouseCoopers LLP Chartered Accountants ("PwC") as auditors of the Corporation to hold office until the termination of the next annual meeting of shareholders.

The common shares represented by the proxies solicited in respect of the Meeting on any ballot that may be called for, unless authority to do so is withheld, will be voted by the persons named therein **FOR** the appointment of PwC, as auditors of the Corporation until the next annual general meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors. PwC have been the Corporation's auditors since September 20, 2011.

### ELECTION OF DIRECTORS

The Board of Directors presently consists of five directors. The Board of Directors is recommending that five directors be elected at the Meeting.

The term of office of each of the present directors expires at the Meeting. At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors at five and the five persons named hereunder will be proposed for election as directors of the Corporation ("Proposed Directors"). Unless authority to vote is withheld, the common shares represented by the proxies hereby solicited will be voted by the persons named therein **FOR** the election of the Proposed Directors whose names are set forth below. All of the Proposed Directors are presently members of the Board and the dates on which they were first elected or appointed are indicated below. Management does not contemplate that any Proposed Director will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in the accompanying form of proxy that such shareholder's shares are to be withheld from voting on the election of directors.

Pursuant to the provisions in the Corporation's articles requiring advance notice (the "Advance Notice Provisions") adopted by the shareholders of the Corporation on June 3, 2013, any additional director nominations for the Meeting must be received by the Corporation in compliance with the Advance Notice Provisions no later than the close of business on May 31, 2016. No such nominations have been received by the Corporation prior to the date hereof.

The following table sets out the names of the Proposed Directors, the length of time they have served as directors of the Corporation, and the number of shares of the Corporation which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:

Name, residence and current position(s) held in the Corporation <sup>(1)</sup>	Principal Occupation within the Preceding Five (5) Years <sup>(1)</sup>	Period of service as a director	Number of Common Shares Beneficially Owned or Controlled <sup>(2)</sup>
<b>Keith C. Hill</b> Florida, USA <b>Chairman</b>	Mr. Hill is the President and Chief Executive Officer of Africa Oil Corp., Chairman of ShaMaran Petroleum Corp., and Petro Vista Energy Corp.; director of BlackPearl Resources Ltd.; director of Tyner Resources Ltd.; director of TAG Oil Ltd.; formerly President and Chief Executive Officer of Pearl Exploration and Production Ltd. (now BlackPearl Resources Ltd.), Valkryies Petroleum Corp. and Bayou Bend Petroleum (now ShaMaran Petroleum Corp.)	Director since September 20, 2011	Nil
<b>Ian Gibbs</b> British Columbia, Canada	Mr. Gibbs is the Chief Financial Officer of Africa Oil Corp. and a director of Lundin Gold Inc. (formerly "Fortress Minerals Corp.") and Petro Vista Energy Corp. He is the former Chief Financial Officer of Valkryies Petroleum Corp., Tanganyika Oil Company Ltd. and ShaMaran Petroleum Corp. (formerly, Bayou Bend Petroleum Ltd.).	Director since September 20, 2011	Nil
<b>Ashley Heppenstall</b> Switzerland	Mr. Heppenstall is the Lead Director of the board of directors of Lundin Gold Inc., and a director of Etrion Corporation, ShaMaran Petroleum Corp., and Lundin Petroleum AB. Until September 2015, he was President and Chief Executive Officer of Lundin Petroleum AB, and is a former director of Vostok Nafta Investment Ltd.	Director since March 10, 2015	22,052,788
<b>John Bentley</b> United Kingdom	Mr Bentley is the Chairman of Faroe Petroleum plc and Deputy Chairman of Wentworth Resources Ltd. He has also served as Executive Chairman of FirstAfrica Oil plc and on the boards of Kea Petroleum plc, Scotgold Resources Ltd., SacOil Holdings Ltd., Resaca Exploitation Inc., CDS Oil & Gas Group plc, FirstAfrica Oil plc, Rift Oil plc, Adastra Minerals Ltd, and Caracal Energy Inc.	Director since March 10, 2015	Nil
<b>Adrian Nel</b> South Africa	Mr. Nel was the Exploration Director and COO of Energy Africa from 1996 until the acquisition of Energy Africa by Tullow Oil in 2004. He also served on the Tullow board as Exploration Director until his retirement in 2006.	Director since March 10, 2015	Nil

- (1) The information as to the province and country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors.
- (2) The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

All of the above nominees were elected to their present term of office by a vote of shareholders of the Corporation. The Board does not have an executive committee. There are presently four committees of the Board: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Reserves Committee. The following table sets out the members of such Committees:

<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Corporate Governance and Nominating Committee</b>	<b>Reserves Committee</b>
Ian Gibbs (Chair)	Ashley Heppenstall (Chair)	John Bentley (Chair)	Keith Hill (Chair)
John Bentley	Ian Gibbs	Adrian Nel	Ashley Heppenstall
Ashley Heppenstall	Keith Hill	Ian Gibbs	Adrian Nel

#### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

##### **CEASE TRADE ORDERS**

Other than disclosed below, no director or officer or person holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within the past ten years before the date of this Circular has been, a director or officer of any other issuer that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted in such an order after the person ceased to be a director or officer; (iii) 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 (iv) was subject to such bankruptcy proceedings within a year of that person ceasing to act in that capacity.

Mr. John Bentley is a former director of Kea Petroleum plc. which announced on January 7, 2016 that it had entered into voluntary liquidation.

##### **PERSONAL BANKRUPTCIES**

During the ten years preceding the date of this Circular, no director, officer or shareholder holding a sufficient number of shares of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

##### **PENALTIES OR SANCTIONS**

No director or officer of the Corporation, or shareholder holding a sufficient number of shares of the Corporation to materially affect control of the Corporation, has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the respective directors, officers and any control shareholder of the Corporation individually.

## 10% ROLLING STOCK OPTION PLAN

### Background

The Corporation's 10% Rolling Incentive Stock Option Plan ("Stock Option Plan") provides participants with an incentive to enhance shareholder value by providing a form of compensation that is tied to increases in the market value of the Corporation's shares. As of June 2, 2016, there were:

- 15,509,500 options outstanding under the Stock Option Plan which represents 6.35% of the shares outstanding as at such date; and
- 8,928,214 options available for grant under the Stock Option Plan which represents 3.65% of shares outstanding as at such date.

Further details on the Stock Option Plan can be found under the section "Equity Compensation Plan Information" of this Circular.

### Approval by Shareholders

At the Meeting, the shareholders will be asked to approve the following by ordinary resolution (the "Stock Option Plan Resolution"):

*"BE IT RESOLVED, as an ordinary resolution of the Shareholders of the Corporation, that:*

1. *The Stock Option Plan, as set forth in Appendix B, is hereby ratified and approved; and*
2. *Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."*

You may either vote for approval of the Stock Option Plan Resolution, as described above, or you can vote against. Unless otherwise instructed, the named proxyholders will vote **FOR** the approval of the Stock Option Plan Resolution.

## AUDIT COMMITTEE AND NATIONAL INSTRUMENT 52-110

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation's auditors are pre-approved by the Audit Committee. The Committee is responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, quarterly review engagements, the Corporation's internal accounting controls, the Code of Business Conduct and Ethics, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders and the compensation of the auditors. The Audit Committee is scheduled to meet a minimum of four times per year. The Audit Committee's Charter is attached as Appendix "A" to this Circular.

### **Composition of the Audit Committee**

The current members of the Audit Committee are Messrs. Ian Gibbs (Chair), John Bentley and Ashley Heppenstall, a majority of whom are considered independent. All members of the Audit Committee are considered to be "financially literate" within the meaning of applicable Canadian securities regulations in that they each have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are



generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

### **Relevant Education and Experience**

Each current member of the Audit Committee has extensive experience in dealing with financial statements, accounting issues, internal control and other related matters relating to public resource-based companies. The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee are as follows:

Ian Gibbs (Chair)	Mr. Gibbs is a Canadian Chartered Accountant and a graduate of the University of Calgary where he obtained a bachelor of commerce degree. He is currently the Chief Financial Officer of Africa Oil Corp. Prior to this, Mr. Gibbs was the Chief Financial Officer of Tanganyika Oil Company Ltd. Prior to Tanganyika Oil, Mr. Gibbs was CFO of Valkyries Petroleum Corp.
John Bentley	Mr. Bentley has extensive experience with management of public companies and has accounting and financial expertise as a result of his experience as the President and Chief Executive Officer of a publicly traded international oil and gas company. Education includes a degree in Metallurgy.
Ashley Heppenstall	Mr. Heppenstall has extensive experience with management of public companies and has accounting and financial expertise as a result of his experience as the President and Chief Executive Officer of Lundin Petroleum AB.

### **Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's recently completed financial year, the Corporation has not relied on the exemptions contained in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member) or an exemption from National Instrument 52-110 *Audit Committees* ("NI 52-110"), in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit 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 (By Category)**

The following table discloses the fees billed to the Corporation by its external auditor during the last two fiscal years ended December 31, 2015:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees
	(\$)	(\$)	(\$)	(\$)
December 31, 2015	62,669	1,863	20,494	807
December 31, 2014	101,164	1,201	14,425	16,760

Notes:

<sup>(1)</sup> The aggregate billed for audit services.

<sup>(2)</sup> Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are not disclosed in the "Audit Fees" column.

<sup>(3)</sup> Pertains to profession services for tax compliance, restructuring, acquisitions, advice and planning.

## **DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

During the financial year ended December 31, 2015, the Corporation had three Named Executive Officers, being: Mr. James Phillips, President and Chief Executive Officer, Mr. Jeromie Kufflick, Chief Financial Officer, and Mr. Jan Maier, Vice President Exploration.

*"Named Executive Officer"* or "NEO" means: (a) Chief Executive Officer ("CEO"), (b) Chief Financial Officer ("CFO"), (c) the most highly compensated executive officer of the company, or the most highly compensated individual 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 CAD\$150,000; and (d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

## **OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

### **Compensation Oversight, Governance and Risk Management**

The Corporation's executive compensation program is administered by the Compensation Committee of the Board. The Compensation Committee is comprised of three directors; namely, Messrs. Ashley Heppenstall, (Chair), Ian Gibbs, and Keith Hill. All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive or director roles within public companies and have a good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the Corporation's success factors and risks, which is very important when determining metrics for measuring success.

The Compensation Committee's mandate includes reviewing and making recommendations to the Board of Directors in respect of compensation matters relating to the NEOs which are identified in the "Table of Compensation Excluding Securities" and the "Table of Compensation Securities" below. As well, the Compensation Committee determines the general compensation structure, policies and programs of the Corporation, including the extent and level of participation in incentive programs in conjunction with the Board. The Compensation Committee also reviews the adequacy and form of the compensation of directors to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective director. The Compensation Committee meets at least annually. The Compensation Committee also meets at other times during the year as necessary, such as when a component of the Corporation's overall compensation package, including the Stock Option Plan or the annual bonus program, is being amended or reviewed.

Risk management is a primary consideration of the Compensation Committee when implementing its compensation programme. It does not believe that its compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation.

The Corporation's directors and executive officers are not permitted to purchase financial instruments, including for greater certainty, 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 director or officer.

## Compensation Philosophy and Objectives of Compensation Programs

The Corporation's philosophy on executive compensation and applied to NEOs is designed to:

- Attract and retain qualified and experienced executives who will contribute to the success of the Corporation;
- Ensure that the compensation of the NEOs provides a competitive base compensation package, with additional compensation to reward success and create a strong link between corporate performance and compensation; and
- Motivate NEOs to enhance long term shareholder value so as to foster alignment with the interests of the shareholders.

The Corporation's executive compensation program contains the following three components:

<b><u>Base Salaries:</u></b>	Base salaries are used to provide executive officers with sufficient income that reflects their executive position and level of responsibility while also reflecting salary norms in the sector and the general marketplace. The Corporation views a competitive base salary as a necessary element for retaining qualified executive officers, as it creates a meaningful incentive for individuals to remain at the Corporation and not be unreasonably susceptible to recruiting efforts by the Corporation's competitors.
<b><u>Long Term Incentives (Stock Options):</u></b>	Options are used to provide a pay-at-risk component to compensation and to reward long-term performance by allowing executive officers to participate in the market appreciation of the Common Shares over an extended period. Options are also required in order for the Corporation to be competitive from a total remuneration standpoint and to encourage executive retention through time-based vesting of awards.
<b><u>Cash Bonuses:</u></b>	Cash bonuses are used to reward executive officers and other employees for meeting qualitative and quantitative goals, including developing long-term growth prospects, delivering near-term financial and operating results based on annual budgets approved by the Board, improving the efficiency and effectiveness of business operations, building a culture of teamwork focused on creating long-term shareholder value and managing risk capital in countries of increasing geo-political and economic risk. Cash bonuses are awarded on a discretionary basis following an evaluation of corporate performance factors and individual performance factors.

The Corporation does not believe that its compensation programs encourage excessive or inappropriate risk taking as: (i) the Corporation's employees receive both fixed and variable compensation, and the fixed (salary) portion provides a steady income regardless of Common Share value which allows employees to focus on the Corporation's business; and (ii) the Stock Option Plan encourages a long term perspective due to the vesting provisions of the Options.

### **Determining Compensation**

As indicated above, the Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to compensation matters.

#### **Base Salaries**

Base salaries are paid to recognize each NEOs unique value and historical contribution to the success of the Corporation in light of salary norms in the industry and the general marketplace. Base salary is intended to assist in retaining key personnel and provide officers with sufficient, regularly-paid income in an amount that reflects an executive's position and level of responsibility.

#### **Long Term Incentives (Options)**

The Corporation believes that long term performance and increases in shareholder value are achieved through an ownership culture that encourages performance by all employees, including executives, through the use of at-risk long term incentives. Long term incentives are required in order for the Corporation to be competitive from a total remuneration

standpoint, particularly given the current size and stage of the Corporation. Accordingly, the Corporation established the Stock Option Plan to provide employees, including executive officers, with incentives to help align those employees' interests with the performance of the Corporation as reflected in the common share price. See "*Equity Compensation Plan Information*".

#### Cash Bonus

Discretionary cash bonuses are intended to recognize the achievement of key corporate and individual objectives. The weighting of corporate versus individual objectives will vary based on the level of responsibility within the Corporation. No cash bonuses were awarded to the NEOs in 2015. See "*Table of Compensation Excluding Securities*".

#### **Compensation Discussion & Analysis**

The Corporation's compensation structure is designed to attract highly qualified and motivated individuals, reward performance and to be competitive with the compensation arrangements of other Canadian resource companies of similar size and scope of operations. The Compensation Committee considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-term interests of the Corporation and its shareholders, overall financial and operating performance of the Corporation, individual performance and contribution towards meeting corporate objectives, responsibilities, length of service and levels of compensation provided by industry competitors.

Compensation for executive officers is composed primarily of two components; namely, base salary and participation in the Corporation's Stock Option Plan; however, cash bonuses may be awarded on an occasional and discretionary basis. Cash bonuses, if awarded, will reflect the Compensation Committee's assessment of the immediately preceding financial year's performance.

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation Committee, but management has a key role in helping support the committee in fulfilling its obligations. For example, the CEO and other senior executives make recommendations to the Compensation Committee regarding executive officer base salary adjustments, stock option grants and bonus awards. The Compensation Committee reviews the basis for these recommendations and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board. The CEO does not make a recommendation to the Compensation Committee with respect to his own remuneration package.

As the Corporation has not generated significant revenues from operations during the recently-completed fiscal year, traditional corporate and NEO performance standards such as earnings per share are not considered relevant by the Compensation Committee in NEO performance evaluation. The Compensation Committee is satisfied that the Corporation's compensation structure appropriately takes into account the factors relevant to the industry, the Corporation's performance within that industry, and the individual contributions to the Corporation's performance made by its NEOs.

Each element of the Corporation's executive compensation program is described in more detail below.

#### **Base Salaries**

A NEO's base salary is intended to remunerate the NEO for discharging job responsibilities and reflects the executive's performance over time. Individual salary adjustments take into account performance contributions in connection with their specific duties. The base salary of each executive officer is reviewed by the Compensation Committee based on an assessment of his sustained performance and consideration of competitive compensation levels for the markets in which the Corporation operates. In making its recommendations to the Board, the Compensation Committee also considers the particular skills and experience of the individual. During 2015, the Corporation paid Messrs. Phillips' and Maier's salaries but did not pay Mr. Kufflick's base salary. Africa Oil Corp. paid Mr. Kufflick's salary as an expense that was partially

recovered from the Corporation under the terms of a management services agreement. See “*Corporate Services Agreement*” for further details.

***Short Term Incentive Compensation – Cash Bonuses***

The Corporation may award discretionary cash bonuses to executive officers and employees of Corporation from time to time. The amount of the bonus that each individual may be eligible for is not set in relation to any formula or specific criteria, but is the result of a subjective determination of the Corporation's performance, overall industry conditions, as well as the individual's performance and his or her contribution to overall corporate goals. The payment of bonuses is subject to the final approval of the Board and the Board has the discretion to amend or veto bonuses in its sole discretion.

***Long Term Incentive Compensation – Stock Options***

The stock option component of an NEO's compensation, which includes a vesting element to ensure retention, serves to both motivate the executive toward increasing share value and to enable the executive to share in the future success of the Corporation. Individual stock options are granted by the Board on the recommendation of senior management, in the case of employees, and by the Compensation Committee, in the case of executive officers, including the CEO. Options are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional option grants may be made periodically to ensure that the number of stock options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, a number of factors are considered including, the role the individual plays in the Corporation, the number of stock options an individual has been granted, the exercise price and the value of the options and the term remaining on those options.

## TABLE OF COMPENSATION EXCLUDING SECURITIES

The table set out below provides a summary of compensation paid to each NEO of the Corporation for each of the two most recently completed financial years. All currency values are in US dollars for reporting purposes.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
James Phillips <sup>(1)</sup> <i>President and Chief Executive Officer</i>	2015	300,000	-	-	70,326	-	370,326
	2014	175,000	-	-	-	-	175,000
Jeromie Kufflick <sup>(2)</sup> <i>Chief Financial Officer</i>	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Jan Maier <sup>(3)</sup> <i>Vice President - Exploration</i>	2015	215,011	-	-	-	-	215,011
	2014	-	-	-	-	-	-
Keith Hill <sup>(4)</sup> <i>Chairman</i>	2015	-	-	18,734	-	-	18,734
	2014	-	-	21,730	-	-	21,730
Ian Gibbs <sup>(5)</sup> <i>Director</i>	2015	-	-	23,615	-	-	23,615
	2014	-	-	24,446	-	-	24,446
Ashley Heppenstall <sup>(6)</sup> <i>Director</i>	2015	-	-	18,253	-	-	18,253
	2014	-	-	-	-	-	-
John Bentley <sup>(7)</sup> <i>Director</i>	2015	-	-	16,994	-	-	16,994
	2014	-	-	-	-	-	-
Adrian Nel <sup>(8)</sup> <i>Director</i>	2015	-	-	15,106	-	-	15,106
	2014	-	-	-	-	-	-
Randy Neely <sup>(9)</sup> <i>Director</i>	2015	-	-	4,987	-	-	4,987
	2014	-	-	29,879	-	-	29,879
Wojtek Wodzicki <sup>(10)</sup> <i>Director</i>	2015	-	-	4,685	-	-	4,685
	2014	-	-	28,068	-	-	28,068

Notes:

(1) Mr. Phillips' perquisites relate to the payment by the Corporation of his host government taxes due in the Republic of South Africa. Mr. Phillips' host government taxes are paid in South African Rand ("ZAR") and were converted to United States dollars ("USD") at an exchange rate of 14.13 ZAR for each USD. The Corporation used the monthly average exchange rate per the United States Federal Reserve to calculate each month's perquisites to USD. Effective June 1, 2014, the Corporation entered into an employment agreement with Mr. Phillips. Prior to this, Mr. Phillips services were covered under a monthly management services fee paid to Africa Oil Corp. ("AOC").

(2) Mr. Kufflick was an employee of AOC during 2015. AOC beneficially owns 32.06% of the issued and outstanding common shares of the Corporation. Mr. Kufflick's services were covered under a monthly management services fee, in which AOC paid Mr. Kufflick CAD\$69,000 related to his services performed with respect to the Corporation. AOC provides office facilities, administration and financial services to the Corporation. The relevant terms of the General Management and Administrative Service Agreement are described further under the heading "Corporate Services Agreement".

(3) Mr. Maier has been the Vice President Exploration since March 10, 2015. Mr. Maier's salary is paid in ZAR and was converted into USD at an exchange rate of 12.79 ZAR for each USD. The Corporation used the monthly average exchange rate per the United States Federal Reserve to calculate each month's salary to USD.

(4) Mr. Hill's director's fees are paid in Canadian dollars ("CAD") and were converted into USD at an exchange rate of 1.277 CAD for each USD. The Corporation used the monthly average noon exchange rate per the Bank of Canada to calculate each month's fees to USD.

(5) Mr. Gibbs' director's fees are paid in CAD and were converted into USD at an exchange rate of 1.277 CAD for each USD. The Corporation used the monthly average noon exchange rate per the Bank of Canada to calculate each month's fees to USD.

(6) Mr. Heppenstall has been a director since March 10, 2015. Mr. Heppenstall's director's fees are paid in CAD and were converted into USD at

an exchange rate of 1.287 CAD for each USD. The Corporation used the monthly average noon exchange rate per the Bank of Canada to calculate each month's fees to USD.

(7) Mr. Bentley has been a director since March 10, 2015. Mr. Bentley's director's fees are paid in CAD and were converted into USD at an exchange rate of 1.287 CAD for each USD. The Corporation used the monthly average noon exchange rate per the Bank of Canada to calculate each month's fees to USD.

(8) Mr. Nel has been a director since March 10, 2015. Mr. Nel's director's fees are paid in CAD and were converted into USD at an exchange rate of 1.287 CAD for each USD. The Corporation used the monthly average noon exchange rate per the Bank of Canada to calculate each month's fees to USD.

(9) Mr. Neely resigned as a director effective March 10, 2015. Mr. Neely's director's fees were paid in CAD and were converted into USD at an exchange rate of 1.233 CAD for each USD. The Corporation used the monthly average noon exchange rate per the Bank of Canada to calculate each month's fees to USD.

(10) Mr. Wodzicki resigned as a director effective March 10, 2015. Mr. Wodzicki's director's fees were paid in CAD and were converted into USD at an exchange rate of 1.233 CAD for each USD. The Corporation used the monthly average noon exchange rate per the Bank of Canada to calculate each month's fees to USD.

### TABLE OF COMPENSATION SECURITIES

The following table discloses all compensation securities granted or issued to each director and named executive officer by the Corporation during the year ended December 31, 2015:

Name and position	Type of compensation security <sup>(9)</sup>	Number of compensation securities and number of underlying securities	Percentage of stock options outstanding	Percentage of common shares outstanding	Date of issue or grant	Exercise price and closing price of security on date of grant (CAD)	Closing price of security at year end (CAD)	Expiry date
James Phillips <sup>(1)</sup> <i>President and Chief Executive Officer</i>	Stock option	700,000	7.5%	0.3%	March 11, 2015	0.17	0.13	March 11, 2020
Jeromie Kufflick <sup>(2)</sup> <i>Chief Financial Officer</i>	Stock option	700,000	7.5%	0.3%	March 11, 2015	0.17	0.13	March 11, 2020
Jan Maier <sup>(3)</sup> <i>Vice President - Exploration</i>	Stock option	700,000	7.5%	0.3%	March 11, 2015	0.17	0.13	March 11, 2020
Keith Hill <sup>(4)</sup> <i>Chairman</i>	Stock option	700,000	7.5%	0.3%	March 11, 2015	0.17	0.13	March 11, 2020
Ian Gibbs <sup>(5)</sup> <i>Director</i>	Stock option	350,000	3.8%	0.1%	March 11, 2015	0.17	0.13	March 11, 2020
Ashley Heppenstall <sup>(6)</sup> <i>Director</i>	Stock option	350,000	3.8%	0.1%	March 11, 2015	0.17	0.13	March 11, 2020
John Bentley <sup>(7)</sup> <i>Director</i>	Stock option	350,000	3.8%	0.1%	March 11, 2015	0.17	0.13	March 11, 2020
Adrian Nel <sup>(8)</sup> <i>Director</i>	Stock option	350,000	3.8%	0.1%	March 11, 2015	0.17	0.13	March 11, 2020

Notes:

(1) Mr. Phillips held a total of 1,005,000 compensation securities on December 31, 2015.

(2) Mr. Kufflick held a total of 805,000 compensation securities on December 31, 2015.

(3) Mr. Maier held a total of 700,000 compensation securities on December 31, 2015.

(4) Mr. Hill held a total of 1,005,000 compensation securities on December 31, 2015.

(5) Mr. Gibbs held a total of 455,000 compensation securities on December 31, 2015.

(6) Mr. Heppenstall held a total of 350,000 compensation securities on December 31, 2015.

(7) Mr. Bentley held a total of 350,000 compensation securities on December 31, 2015.

(8) Mr. Nel held a total of 350,000 compensation securities on December 31, 2015.

(9) All options granted during 2015 vest over a two-year period, of which one-third vest immediately, and expire five years after the grant date. Options granted prior to 2015 expire three years after the grant date.

## EMPLOYMENT AGREEMENTS

The Corporation entered into employment agreements with Messrs. James Phillips, President and Chief Executive Officer, and Jan Maier, Vice President Exploration. Each agreement specifies the terms and conditions of employment, the duties and responsibilities of the executive during the term, the compensation and benefits to be provided by the Corporation in exchange for each executive's services, and the compensation and benefits to be provided by the Corporation in the event of a termination of employment. The Corporation and its subsidiaries have not entered into any compensatory plan or arrangement in respect of compensation received or that may be received by any of the NEOs in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control, except for those disclosed below.

Pursuant to the terms of an executive employment agreement which was set to expire on May 1, 2016, unless extend by the Corporation, the Corporation engaged Mr. Phillips as President and Chief Executive Officer of the Corporation. In accordance with the terms of this agreement, Mr. Phillips was entitled to a base annual salary of \$300,000, plus benefits. In addition, the Corporation agreed to fund Mr. Phillips' host government taxes while on assignment outside of the United States. In accordance with the terms of this agreement, the Corporation could terminate Mr. Phillips' employment at any time without cause upon providing written notice and without payment in lieu of notice.

Subsequent to December 31, 2015, and pursuant to the terms of a new open-ended executive employment agreement made effective May 1, 2016 (the "2016 Employment Agreement"), the Corporation re-confirmed Mr. Phillips engagement as President and Chief Executive Officer of the Corporation. In accordance with the terms of the 2016 Employment Agreement, Mr. Phillips is entitled to a base annual salary of \$300,000, plus benefits. The Corporation may terminate Mr. Phillips' employment without notice or payment in lieu of notice for cause. Additionally, the 2016 Employment Agreement may be terminated by the Corporation by notice to Mr. Phillips should he become permanently disabled. Upon the termination of Mr. Phillips' employment for cause or if he voluntarily elects to terminate his agreement, Mr. Phillips shall not be entitled to any severance payment other than compensation he earned before the date of termination. Mr. Phillips may be terminated by the Corporation for any reason other than specified above, upon one year's written notice of the termination of the 2016 Employment Agreement. In the event that there is a change of control of the Corporation, Mr. Phillips is entitled to resign within 180 days of such change of control and to receive the equivalent of two years' base salary in a lump sum (equivalent to \$600,000) plus the continuation of all of benefits for two years, at the highest level provided to Mr. Phillips at any time within the one year period prior to the change of control. In addition, Mr. Phillips' outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring.

Pursuant to the terms of an open-ended executive employment agreement made effective February 10, 2015, the Corporation engaged Mr. Maier as Vice President Exploration of the Corporation. In accordance with the terms of Mr. Maier's employment agreement, he is entitled to a base annual salary of ZAR 3,000,000, plus benefits. The Corporation may terminate employment with thirty (30) days written notice. The Corporation may terminate employment summarily, without notice or payment in lieu of notice, for cause, in the event of death, or at the point Mr. Maier is deemed to be permanently disabled.

Subsequent to December 31, 2015, and pursuant to the terms of an open-ended executive employment agreement made effective March 1, 2016, the Corporation engaged Mr. Kufflick as Chief Financial Officer of the Corporation. In accordance with the terms of Mr. Kufflick's employment agreement, he is entitled to a base annual salary of CAD\$275,000, plus benefits. The Corporation may terminate Mr. Kufflick's employment without notice or payment in lieu of notice for cause. Additionally, the agreement may be terminated by the Corporation by notice to Mr. Kufflick if he becomes permanently disabled. Upon the termination of Mr. Kufflick's employment for cause or if he voluntarily elects to terminate his agreement, Mr. Kufflick shall not be entitled to any severance payment other than compensation he earned before the date of termination. Mr. Kufflick may be terminated by the Corporation for any reason other than specified above, upon one



year's written notice of the termination of his employment agreement. In the event that there is a change of control of the Corporation, Mr. Kufflick is entitled to resign within 180 days of such change of control and to receive the equivalent of one year's base salary in a lump sum (equivalent to CAD\$275,000) plus the continuation of all of benefits for one year, at the highest level provided to Mr. Kufflick at any time within the one year period prior to the change of control. In addition, Mr. Kufflick's outstanding incentive stock option awards in the Corporation would fully vest and become immediately exercisable upon a change of control occurring. Prior to executing the executive employment agreement with Mr. Kufflick, his services were covered under a monthly management services fee, in which AOC paid Mr. Kufflick for his services performed with respect to the Corporation. See "*Corporate Services Agreement*".

#### **CORPORATE SERVICES AGREEMENT**

On September 20, 2011, the Corporation entered into a general management and administrative service agreement ("*Services Agreement*") with Africa Oil Corp. ("*AOC*"), with an office located at Suite 2000, 885 West Georgia Street, Vancouver, BC., whereby AOC provides to the Corporation various management, administrative and related corporate services. The term of the Services Agreement is indefinite, unless ninety (90) days prior notice is given by either party, and is subject to earlier termination in certain circumstances, which includes either party: (i) committing a serious breach of the Services Agreement and failing to remedy same within (30) days of being requested to do so; or (ii) going into liquidation (other than voluntary for the purpose of reconstruction) or has a receiver of its assets appointed or enters into an arrangement with its creditors. Under the terms of the Services Agreement, the Corporation agreed to pay AOC a management fee of CAD\$75,000 per month plus all applicable taxes.

On June 1, 2015, the Corporation amended the Services Agreement, reducing the amount paid to AOC to CAD\$26,000 per month plus all applicable taxes. On February 1, 2016, the Corporation further amended the Services Agreement, reducing the amount paid to AOC to CAD\$14,000 per month plus all applicable taxes.

The Services Agreement provides a mechanism for AOC to change its fee in the event that services required by the Corporation differ from those provided for currently under the agreement. Pursuant to the Services Agreement, AOC is reimbursed for all reasonable expenses incurred in the performance of its services.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation maintains insurance for the benefit of its directors and officers and the directors and officers of its subsidiaries, as a group, in respect of the performance of them of the duties of their offices. The total amount of insurance coverage available is up to \$10,000,000, depending on the type of claim, with a deductible of up to \$25,000, depending on the type of claim, for each claim for which the Corporation grants indemnification. The Corporation bears the entire cost of the premiums payable pursuant to this coverage.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

## EQUITY COMPENSATION PLAN INFORMATION

The Corporation's Stock Option Plan, described herein, is the only compensation plan under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options <sup>(3)</sup>	Weighted-average exercise price of outstanding options <sup>(3)</sup> (CAD\$)	Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a)) <sup>(2)/(3)</sup>
Equity Compensation Plans approved by securityholders <sup>(1)</sup>	8,399,500	0.19	16,038,214
Equity Compensation Plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	8,399,500		16,038,214

Notes:

<sup>(1)</sup> The only compensation plan under which equity securities are authorized for issuance is the Stock Option Plan. See "Equity Compensation Plan Information - 10% Rolling Stock Option Plan".

<sup>(2)</sup> Based on 10% of the issued and outstanding share capital of the Corporation as at December 31, 2015 of 244,377,135.

<sup>(3)</sup> All information is as at December 31, 2015.

### **10% Rolling Stock Option Plan**

The Corporation's current 10% Rolling Stock Option Plan (the "Stock Option Plan") governing the issuance of stock options was initially adopted by shareholders at the annual and special meeting held on June 23, 2008 and most recently ratified and approved by shareholders on June 11, 2015.

The material terms of the Stock Option Plan can be summarized as follows:

#### ***Purpose***

Management of the Corporation believes that incentive stock options serve an important function in furnishing directors, officers, employees and consultants of the Corporation with an opportunity to invest in the Corporation in a simple and effective manner and in aligning the interests of such persons with those of the Corporation and its shareholders. The purpose of the Stock Option Plan is to ensure that the Corporation is able to continue to provide an incentive-based benefits program to its directors, officers, employees and consultants that provides flexibility in the structuring of incentive benefits so as to allow the Corporation to remain competitive in the recruitment and retention of key personnel.

#### ***Administration***

The Stock Option Plan is administered by the secretary of the Corporation, or such director or senior officer or employee of the Corporation as may be designated as the administrator of the Stock Option Plan from time to time, on the instructions of the Board.

### ***Number of Shares***

The aggregate number of shares issuable upon the exercise of all stock options granted under the Stock Option Plan is not to exceed 10% of the issued and outstanding share capital of the Corporation on a non-diluted basis at any time, and such aggregate number of shares issuable upon the exercise of all stock options granted under the Stock Option Plan shall automatically increase or decrease as the number of issued and outstanding shares changes. If any option granted under the Stock Option Plan expires or terminates for any reason in accordance with the terms of the Stock Option Plan without being exercised, the un-purchased shares will again be available for the purpose of the Stock Option Plan. The aggregate number of shares reserved for issuance pursuant to the Stock Option Plan or any other share compensation arrangement to any one participant within a one-year period is not to exceed 5% of the shares outstanding at the time of the grant, unless disinterested shareholder approval is obtained. The aggregate number of shares reserved for issuance pursuant to the Stock Option Plan or any other share compensation arrangement to insiders is not to exceed 10% of the shares from time to time, unless disinterested shareholder approval is obtained. The aggregate number of shares reserved for issuance pursuant to the Stock Option Plan or any other share compensation arrangement to insiders within a one-year period is not to exceed 10% of the shares outstanding from time to time, unless disinterested shareholder approval is obtained.

### ***Eligible Participants***

Pursuant to the Stock option Plan, stock options may be granted to an employee, director, officer or management company employee of the Corporation, or other persons who perform management or consulting services or investor relations services for the Corporation or any of its subsidiaries on an ongoing basis.

### ***Expiry of Option***

In the event that an option holder should die while he or she is still a director or employee of the Corporation, the expiry date of the option is one year from the date of death of the option holder.

In the event that an option holder who has received stock options in his or her capacity as a director of the Corporation ceases to be a director of the Corporation other than by reason of death, the expiry date of the options will be the 30th day following the date the option holder ceases to be a director of the Corporation unless the option holder continues to be engaged by the Corporation as an employee, in which case the expiry date will remain unchanged, or where the option holder ceases to be a director of the Corporation as a result of ceasing to meet the qualifications under section 124 of the *Business Corporations Act* (British Columbia) (the “**Act**”), a special resolution being passed by the shareholders of the Corporation pursuant to subsection 128(3) of the Act, or by order of the British Columbia Securities Commission, the TSX Venture Exchange (the “**Exchange**”) or any regulatory body having jurisdiction to do so, in which case the expiry date will be the date the option holder ceases to be a director of the Corporation.

In the event that an option holder who has received stock options in his or capacity as a employee of the Corporation ceases to be an employee of the Corporation other than by reason of death, or if the employee is a party providing investor relations services or management or consulting services to the Corporation and ceases to continue providing such services to the Corporation, the expiry date of the option will be the 30th day following the date the option holder ceases to be an employee of the Corporation or ceases to continue providing such investor relations, management and consulting services to the Corporation, subject to the terms and conditions of the Stock Option Plan.

### ***Exercise Price***

The exercise price per share is determined by the Board at the time the options are granted provided that the exercise price cannot be lower than the lowest exercise price permitted by the Exchange.

### ***Term***

The term of any option granted is fixed by the Board and may not exceed five years from the date of grant.

### ***Vesting***

Options granted pursuant to the Stock Option Plan will vest and become exercisable by an option holder at such time or times as may be determined by the Board at the date of the option grant and as indicated in the option grant and related option agreement. Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restrictions shall exist. Notwithstanding the foregoing, options granted to consultants providing investor relations services will vest in stages over a period of no less than 12 months with a maximum of one-quarter of such options vesting in any three month period.

### ***Transferability***

Options may not be assigned or transferred other than by will or by the applicable laws of descent and may only be exercised by the option holder.

### ***Change of Control***

In the event that a Change of Control, as defined in the Stock Option Plan, occurs, each option will become fully vested and may be exercised by the option holder. After such Change of Control the option may be exercised as to all or any of the optioned shares in respect of which the option has not been exercised, on or before the earlier of the expiry of the option and that date which is 60 days after the date of notice to the holder of such Change of Control event. After such date the provisions of the option shall reapply with respect to the balance of the optioned shares in respect of which the option has not been exercised, subject to the terms of the Stock Option Plan.

### ***Disinterested Shareholder Approval Required***

Any proposed amendment which involves an option held by an Insider of the Corporation (as that term is defined by the policies of the Exchange and relevant securities laws) shall first require approval from the disinterested shareholders of the Corporation at a general meeting provided that such approval is required by the Exchange.

### ***Termination***

The Board may terminate the Stock Option Plan at any time provided that such termination will not alter the terms or conditions of any option or impair any right of any option holder pursuant to any option awarded prior to the date of such termination and notwithstanding such termination the Corporation, such options, option holders, directors and employees and shares shall continue to be governed by the provisions of the Stock Option Plan.

At the Meeting, shareholders will be asked to approve an ordinary resolution to amend the terms of the Stock Option Plan. See *"Business of the Annual General Meeting"* for details of the proposed amended terms and Appendix B for a copy of the full Stock Option Plan with the proposed amended terms.

## **MANAGEMENT CONTRACTS**

See *"Corporate Services Agreement"* for a description of the terms and provisions of a General Management and Administrative Services Agreement dated February 1, 2016 between Africa Oil Corp. and the Corporation to provide various administrative and related corporate services to the Corporation.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed below, during the fiscal year ended December 31, 2015, none of the insiders of the Corporation or any proposed nominee for election as director, nor any associate or affiliate of said persons has had any material interest, direct or indirect, in any transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

Mr. Keith Hill is the President and Chief Executive Officer of Africa Oil Corp. and Mr. Ian Gibbs is the Chief Financial Officer of Africa Oil Corp. Africa Oil Corp. owns approximately 32.06% of the outstanding common shares of the Corporation.

On December 16, 2015, the Corporation announced that it had executed a share purchase agreement to acquire all of the shares of Thombo, a privately held company, which holds a 34.5% participating interest in the Block 2B Exploration Right for cash consideration of \$2 million plus the issuance of 14.8 million new common shares of the Corporation. The Corporation has also agreed to issue up to an additional 20 million common shares and, at the option of the Corporation, to either pay and/or issue up to \$1.5 million in additional contingent cash and/or shares, both payable on milestones associated with the commercialization of Block 2B. The share purchase agreement with Thombo will complete upon receipt of government and other regulatory approval.

Mr. John Bentley is a shareholder and director of Thombo. Mr. Bentley disclosed to the Board of Directors that he has a disclosable interest in respect of Thombo and abstained from voting in respect of the pending transaction with Thombo in accordance with section 149(2) of the Act.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### ***Corporate Governance Practices***

National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") sets out guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

The Board of Directors has considered the guidelines set out in NP 58-201 and believes that its approach to corporate governance is appropriate and works effectively for the Corporation and its shareholders and is consistent with the overall business of the Corporation and its stage of development. The following is a description of the Corporation's corporate governance practices which have been approved by the Board.

### ***The Board of Directors***

The Board of Directors is currently comprised of Messrs. Keith C. Hill, Ian Gibbs, Ashley Heppenstall, John Bentley and Adrian Nel. Messrs. Keith Hill and Ian Gibbs are not considered to be independent members of the Board of Directors within the meaning of both NI 58-101 and NI 52-110. Mr. Hill is the President and Chief Executive Officer and Chairman of Africa Oil Corp. and Mr. Gibbs is the Chief Financial Officer of Africa Oil Corp. Africa Oil Corp. owns approximately 32.06% of the outstanding common shares of the Corporation.

The remaining directors are considered independent as that term is defined under NI 52-110.

The Board has the responsibility to (i) supervise and evaluate management (ii) oversee the conduct of the Corporation's business; (iii) adopt, supervise and provide guidance to management on the Corporation's strategic planning process; (iv) identify the principal risks of the Corporation's business and ensure management's implementation and assessment of appropriate risk management systems; (v) ensure that the Corporation has highly qualified management and adequate and effective succession plans for senior management; (vi) oversee the Corporation's communications policy with its shareholders and with the public generally; (vii) place limits on managements authority; and (viii) assess directly and through its Audit Committee, the integrity of the Corporation's internal control and management information systems.

## Directorships

Each director of the Corporation is currently a director of other reporting issuers as set forth below:

Name	Directorships with Other Reporting Issuers
Keith C. Hill	<ul style="list-style-type: none"> <li>• ShaMaran Petroleum Corp.</li> <li>• BlackPearl Resources Inc.</li> <li>• Petro Vista Energy Corp.</li> <li>• Tyner Resources Ltd.</li> <li>• TAG Oil Ltd.</li> <li>• Africa Oil Corp.</li> </ul>
Ian Gibbs	<ul style="list-style-type: none"> <li>• Petro Vista Energy Corp.</li> <li>• Lundin Gold Inc.</li> </ul>
Ashley Heppenstall	<ul style="list-style-type: none"> <li>• Lundin Petroleum AB</li> <li>• Etrion Corporation</li> <li>• ShaMaran Petroleum Corp.</li> <li>• Lundin Gold Inc.</li> </ul>
John Bentley	<ul style="list-style-type: none"> <li>• Faroe Petroleum plc</li> <li>• Wentworth Resources Ltd.</li> </ul>

See “Business of the Annual General Meeting - Election of Directors” for a biography of each of the proposed directors.

An “interlock” refers to two or more of the Corporation’s directors who sit together on the board of directors of another reporting issuer. The Corporation’s directors have the following interlocks:

- Messrs. Hill and Heppenstall are each directors of ShaMaran Petroleum Corp.
- Messrs. Hill and Gibbs are each directors of Petro Vista Energy Corp.
- Messrs. Heppenstall and Gibbs are each directors of Lundin Gold Inc

The Board has determined that, in its judgment, the interlocks do not adversely impact the independence of these directors or the ability of these directors to act in the best interests of the Corporation because, among other things, the Corporation is focused on the exploration and development of assets in regions in which each of ShaMaran Petroleum Corp., Petro Vista Energy Corp., and Lundin Gold Inc. do not operate. In addition, Lundin Gold Inc. is not in the oil and gas exploration business.

During fiscal year ended December 31, 2015, the Board and its committees held the following number of meetings:

Directors	Board Committees									
	Board of Directors meetings		Audit Committee meetings		Compensation Committee meetings		Corporate Governance and Nominating Committee meetings		Reserves Committee meetings	
	No.	%	No.	%	No.	%	No.	%		
Keith C. Hill	7	100%	N/A	N/A	3	100%	N/A	N/A	1	100%
Ian Gibbs	7	100%	4	100%	3	100%	2	100%	N/A	N/A
Ashley Heppenstall	7	100%	4	100%	3	100%	N/A	N/A	1	100%
John Bentley	7	100%	4	100%	N/A	N/A	2	100%	N/A	N/A
Adrian Nel	7	100%	N/A	N/A	N/A	N/A	2	100%	1	100%

## Orientation and Continuing Education

The measures that the Board of Directors takes in connection with orienting new Board members regarding the role of the Board, its directors, the committees of the Board and the nature and operation of the Corporation’s business include

providing each new member with information concerning the role and responsibilities of a public company director and discussing with new members the Corporation's operations.

The Corporation encourages continued education for its directors. The Board ensures that all directors are kept apprised of changes in the Corporation's operations and business and changes in the regulatory environment affecting the Corporation's day to day business.

### ***Ethical Business Conduct***

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Corporation has adopted a written Code of Business Conduct and Ethics (the "Code") applicable to all directors, officers and employees of the Corporation. Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporation's external legal counsel. Following the receipt of any complaints submitted hereunder, the Corporation's external legal counsel will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment. The Corporation encourages all directors, officers, and employees to report promptly any suspected violation of the Code to the Corporation's legal counsel. The Corporation does not tolerate any retaliation for reports or complaints regarding suspected violations of the Code that were made in good faith. There has been no departure from the Code during the Corporation's most recently completed financial year.

The Corporation has also established an Internal Employee Alert Policy to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.

All directors, officers and employees have an obligation to act in the best interest of the Corporation. Any situation that presents an actual or potential conflict between a director, officer or employee's personal interests and the interests of the Corporation are to be reported to the Corporation's external legal counsel.

The Code is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Nomination of Directors***

The Corporate Governance and Nominating Committee consists of three directors, namely: Messrs. John Bentley (Chair), Adrian Nel and Ian Gibbs, the majority of whom are independent within the meaning of NP 58-201. The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues. The Committee oversees the effective functioning of the Board, oversees the relationship between the Board and management, ensures that the Board can function independently of management at such times as is desirable or necessary, identifies individuals qualified to become new Board members and recommends to the Board the director nominees at each annual meeting of shareholders and, with the assistance of the Board and where necessary, develops an orientation and education program for new recruits to the Board. In identifying possible nominees to the Board, the Corporate Governance and Nominating Committee considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board. The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the effectiveness and contribution of the Board, its committees and individual directors, having reference to their respective mandates, charters and position descriptions. The Corporate Governance and Nominating Committee meet at least once annually.

### ***Compensation***

The Compensation Committee consists of three directors, namely: Messrs. Ashley Heppenstall (Chair), Ian Gibbs, and Keith Hill. The Compensation Committee evaluates the CEO's performance and establishes executive and senior officer compensation, determines the general compensation structure, policies and programs of the Corporation, including the

extent and level of participation in incentive programs in conjunction with the Board, and delivers an annual statement on executive compensation. The Compensation Committee has also been mandated to review the adequacy and form of annual compensation for non-executive directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director. The Compensation Committee meets at least once annually. The Compensation Committee did not retain a compensation consultant or advisor at any time since the beginning of the Corporation's most recently completed financial year to assist in determining compensation for any of its directors and officers.

#### **Other Board Committees**

In addition to the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee, the Corporation established a Reserves Committee that is comprised of Messrs. Keith C. Hill (Chair), Ashley Heppenstall, and Adrian Nel, a majority of whom are considered to be independent. The Reserves Committee has generally been given the responsibility for developing the Corporation's approach to the reporting of oil and gas resources and/or reserves and the valuation of those resources/reserves.

#### **Assessments**

The Board believes that, due to the size of the Corporation, it is not appropriate to have a formal assessment process for its committees and individual directors. The Board as a whole assesses the effectiveness and contribution of individual directors on an informal basis from time to time.

#### **OTHER MATTERS**

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com). Financial information regarding the Corporation is provided in the consolidated annual financial statements and related management's discussion and analysis ("MD&A") for its most recently completed financial year.

Copies of the consolidated financial statements and related MD&A, as well as a copy of the Corporation's Annual Information Form ("AIF") for the fiscal year ended December 31, 2015, may be accessed on the Corporation's website at [www.africaenergycorp.com](http://www.africaenergycorp.com) or shareholders may contact the Corporation to request copies of the consolidated financial statements, MD&A and AIF, as follows:

- |                 |  |
|-----------------|--|
| (i) e-mail:     | <a href="mailto:info@africaenergycorp.com">info@africaenergycorp.com</a>   |
| (ii) telephone: | 604-689-7842   |
| (iii) mail:     | Africa Energy Corp. - <u>Investor Relations</u><br>Suite 2000, 885 West Georgia Street<br>Vancouver, B.C., V6C 3E8 |



**AFRICA ENERGY CORP.**  
**(the "Corporation")**

**MANDATE OF THE AUDIT COMMITTEE**

**1. Purpose of the Audit Committee**

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Corporation and its subsidiaries.

**2. Members of the Audit Committee**

2.1. The Audit Committee shall be appointed annually by the Board and shall be composed of three members, each of whom must be a director of the Corporation and a majority of whom must be independent.

2.2. At least one Member of the Audit Committee must be "financially literate" as defined under National Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

**3. Meeting Requirements**

3.1. The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without a meeting the Committee may act by unanimous written consent of all members.

3.2. Two members of the Audit Committee shall constitute a quorum.

**4. Duties and Responsibilities**

4.1. *Appointment, Oversight and Compensation of Auditor*

4.1.1. The Audit Committee shall recommend to the Board:

- a) The auditor (the "Auditor") to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
- b) The compensation of the Auditor.

In making such recommendations, the Audit Committee shall evaluate the Auditor's performance and review the Auditor's fees for the preceding year.

4.1.2. The Auditor shall report directly to the Audit Committee.

4.1.3. The Audit Committee shall be directly responsible for overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor regarding financial reporting.

4.1.4. The Audit Committee shall review information, including written statements from the Auditor, concerning any relationships between the Auditor and the Corporation or any other relationships that may adversely affect the independence of the Auditor and assess the independence of the Auditor.

4.2. *Non-Audit Services*

4.2.1. All auditing services and non-audit services provided to the Corporation or the Corporation's subsidiaries by the Auditor shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Audit Committee. In no circumstances shall the Auditor provide any non-audit services to the Corporation that are prohibited by applicable law or regulation.

4.3. *Review of Financial Statements etc.*

4.3.1. The Audit Committee shall review the Corporation's interim and annual financial statements and Management's Discussion and Analysis ("MD&A"), intended for circulation among shareholders; and shall report on them to the Board.

4.3.2. The Audit Committee shall satisfy itself that the audited financial statements and interim financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles and that the auditors have no reservations about such statements.

4.3.3. The Audit Committee shall review changes in the accounting policies of the Corporation and accounting and financial reporting proposals that are provided by the Auditor that may have a significant impact on the Corporation's financial reports, and report on them to the Board.

4.4. *Review of Public Disclosure of Financial Information*

4.4.1. The Audit Committee shall review the Corporation's annual and interim press releases relating to financial results before the Corporation publicly discloses this information.

4.4.2. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 5.4.1, and must periodically assess the adequacy of those procedures.

4.5. *Review of Annual Audit*

4.5.1. The Audit Committee shall review the nature and scope of the annual audit, and the results of the annual audit examination by the Auditor, including any reports of the Auditor prepared in connection with the annual audit.

4.5.2. The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect the audited financial statements.

4.5.3. The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect the audited financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

4.5.4. The Audit Committee shall satisfy itself that there is generally a good working relationship between management and the Auditor.

#### 4.6. *Review of Quarterly Review Engagements*

4.6.1. The Audit Committee shall review the nature and scope of any review engagements for interim financial statements, and the results of such review engagements by the Auditor, including any reports of the Auditor prepared in connection with such review engagements.

4.6.2. The Audit Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect any interim financial statements.

4.6.3. The Audit Committee shall satisfy itself that, where there are unsettled issues that do not affect any interim financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

#### 4.7. *Internal Controls*

4.7.1. The Audit Committee shall have responsibility for oversight of management reporting and internal control for the Corporation and its subsidiaries.

4.7.2. The Audit Committee shall satisfy itself that there are adequate procedures for review of interim statements and other financial information prior to distribution to shareholders.

#### 4.8. *Complaints and Concerns*

4.8.1. The Audit Committee shall establish procedures for:

- a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### 4.9. *Hiring Practices*

4.9.1. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of the Corporation.

#### 4.10. *Other Matters*

4.10.1. The Audit Committee shall be responsible for oversight of the effectiveness of management's interaction with and responsiveness to the Board;

4.10.2. The Audit Committee shall review and monitor all related party transactions which may be entered into by the Corporation.

4.10.3. The Audit Committee shall approve, or disapprove, material contracts where the Board determines it has a conflict.

4.10.4. The Audit Committee shall satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulations relating to insider trading, continuous disclosure and financial reporting.

4.10.5. The Audit Committee shall periodically review the adequacy of this Charter and recommend any changes to the Board.

4.10.6. The Board may refer to the Audit Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board from time to time may see fit.

## **5. Rights and Authority of the Audit Committee and the Members Thereof**

5.1. The Audit Committee has the authority:

- a) To engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) To set and require the Corporation to pay the compensation for any advisors employed by the Audit Committee; and
- c) To communicate directly with the Auditor and, if applicable, the Corporation's internal auditor.

5.2. The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Corporation and its affiliates and to discuss those accounts and records and any matters relating to the financial position of the Corporation with the officers and Auditor of the Corporation and its affiliates, and any member of the Audit Committee may require the Auditor to attend any or every meeting of the Audit Committee.

## **6. Miscellaneous**

Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Audit Committee. The purposes, responsibilities, duties and authorities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

**AFRICA ENERGY CORP.  
STOCK OPTION PLAN**

ARTICLE 1  
DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

As used herein, unless anything in the subject matter or context is inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means, initially, the secretary of the Company and thereafter shall mean such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;
- (b) “Affiliate” has the meaning prescribed in the policies of the TSX Venture Exchange as amended from time to time;
- (c) “Associate” has the meaning prescribed in the policies of the TSX Venture Exchange as amended from time to time;
- (d) “Award Date” means the date on which the Board grants and announces a particular Option;
- (e) “Board” means the board of directors of the Company;
- (f) “Director” means any individual holding the office of director or senior officer of the Company;
- (g) “Change of Control” means any of the following:
  - (i) the sale by the Company of all or a material portion of the assets of the Company;
  - (ii) the acquisition by any Person (whether from the Company or from any other Person) of Shares or other securities of the Company having rights of purchase, conversion or exchange into Shares of the Company which together with securities of the Company held by such Person, together with Persons acting jointly or in concert (as those terms are defined by the Securities Act) with such Person, exceeds 20% of the issued and outstanding Shares of the Company on a fully diluted basis (i.e. for either test, the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of Shares of the Company, such Person or Persons would be entitled to);
  - (iii) the amalgamation or merger of the Company with or into any one or more other corporations (other than: (a) an amalgamation or merger of the Company with or into a Subsidiary of the Company; or (b) an amalgamation or merger of the Company unanimously recommended by the Board of Directors provided that the former holders of Shares receive, in the aggregate and in their capacities as such, shares of the

- amalgamated or merged corporation having attached thereto not less than 51% of the votes attached to all shares of such amalgamated or merged corporation);
- (iv) the election at a meeting of the Company's shareholders of that number of persons which would represent a majority of the Board as directors of the Company, who are not included in the slate for election as directors proposed to the Company's shareholders by management of the Company;
  - (v) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) or (iv) above; or
  - (vi) a reasonable determination by the Board of Directors that there has been a change, whether by way of a change in the holding of the Shares, in the ownership of the Company's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Company;
- (h) "Company" means Africa Energy Corp. or any "affiliate" (as defined under the *Business Corporations Act* (British Columbia));
  - (i) "Employee" means any individual regularly employed on a full-time or part-time basis by the Company or other persons who perform management or consulting services or investor relations services for the Company on an ongoing basis;
  - (j) "Exchange" means the TSX Venture Exchange or any other stock exchange on which the shares are listed;
  - (k) "Exercise Notice" means the notice respecting the exercise of an Option in the form set out as Schedule "B" hereto, duly executed by the Option Holder;
  - (l) "Exercise Period" means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date;
  - (m) "Exercise Price" means the price at which an Option may be exercised as determined in accordance with paragraph 3.5;
  - (n) "Expiry Date" means the date determined in accordance with paragraph 3.3 and after which a particular Option cannot be exercised;
  - (o) "Insider" means:
    - (i) a director or senior officer of the Company;
    - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Company;
    - (iii) a person or entity that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company, or
    - (iv) the Company itself if it holds any of its own securities.
  - (p) "Option" means an option to acquire Shares, awarded to a Director or Employee pursuant to the Plan;
  - (q) "Option Commitment" means the Commitment, substantially in the form set out as Schedule "A" hereto, evidencing an Option;

- (r) "Option Holder" means a Director or Employee or former Director or Employee, who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;
- (s) "Plan" means this Africa Energy Corp. stock option plan;
- (t) "Personal Representative" means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder; and
- (u) "Securities Act" means *Securities Act (British Columbia)*;
- (v) "Share" or "Shares" means, as the case may be, one or more common shares without par value in the capital of the Company;
- (w) "Take-Over Proposal" means (i) any proposal or offer by a third person, whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Company's outstanding voting shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including without limitation any single or multi-step transaction or series of related transactions that is structured to permit such third person to acquire in any manner, directly or indirectly, more than 50% of its outstanding voting shares, or (ii) any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization or similar transaction or other business combination involving the Company.

## 1.2 CHOICE OF LAW

The Plan is established under and the provisions of the Plan shall be interpreted and construed in accordance with the laws of the Province of British Columbia.

## 1.3 HEADINGS

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

ARTICLE 2  
PURPOSE AND PARTICIPATION

2.1 PURPOSE

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Directors and Employees, to reward such of those Directors and Employees as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such Directors and Employees to acquire Shares as long term investments.

2.2 PARTICIPATION

The Board shall, from time to time, in its sole discretion determine those Directors and Employees, if any, to whom Options are to be awarded. If the Board elects to award an Option to a Director, the Board shall, in its sole discretion but subject to paragraph 3.2, determine the number of Shares to be acquired on the exercise of such Option. If the Board elects to award an Option to an Employee, the number of Shares to be acquired on the exercise of such Option, shall be determined by the Board in its sole discretion, and in so doing the Board may take into account the following criteria:

- (g) the annual salary of the Employee as at the Award Date in relation to the total annual salaries payable by the Company to all of its Employees as at the Award Date;
- (h) the length of time that the Employee has been employed by the Company; and
- (i) the quality of work performed by the Employee.

2.3 REPRESENTATION OF EMPLOYEE STATUS

In awarding an Option to an Employee, both the Board, on behalf of the Company, and the Employee shall represent that the Employee is a bona fide optionee of the Company, being:

- (a) an individual who is considered an employee under the *Income Tax Act* (i.e., for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) an individual who works full-time for the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Company on continuing and regular basis providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (d) a bona fide management company employee, being an individual employed by a party providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a party engaged in investor relations activities; or
- (e) a bona fide consultant, being in relation to the Company, an individual (or a company of which the individual is an employee or shareholder or a partnership of which the individual is a partner) who:
  - (iii) provides ongoing consulting services to the Company or an Affiliate of the Company under a written contract;



- (iv) possesses technical, business or management expertise of value to the Company or an Affiliate of the Company;
- (v) spends a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

#### 2.4 NOTIFICATION OF AWARD

Following the approval by the Board of the awarding of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Commitment representing the Option so awarded.

#### 2.5 COPY OF PLAN

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

#### 2.6 LIMITATION

The Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Company nor does it give any Option Holder that is an Employee the right to be or to continue to be employed by the Company.

### ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

#### 3.1 BOARD TO ALLOT SHARES

The Shares to be issued to Option Holders upon the exercise of Options shall be allotted and authorized for issuance by the Board prior to the exercise thereof.

#### 3.2 NUMBER OF SHARES

- (a) Subject to adjustment as provided in Section 3.7 hereof, the aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding share capital of the Company on a non-diluted basis at any time, and such aggregate number of Shares shall automatically increase or decrease as the number of issued and outstanding Shares changes.
- (b) If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the un-purchased Shares subject thereto shall again be available for the purpose of this Plan.
- (c) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to any one Participant within a one-year period shall not exceed 5% of the Shares outstanding at the time of the grant.

- (d) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to any one Consultant within a one-year period shall not exceed 2% of the Shares outstanding at the time of the grant.
- (e) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to all persons conducting Investor Relations Activities within a one-year period shall not exceed 2% of the Shares outstanding at the time of the grant.
- (f) Options issued to Consultants performing Investor Relations Activities must vest in stages over 12 months with no more than ¼ of the options vesting in any three month period.
- (g) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Shares outstanding from time to time unless the Company has obtained Disinterested Shareholder Approval to do so.
- (h) The aggregate number of Options which may be granted pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Shares outstanding from time to time unless the Company has obtained Disinterested Shareholder Approval to do so.

### 3.3 TERM OF OPTION

Subject to paragraph 3.4, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall not be later than the fifth anniversary of the Award Date of such Option.

### 3.4 TERMINATION OF OPTION

An Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period provided that, with respect to the exercise of part of an Option, the Board may at any time and from time to time fix a minimum or maximum number of Shares in respect of which an Option Holder may exercise part of any Option held by such Option Holder. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. local time in Vancouver, British Columbia, on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Board at the time the Option is awarded and the date established, if applicable, in sub-paragraphs (a) to (c) below:

(a) **Death**

In the event that the Option Holder should die while he or she is still a Director (if he or she holds his or her Option as Director) or Employee (if he or she holds his or her Option as Employee), the Expiry Date shall be one (1) year from the date of death of the Option Holder; or

(b) **Ceasing to hold Office**

In the event that the Option Holder holds his or her Option as Director of the Company and such Option Holder ceases to be a Director of the Company other than by reason of death, the Expiry Date of the Option shall be the 30th day following the date the Option Holder ceases to be a Director of the Company unless the Option Holder ceases to be a Director of the Company but continues to be engaged by the Company as an Employee, in which case the Expiry Date shall remain unchanged, or unless the Option Holder ceases to be a Director of the Company as a result of:

- (i) ceasing to meet the qualifications set forth in section 124 of the *Business Corporations Act* (British Columbia) or such other qualifications required by the corporate laws in any other jurisdiction under which the Company is continued or amalgamated; or
- (ii) a special resolution having been passed by the members of the Company pursuant to subsection 128(3) of the *Business Corporations Act* (British Columbia) or an equivalent enactment pursuant to the corporate laws in any other jurisdiction under which the Company is continued or amalgamated; or
- (iii) by order of the British Columbia Securities Commission, the TSX Venture Exchange or any regulatory body having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to be a Director of the Company.

(c) **Ceasing to be Employed**

In the event that the Option Holder holds his or her Option as an Employee of the Company and such Option Holder ceases to be an Employee of the Company other than by reason of death, or if the Employee is a party providing investor relations services or management or consulting services to the Company and ceases to continue providing such services to the Company, the Expiry Date of the Option shall be the 30th day following the date the Option Holder ceases to be an Employee of the Company or ceases to continue providing such investor relations, management and consulting services to the Company unless the Option Holder ceases to be an Employee of the Company or ceases to continue providing such services to the Company as a result of:

- (i) termination for cause; or
- (ii) by order of the British Columbia Securities Commission, the TSX Venture Exchange, or any regulatory body having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to be an Employee of the Company or ceases to continue providing such services.

### 3.5 EXERCISE PRICE

The Exercise Price shall be that price per share, as determined by the Board in its sole discretion and announced as of the Award Date, at which an Option Holder may purchase a Share upon the exercise of an Option, and shall not be less than the last daily closing price of the Company's shares on the TSX Venture Exchange prior to the Award Date less the discount permitted by the policies of the TSX Venture Exchange (or, if the Shares are no longer listed for trading on the TSX Venture Exchange, then such other exchange or quotation system on which the Shares are listed or quoted for trading).

### 3.6 REDUCTION IN EXERCISE PRICE FOR INSIDERS

Disinterested shareholder approval will be obtained for any reduction in the Exercise Price if the Option Holder is an Insider of the Company at the time of the proposed amendment.

### 3.7 ASSIGNMENT OF OPTIONS

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by paragraph 4.1, exercise the Option within the Exercise Period.

### 3.8 ADJUSTMENTS

If prior to the complete exercise of any Option the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively the "Event"), an Option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such Event in the manner the Board deems appropriate. No fractional Shares shall be issued upon the exercise of the Options and accordingly, if as a result of the Event, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded. Additionally, no lots of Shares in an amount less than 100 Shares shall be issued upon the exercise of the Option unless such amount of Shares represents the balance left to be exercised under the Option.

### 3.9 VESTING

- (a) Options granted pursuant to the Plan shall vest and become exercisable by an Option Holder at such time or times as may be determined by the Board at the date of the Option grant and as indicated in the Option Grant and Option Commitment related thereto. Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. Notwithstanding the foregoing, Options granted to Consultants providing Investor Relations Services shall vest in stages over a period of no less than 12 months with a maximum of one-quarter of such Options vesting in any three month period.
- (b) Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Company of a written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Shares to be purchased by cash, certified cheque, wire transfer or bank draft. Certificates for such Shares shall be issued and delivered to the Option Holder within a reasonable time following the receipt of such notice and payment.
- (c) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the term of the Option. To the extent required by the Exchange, no Option may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.
- (d) Except as set forth in paragraph 3.4, no Option may be exercised unless the Participant is at the time of such exercise a Director, Officer, Consultant, or Employee of the Company or any of its Subsidiaries, or a Management Company Employee of the Company or any of its Subsidiaries.
- (e) No Participant or his/her legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Company unless and until the certificates for Shares issuable pursuant to Options under the Plan are issued to him/her or them under the terms of the Plan.
- (f) The Option Commitment representing any such Option will disclose any vesting conditions.

### 3.10 HOLD PERIOD

In certain circumstances, an Option and any Shares issued under such Option, may be subject to a four-month hold period, from the time the Option was granted during which period they cannot be sold and, in accordance with the Exchange's policies, the certificates representing such Shares shall be legended accordingly. Shares issued on the exercise of an Option may be subject to such other hold periods as may be imposed by the Exchange or under the Securities Act.

### 3.11 EXTENSION OF EXPIRY TIME DURING BLACKOUT PERIODS

Notwithstanding the provisions contained herein for the expiry of Options, in the event that the expiry date of an Option falls during or within two (2) business days following the end of a blackout period of the Company pursuant to its policies (a "Blackout Period"), the expiry date of such Option shall be extended for a period of ten (10) business days following the end of the Blackout Period.

### 3.12 TRANSFERABILITY

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be assignable or transferable other than by will or by the applicable laws of descent. During the lifetime of an Option Holder, all Options may only be exercised by the Option Holder.

## ARTICLE 4 CHANGE OF CONTROL

In the event that a Change of Control has occurred, each outstanding Option shall immediately become fully vested and may be exercised in whole or in part by the Option Holder. After such Change of Control the Option may be exercised, notwithstanding Article 3.8, as to all or any of the optioned Shares in respect of which the Option has not been exercised, on or before the earlier of the expiration of the term of the Option and 5:00 p.m. (Vancouver time) on that date which is 60 days after the date of notice to the Option Holder of such Change of Control event. After such date the provisions of the Option shall reapply with respect to the balance of the optioned Shares in respect of which the Option has not been exercised provided that, for the purposes of Article 6.2, any optioned Shares purchased pursuant to this subsection shall be deemed to have been the optioned Shares in respect of which the Option Holder could have exercised the Option earliest.

If approved by the Board, Options may provide that, whenever the Company's shareholders receive a Take-over Proposal, such Option may be exercised as to all or any of the Shares in respect of which such Option has not previously been exercised (including in respect of Shares not otherwise vested at such time) by the Participant (the "Take-over Acceleration Right"). The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

If the Participant elects to exercise its Option to purchase Shares following the merger or consolidation of the Company with any other corporation, whether by amalgamation, plan of arrangement or otherwise, the Option Holder shall be entitled to receive, and shall accept, in lieu of the number of Shares of the Company to which he was theretofore entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such holder could have been entitled to receive as a result of such merger or consolidation if, on the effective date thereof, he/she had been the registered holder of the number of Shares of the Corporation to which he/she was theretofore entitled to purchase upon exercise of such Options.

ARTICLE 5  
EXERCISE OF OPTION

5.1 EXERCISE OF OPTION

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Commitment and a certified cheque(s) or bank draft(s) payable to the Company in an amount equal to the aggregate of the Exercise Price of the Shares to be purchased pursuant to the exercise of the Option and the amount of applicable statutory withholding taxes or other amounts which the Company or its Affiliate is required by any law or regulation of any governmental authority to deduct or withhold.

5.2 ISSUE OF SHARE CERTIFICATES

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased.

5.3 CONDITION OF ISSUE

The issue of Shares by the Company pursuant to the exercise of an Option is subject to this Plan and compliance with the laws, rules and regulations of all regulatory bodies applicable to the issuance and distribution of such Shares and to the listing requirements of any stock exchange or exchanges on which the Shares may be listed. The Option Holder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Company any information, report and/or undertakings required to comply with and to fully cooperate with the Company in complying with such laws, rules and regulations.

ARTICLE 6  
ADMINISTRATION

6.1 ADMINISTRATION

The Plan shall be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any Director, officer or employee of the Company such administrative duties and powers as it may see fit.

6.2 INTERPRETATION

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

### 6.3 STATUTORY WITHHOLDINGS

As a condition of participation in the Plan, an Option Holder shall authorize the Company in written form to collect and withhold from the Option Holder or its agent, as the case may be, any amounts required by applicable legislation to be withheld for any taxes, or otherwise, as a consequence of such participation in the Plan.

## ARTICLE 7 AMENDMENT AND TERMINATION

### 7.1 AMENDMENTS TO THE PLAN

The Board shall have the power to, without shareholder approval, at any time and from time to time, either prospectively or retrospectively amend, suspend, or terminate this Plan or any Option granted under this Plan:

- (a) for the purposes of making minor or technical modifications to any of the provisions of this Plan;
- (b) to correct any ambiguity, defective provisions, error or omission in the provisions of this Plan;
- (c) the Board shall obtain disinterested shareholder approval of the following:
  - i. any amendment that would reduce the exercise price of an outstanding Option granted to an insider (other than pursuant to Section 3.2);
  - ii. any amendment that would extend the term of any Option granted to an insider;
  - iii. an amendment that would remove or exceed the insider participation limit set out in Section 3.6;
  - iv. any amendments allowing for an Option to be transferable or assignable, other than for normal estate settlement purposes; and
  - v. a change to this Section 7.1 of this Plan.

All amendments are subject to the prior approval of the Exchange.

### 7.2 TERMINATION

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination and notwithstanding such termination the Company, such Options, Option Holders, Directors and Employees and Shares shall continue to be governed by the provisions of the Plan.

### 7.3 AGREEMENT

The Company and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of the Plan.

### 7.4 NO REPRESENTATION OR WARRANTY

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

**AFRICA ENERGY CORP.  
STOCK OPTION PLAN - OPTION COMMITMENT**

Notice is hereby given that, effective the \_\_\_\_ day of \_\_\_\_\_ (the "Award Date"), Africa Energy Corp. (the "Company") has granted to \_\_\_\_\_, (the "Optionee") an Option to acquire \_\_\_\_\_ Common Shares ("Shares") in the capital stock of the Company up to 5:00 p.m. Vancouver Time on the \_\_\_\_ day of \_\_\_\_\_ (the "Expiry Date") at an exercise price of Cdn\$\_\_\_\_\_ per share. The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's 10% Rolling Stock Option Plan, as amended from time to time (the "Plan"), the terms and conditions of which are hereby incorporated herein.

The Shares may be acquired as follows:

- [INSERT VESTING SCHEDULE, AS APPLICABLE]

In the event there is a Change of Control of the Company, as such term is defined in the Plan, the Options represented by this Option Commitment shall immediately vest.

To exercise your Option, deliver a completed Exercise Notice to the Company, together with certified cheques or bank drafts in full payment of the Exercise Price and statutory deductions, if any. Certificate(s) for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of the Exercise Notice and receipt of payment.

Please acknowledge acceptance of this Option on the terms and conditions prescribed herein by returning a signed (where indicated below) copy of the same to the Company (Attention: Corporate Secretary). By signing and delivering a copy of this Option Commitment to the Company, you are acknowledging receipt of a copy of the Plan and are agreeing to be bound by all of the terms contained therein.

**AFRICA ENERGY CORP.**

Per:

\_\_\_\_\_

Authorized Signatory

**Election to Accept Option**

I, \_\_\_\_\_, have received and read this Option Commitment and Plan (together, the Option Documents") and hereby elect, acknowledge and agree to accept the Option represented by this Option Commitment and to be bound by the Option Documents.

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Witness: \_\_\_\_\_

Witness Name: \_\_\_\_\_  
(Printed)

Note to "reporting insiders": Please remember to comply with your reporting insider filing requirements within the time prescribed by applicable securities legislation. Reporting insider reports may only be filed electronically on the web-based system known as SEDI ([www.sedi.ca](http://www.sedi.ca)).



**NOTICE OF EXERCISE OF OPTION**

TO: The Administrator, Stock Option Plan  
Africa Energy Corp. (the "Company")  
Suite 2000, 885 West Georgia Street  
Vancouver, B.C.  
V6C 3E8

TAKE NOTICE that the undersigned Optionee hereby irrevocably exercises his/her Option to purchase \_\_\_\_\_ common shares of the Company at a purchase price of Cdn\$\_\_\_\_ per share pursuant to the terms and conditions of the Company's 10% Rolling Stock Option Plan , as amended from time to time, and the Option Commitment dated \_\_\_\_\_, 20\_\_.

The undersigned tenders herewith certified cheques or bank drafts (circle one) made payable to "AFRICA ENERGY CORP." in the amount of Cdn\$\_\_\_\_\_ in full payment of the Exercise Price of the aforesaid shares, being Cdn\$\_\_\_\_\_, and in full payment of prescribed statutory deductions (if applicable), being Cdn\$\_\_\_\_\_.

**[OR]**

\_\_\_\_\_ (Name of Broker) will forward certified cheques or bank drafts (circle one) made payable "AFRICA ENERGY CORP." in the amount of Cdn\$\_\_\_\_\_ in full payment of the Exercise Price of the aforesaid shares, being Cdn\$\_\_\_\_\_, and in full payment of prescribed statutory deductions (if applicable), being Cdn\$\_\_\_\_\_.

The undersigned further directs Africa Energy Corp. to issue the certificate(s) evidencing said shares in the name of the undersigned to be delivered to the undersigned at the following address:

**Registration Instructions:**

\_\_\_\_\_  
Name  
\_\_\_\_\_  
Account reference, if applicable  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
\_\_\_\_\_

**Delivery Instructions:**

\_\_\_\_\_  
Name  
\_\_\_\_\_  
Account reference, if applicable  
\_\_\_\_\_  
Contact Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
Telephone Number

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Social Insurance Number (for tax purposes only)