

**STRATA-X ENERGY LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING**

**and**

**MANAGEMENT PROXY CIRCULAR**

Annual General Meeting of Shareholders

to be held in Denver, Colorado, USA

October 22, 2013

September 22, 2013

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## **STRATA-X LTD.**

### **NOTICE OF THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD OCTOBER 22, 2013**

The board of directors of **STRATA-X ENERGY LTD.** (the "**Corporation**") invites you to attend the annual and special meeting of the shareholders of the Corporation (the "**Meeting**") to be held at 1624 Market St. Suite #300A Denver, Colorado, USA 80202, on **October 22, 2013**, at **10:00a.m.** (Denver time), for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the years ended June 30, 2012 and June 30, 2013, and the auditor's report thereon;
2. to fix the number of directors to be elected at the Meeting for the ensuing year at five;
3. to elect the directors for the ensuing year;
4. to appoint the auditors of the Corporation and authorize the directors to fix their remuneration;
5. to approve the issuance of a maximum of 15,872,962 Shares to sophisticated and professional investors for the purpose of ASX Listing Rule 7.1 and for all other purposes;
6. to ratify the issuance of Shares as part-payment for the Sleeping Giant Project for the purpose of ASX Listing Rule 7.4 and for all other purposes;
7. to approve the Corporation's ability to issue an additional 10% of the issued capital of the Corporation over a 12 month period pursuant to ASX Listing Rule 7.1A;
8. to approve the remuneration of the non-executive directors for the purposes of ASX Listing Rule 10.17 and for all other purposes;
9. to ratify and approve the Corporation's amended and restated stock option plan for the purpose of ASX Listing Rule 7.2 exception 9(b) and for all other purposes;
10. to approve the issuance of stock options to Mr Tim Hoops for the purpose of ASX Listing Rule 10.11 and for all other purposes;
11. to approve the issuance of stock options for Mr. Tim Bradley for the purpose of ASX Listing Rule 10.11 and for all other purposes;
12. to approve the issuance of stock options for Mr. Bohdan Romaniuk for the purpose of ASX Listing Rule 10.11 and for all other purposes;
13. to approve the issuance of stock options for Mr. Don Schurman for the purpose of ASX Listing rule 10.11 and for all other purposes;
14. to ratify the issue of consultant options for the purpose of ASX Listing Rule 7.4 and for all other purposes; and
15. to transact such other business as may properly come before the Meeting or any adjournment of the Meeting;

all as more particularly set out in the attached information circular. The audited financial statements, auditor's report and management's discussion and analysis have been delivered to those shareholders who indicated to the Corporation that they wished to receive copies of same.

All holders of common shares are invited to attend the Meeting. Only shareholders of record at the close of business on September 22, 2013, are entitled to vote at the Meeting.

If you are unable to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and return it, in the envelope provided to Olympia Trust Company, through its Proxy Department at, Suite 2300, 125-9 Avenue SE, Calgary, AB T2G 0P6 or by fax at (403) 265-1455, so that it is received no later than 10:00 a.m. (Calgary time) on October 18, 2013. ASX CDI holders need to return their voting instructions forms to Link Market Services by no later than 5.00pm (Sydney time) on October 18, 2013. Further instructions are set out on page 7 of this Notice of Meeting.

DATED at Vancouver, British Columbia, September 22, 2013

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"Tim Hoops"*  
**President, Chief Executive Officer and Director**

# STRATA-X ENERGY LTD.

## MANAGEMENT PROXY CIRCULAR

### GENERAL INFORMATION

This management proxy circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management of Strata-X Energy Ltd. ("**Strata-X**" or the "**Corporation**") for use at the annual and special meeting (the "**Meeting**") of holders of common shares of the Corporation to be held on October 22, 2013, at 10:00 a.m. (Denver time) at 1624 Market St. Suite #300A, Denver, Colorado, USA 80202, and at any adjournment of the Meeting, for the purposes set out in the accompanying Notice of Annual General Meeting (the "**Notice of Meeting**") and at any adjournment thereof.

Except as otherwise stated, the information in this Circular is given as of September 22, 2013.

All amounts in this Circular are recorded in United States dollars unless specified otherwise.

### PROXY INSTRUCTIONS

#### Solicitation of Proxies

The proxy solicitation is made on behalf of the management of the Corporation. Mailing of this Circular and the form of proxy ("**Proxy Form**") will commence on or about September 26, 2013. The costs incurred in the preparation and mailing of the Proxy Form, Notice of Meeting and this Circular will be borne by Strata-X. In addition to solicitation by mail, proxies may be solicited personally, by telephone or other means of communication, by directors, officers and employees of the Corporation, who will not be specifically remunerated for such solicitations. The Corporation has arranged for intermediaries to forward meeting materials to beneficial owners of the shares held of record by those intermediaries and may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### Appointment of Proxy

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or their attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of such corporation duly authorized.

The persons named in the enclosed Proxy Form are directors and/or officers of Strata-X (the "**Management Proxyholders**"). **Each shareholder has the right to appoint a proxy holder other than the Management Proxyholders, who need not be a shareholder, to attend and to act for them and on their behalf at the Meeting. To exercise such right, the names of the Management Proxyholders should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.**

#### Voting by Proxy

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Holders of CDIs are not registered holders and should refer to the section entitled "CDI Holders May Give Instruction to CHESS Depository Nominees Pty. Ltd. ("CDN")."** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**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 on the matter as described under each item of business in this Information Circular.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

#### **Completion and Return of Proxies (for holders of TSX-V Common Shares)**

**The completed instrument of PROXY must be dated and signed and the duly completed instrument of proxy must be deposited at the Corporation's transfer agent, OLYMPIA TRUST COMPANY, no later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment thereof or may be accepted by the Chairman of the Meeting prior to the commencement of the Meeting. The mailing address for proxies is:**

**Olympia Trust Company.  
Suite 2300, 125 - 9 Avenue SE, Calgary, AB T2G 0P6  
Fax number: (403) 265-1455.**

Instructions for holders of CHESSE Depository Interests (CDI's) are set out on the next page.

#### **Revocation of Proxies**

A shareholder who has submitted a proxy may revoke it at any time up to and including the close of business on the last business day preceding the day of the Meeting, or any adjournment of the Meeting, by signing a statement in writing (or having your attorney, as authorized in writing, sign a statement) to this effect and delivering it to the Corporation at its registered office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, Attention: Shauna Hartman or the Corporation's transfer agent, Olympia Trust Company at Suite 2300, 125 - 9 Avenue SE, Calgary, AB T2G 0P6. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy at the Meeting and vote in person. In addition to revocation in any other manner permitted by law, a proxy may also be revoked by depositing such written statement with the Chairman of the Meeting on the day of the Meeting, or any adjournment of the Meeting.

### **BENEFICIAL HOLDERS OF COMMON SHARES**

**The information set out in this section is of significant importance to many shareholders who do not hold their common shares in their own name.** Only proxies deposited by shareholders whose names appear on the register of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the shares they own are not registered in their names but instead are registered in the name of a nominee such as a brokerage firm through which they purchased the shares; a bank, trust company, trustee or administrator of self-administered RRSPs, RRIFs, RESPs and similar plans; or a clearing agency (each a "Nominee") such as CDS Clearing and Depository Services Inc., or, in Australia, CDN. If you purchased your shares through a broker, you are likely an unregistered holder. Common shares held by your broker or their nominee can only be voted upon based on your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares. **Therefore, beneficial shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person or entity.**

#### **Non-Registered Holders Other Than CDI Holders**

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the Proxy Form provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining

instructions from clients to Broadridge. Broadridge mails a scanable voting instruction form in lieu of the Proxy Form provided by Strata-X. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternately, you can call their toll-free telephone number, 1-888-237-1900, or access Broadridge's internet website at [www.broadridge.com](http://www.broadridge.com) to vote your common shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of the common shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote shares directly at the Meeting as the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have your common shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such common shares.**

**If you are a beneficial shareholder and wish to vote in person at the Meeting, you should insert your own name in the space provided on the voting instruction form provided to you by your nominee and return the completed form to Broadridge.** Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Corporation to forward meeting materials directly to "non objecting beneficial owners". If the Corporation or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the "Completion and Return of Proxy" section above. The Corporation does not intend to pay for intermediaries to forward materials to "objecting beneficial owners" under NI 54-101, and as a result such "objecting beneficial owner" will not receive this Circular or a proxy form unless the "objecting beneficial owner's" intermediary assumes the cost of delivery.

### **CDI HOLDERS MAY GIVE INSTRUCTION TO CDN**

A "CDI" is a CHESSE Depository Interest representing an uncertificated unit of beneficial ownership in the common shares of the Corporation registered in the name of CDN. One CDI represents one underlying common share of the Corporation. "CHESSE" refers to the Clearing House Electronic Subregister System, which is the electronic system pursuant to which CDIs of the Corporation trade on the Australian Securities Exchange (the "ASX").

Holders of CDIs are non-registered or beneficial owners of the underlying common shares, which underlying shares are registered in the name of CDN. As holders of CDIs are not the legal owners of the underlying common shares, CDN is entitled to vote at meetings of shareholders on the instruction of the registered holder of the CDIs.

As a result, registered holders of CDIs can expect to receive a voting instruction form (a "VIF"), together with the Meeting materials, from Link Market Services Ltd ("Link"), the CDI Registry in Australia. These VIFs are to be completed by holders of CDIs who wish to vote at the Meeting and returned to Link in accordance with the instructions contained therein. Completed VIF forms must be returned to Link by 5.00pm (Sydney time) on October 18, 2013 or no later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the cut-off time for the receipt of proxies before any adjourned or postponed Meeting.

CDN is required to follow the voting instructions properly received from registered holders of CDIs. If you hold your interest in CDIs through a broker, dealer or other intermediary, you will need to follow the instructions of your intermediary.

A registered holder of a CDI can request CDN to appoint the holder (or a person nominated by the registered holder) as proxy to exercise the votes attaching to the underlying common shares represented by the holders of CDIs. In such case, a holder the CDI may, as proxy, attend and vote in person at the Meeting.

If you hold your interest in CDIs through a broker, dealer or other intermediary, you will need to follow the instructions of your intermediary and request a form of legal proxy which will grant you the right to attend the Meeting and vote in person.

Registered holders of CDIs that wish to change their vote must in sufficient time in advance of the Meeting contact Link to arrange to change their vote. If you hold your interest in CDIs through a broker, dealer or other



intermediary, you must in sufficient time in advance of the Meeting arrange for your intermediary to change its vote through Link in accordance with the revocation procedure set out above.

## **APPLICATION OF CANADIAN CORPORATE AND SECURITIES LAW - NOTICE TO HOLDERS OF CDIS**

The Corporation is an oil and gas company trading on the TSX Venture Exchange (“**TSX-V**”) (under the symbol **SXE**), on the ASX (under the symbol **SXA**). The Corporation was continued into and currently exists under and is governed by the Business Corporations Act (British Columbia) (“**BCBCA**”) and the provisions of the Corporation’s Notice of Articles and Articles. The Corporation is registered as a foreign company in Australia pursuant to the Australian Corporations Act (2001) (Cth) (the “**Corporations Act**”).

### **Chapters 6, 6A, 6B and 6C of the Australian Corporations Act**

The Corporation is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (i.e. substantial holdings and takeovers).

### **Summary of Canadian Legal Requirements Respecting the Acquisition of Securities of the Corporation**

Applicable Canadian laws, like their Australian equivalent, are very technical. Accordingly, shareholders should consult their own Canadian legal advisors with respect to Canadian legal requirement matters, rather than relying upon this general summary.

In general, subject to compliance with applicable Canadian securities laws, a holder of shares in the capital of a corporation incorporated under the BCBCA is entitled to transfer his, her or its shares to anyone else upon compliance with the provisions of the BCBCA and the articles of the corporation.

Canadian securities laws impose certain limitations on the acquisition of securities. The issuance to the public and trading of securities in Canada is regulated at the provincial/territorial level by securities legislation administered by the relevant provincial or territorial securities commission.

Takeover bids are regulated primarily by provincial and territorial securities legislation and, to a limited extent, the corporate statutes under which the target company is incorporated. Under provincial or territorial securities regulations, an offer to acquire shares of an issuer by a “control person” of that issuer may constitute a formal take-over bid. Under the Securities Act (British Columbia), a “control person” is generally defined as any person, company or combination of persons or companies whose holdings represent a sufficient number of securities of the issuer to materially affect the control of that issuer. A holding of more than 20%, in the absence of evidence to the contrary, is deemed to materially affect control of the issuer. In addition, any offer to acquire voting or equity securities where such securities together with the offeror’s securities represent an aggregate of 20% or more of the outstanding securities of that class will constitute a take-over bid.

Unless an exemption from formal take-over bid requirements under applicable Canadian securities legislation can be obtained, persons or companies seeking to make a take-over bid must comply with detailed rules governing bids prescribed by applicable provincial or territorial securities laws. For example, under the applicable securities legislation, exempt bids include bids made over the facilities of the TSX-V and a bid for not more than 5% of the outstanding securities of a class of securities, so long as the aggregate number of securities of that class acquired by the offeror and any person acting jointly or in concert with the offerer in the previous twelve months is not greater than 5% of the class and the bid is for a price not in excess of the market price for those securities.

### **Reporting by Substantial Shareholders and Insiders**

Under the insider reporting and trading rules of applicable Canadian securities legislation, reporting obligations and trading restrictions are placed on substantial shareholders. A reporting “insider” generally includes any person or company who beneficially owns, directly or indirectly, voting securities, or who exercises control or direction over voting securities or a reporting issuer or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities.

Shareholders who become insiders must file an "Insider Profile" in the prescribed form under National Instrument 55-102 – System for Electronic Disclosure by Insiders ("SEDI"). Further insider reports must be filed within five calendar days of any change in the ownership or control or direction over securities of the Corporation of that insider. Insider reports must be filed electronically on SEDI at [www.sedi.ca](http://www.sedi.ca).

### **Waivers Granted by the ASX**

CDI holders should note that the Corporation has been granted in-principal waivers from certain Listing Rules of the ASX. In particular, the Corporation has received a waiver from ASX Listing Rule 14.2.1 which requires that a form of proxy allow a securityholder to vote for or against each resolution.

Under applicable Canadian securities laws, the form of proxy to be provided must only allow securityholders to vote in favour of or to withhold their vote in respect of a resolution to elect a director or appoint an auditor, but not to vote against it. The Corporation's waiver from ASX Listing Rule 14.2.1 only applies to the extent necessary to permit it to comply with the proxy requirements under applicable Canadian securities laws and for so long as such laws prevent the Corporation from permitting Shareholders to vote against a resolution to elect a director or appoint an auditor.

The Corporation has also received a waiver from ASX Listing Rule 14.3 to the extent necessary to permit the Corporation to accept nominations for the election of directors in accordance with Canadian securities laws. Under ASX Listing Rule 14.3, an ASX listed entity must accept nominations for the election of directors up to 35 business days (or in the case of a meeting that securityholders have requested directors to call, 30 business days) before the date of the meeting at which directors may be elected, unless the entity's constitution provides otherwise. Part 5, Division 7 of the *Business Corporations Act* (British Columbia) provides a mechanism for Shareholders to submit proposals for consideration at an annual meeting, including nominations for election of directors, up to 90 days prior to the anniversary date of the previous annual meeting. If the proposal includes a nomination for election, the proposal must be signed by one or more holders of shares representing an aggregate of not less than 5% of the voting shares. A Shareholder who is entitled to submit a proposal is also entitled to discuss at an annual meeting any subject, including nominations for election of directors, in respect of which they would be entitled to make a proposal. In this manner, nominations for election of directors may be made at the meeting, and it is possible that a person could be elected director without his or her nomination disclosed prior to the date of the meeting.

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

None of the directors, officers or nominees for election as a director of the Corporation, or any of their associates or affiliates, has or has had any interest, direct or indirect, in any matter to be acted upon at the Meeting other than as set out in this Circular.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

#### **Record Date**

The board of directors of Strata-X has fixed September 22, 2013 (the "**Record Date**"), as the record date for the purpose of determining shareholders entitled to receive the Notice of Meeting and vote at the Meeting. Each shareholder as at the record date is entitled to one vote for each common share of Strata-X held. Shareholders of record will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers their shares after the Record Date and the transferee of those shares establishes that they own the shares and demands, not later than the close of business on the date ten days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

#### **Voting Securities**

The Corporation has only one class of shares, being the common shares.

The authorized capital of the Corporation consists of an unlimited number of common shares. As of September 22, 2013, there were 123,912,453 common shares issued and outstanding. Of such issued and outstanding shares, 73,091,225 were

held by CDN on behalf of holders of CDIs. All references to outstanding shares (or common shares) in this Circular include the shares held by CDN (“Shares”) and all references to holders of shares includes both holders of common shares and holders of CDIs (“Shareholders”).

Each common share carries the right to one vote. A quorum will be present at the Meeting if there is at least one person present holding or representing by proxy in the aggregate not less than 5% of the shares entitled to be voted at the Meeting.

The Corporation’s common shares are listed and traded in Canada on the TSX Venture Exchange under the symbol “SXE.V”. The CDIs are listed on the ASX under the symbol “SXA”.

### Principal Shareholders

To the knowledge of the directors and executive officers of the Corporation, the following persons beneficially own, directly or indirectly, or exercise control or direction over 10% or more of the currently issued and outstanding common shares:

Name of Shareholder	Number of Shares Held	Percentage of Shares Held
Ron Prefontaine	14,647,598	11.82%

(1) Of which 7,406,539 Shares are held by Prepet Pty Ltd., a private company owned and controlled by Mr. Prefontaine and 7,241,059 are held indirectly through Mr. Prefontaine’s Superfund account.

## CORPORATE GOVERNANCE

### Board of Directors

Corporate governance relates to the activities of the board of directors (the “Board”), the members of which are elected by and are accountable to Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of the shareholders but that it also promotes effective decision-making at the board level. The Board is of the view that its approach to corporate governance is appropriate and complies with the objectives and guidelines relating to corporate governance set out in National Instrument 58-201 *Corporate Governance Guidelines*. The Board itself is vested with the responsibilities of corporate governance and nomination of directors. The Board has developed and approved a complete Corporate Governance Charter (the “Charter”), a copy of which is available on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com), the Corporation’s website at [www.strata-x.com](http://www.strata-x.com) and at the request of any shareholder to the Corporation’s Canadian corporate secretary, Shaun Maskerine, at [smaskerine@strata-x.com](mailto:smaskerine@strata-x.com).

As described in *Information on Matters to be Acted Upon At the Meeting - Election of Directors*, there are currently five directors on the Board. Currently, Mr. Don Schurman, Mr. Timothy Bradley and Mr. Bohdan Romaniuk are independent directors (under National Instrument 58-201 *Corporate Governance Guidelines*). They have no direct or indirect material relationship with the Corporation, including any business or other relationship, which could reasonably be expected to interfere with their ability to act with a view to the best interests of the Corporation or which could reasonably be expected to interfere with the exercise of their independent judgment. The other directors, Messrs. Prefontaine and Hoops are not independent (under National Instrument 58-201 *Corporate Governance Guidelines*) as they hold senior executive positions as Chairman and as President and Chief Executive Officer, respectively.

The Corporation does not currently have a lead director but provides leadership to its independent directors through its chairman, who is tasked with the responsibility of seeking to ensure that appropriate structures and procedures are in place so that the Board is able to function independently.

### Directorships

The following directors of the Corporation currently serve as directors of other reporting issuers (or equivalent).

<b>Name</b>	<b>Other Reporting Issuers (Exchange or Market)</b>	<b>Position</b>	<b>Dates</b>
Bohdan Romaniuk	Acceleware Ltd. (AXE/TSX V) (formerly, Poseidon Capital Corp. and Acceleware Corp.)	Director and Chairman of the Board	December 2004 to present

### Meetings of Independent Directors

The Board holds meetings as needed. The Board has not established any required attendance levels for Board and committee meetings.

The Board facilitates its exercise of independent judgment in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board requires management to provide complete and accurate information with respect to the Corporation's activities and to provide relevant information concerning the industry in which the Corporation operates in order to identify and manage risks. The Board is responsible for monitoring the Corporation's officers, who in turn are responsible for the maintenance of internal controls and management information systems. The independent directors are, however, able to meet at any time without any members of management, including any non-independent directors, being present. Further supervision is performed through the Audit Committee which is composed entirely of independent directors who are also able to meet with the Corporation's auditors without management being in attendance. Additionally, the Corporation has a Corporate Governance Committee, a Remuneration Committee and a Nominations Committee each of which is also composed of a majority of independent directors who meet without management being in attendance.

### Attendance

During the Corporation's financial year ended June 30, 2013, there were 7 meetings of the Board, 6 meetings of the Audit Committee and 6 meetings of the Nomination and Compensation Committee. The attendance record of each of the Corporation's directors at these meetings during the time the director held office (as applicable) is set out below:

<i>Directors in Attendance</i>	<i>Board</i>	<i>Audit and Risk Management Committee</i>	<i>Remuneration Committee</i>	<i>Overall Attendance</i>
Ron Prefontaine	7/7 (100%)	N/A	N/A	7/7 (100%)
Timothy Hoops	7/7 (100%)	N/A	3/6 (50%) <sup>(1)</sup>	10/13 (77%)
Timothy Bradley	7/7 (100%)	6/6 (100%)	N/A	13/13 (100%)
Bohdan Romaniuk	7/7 (100%)	6/6 (100%)	6/6 (100%)	19/19 (100%)
Donald Schurman	7/7 (100%)	6/6 (100%)	6/6 (100%)	19/19 (100%)

Notes:

1. The meetings that were not attended by Mr. Hoops involved discussions regarding his compensation as CEO.

### Board Mandate

The mandate of the Board is to act in the best interests of the Corporation and to supervise management. The Board is responsible for approving long-term strategic plans and annual operating budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions and all debt and equity financing transactions. Any responsibility which is not delegated to management or to the committees of the Board remains with the Board. A copy of the Board's written mandate is found at Section A – *Principles of*

*Corporate Governance* of the Charter, a copy of which is available on the Corporation's website at [www.strata-x.com](http://www.strata-x.com).

### **Position Descriptions**

The Board has developed written position descriptions for its Chief Executive Officer and its Chairman which mandate can be found at Sections A3 and A2, respectively of the Charter, a copy of which is available on the Corporation's website at [www.strata-x.com](http://www.strata-x.com). However, the Board has not developed written position descriptions for chair of any Board committees. The Board has determined that given the size of the Board, the stage of development of the Corporation and the fact that each committee has a comprehensive written charter, a written position description for the chairman of each committee is not required at this time. The Corporate Governance Committee is responsible for reviewing the position descriptions and recommending any changes to the Board.

### **Orientation and Continuing Education**

The Corporation has not adopted a formalized process of orientation for new Board members. However, all directors have been provided with a base line of knowledge about the Corporation which serves as a basis for informed decision-making and three of the five directors have prior public company experience.

Directors are kept informed as to matters affecting, or which may affect, the Corporation's operations through reports and presentations at board of directors meetings. Special presentations on specific business operations are also provided to the board of directors.

### **Ethical Business Conduct**

The Corporation has adopted a Corporate Code of Conduct and a Corporate Ethics Policy, which are found at Section A4 and G, respectively of the Charter, a copy of which can be located on the Corporation's website, [www.strata-x.com](http://www.strata-x.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

The objective of these policies is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the Corporation, its subsidiaries and business units. These policies address conflicts of interest, protecting the Corporation's assets, confidentiality, fair dealing with securityholders, customers, suppliers, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. A copy of the Charter is provided to each director, officer and employee on an annual basis.

Specific issues of note are summarised below:

Directors' conflicts of interest - directors of the Corporation must keep the Board advised, on an ongoing basis, of any material personal interest in a matter that relates to the affairs of the Corporation. Where a director has a material personal interest in a matter, the director concerned will absent himself from Board discussions of the matter and will not cast a vote in relation to the matter.

Trading policy – The Corporation has also adopted a comprehensive trading policy, which applies to all directors, employees and contractors. The policy prohibits trading in the Corporation's securities by directors, employees or contractors at any time when they are in possession of price sensitive information that is not generally available to the market. In addition, the policy places a total embargo on short term trading by directors and senior employees at all times. The policy further identifies "blackout" periods where directors and senior management are embargoed from dealing in the Corporation's securities. An internal disclosure procedure applies to directors and senior employees wishing to buy or sell Corporation securities or exercise options over Corporation securities. Directors also have specific disclosure obligations under laws and regulations applicable in Australia and Canada.

In accordance with ASX Listing Rule 12.9, a copy of the Corporation's Trading Policy was lodged with the ASX. A copy of the trading policy is also available on the Corporation's website at [www.strata-x.com](http://www.strata-x.com).

### **Nomination of Directors**

The board of directors does not currently have a stand-alone nominating committee as the Board considers that the Company is not of a size nor are its affairs of such complexity as to justify the formation of a separate committee at this time. The Board itself carries out this responsibility and is able to address these issues as guided by a nominations charter found at Section E of the Charter, a copy of which is available on the Corporation's website at [www.strata-x.com](http://www.strata-x.com). The Board periodically examines its size and composition, with a view to determining the impact of the number of directors upon effectiveness and determining the appropriate number of directors which facilitates more effective decision making. The Board will review its position annually and determine if a separate committee need be established.

### **Compensation**

The Corporation has established a Remuneration Committee, which is, among other things, responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Corporation and other senior management and executive officers of the Corporation, for evaluating the Chief Executive Officer's performance in light of the corporate goals and objectives set for him/her, for reviewing the adequacy and form of the compensation and benefits of the directors in their capacity as directors of the Corporation to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director, and for reviewing and making periodic recommendations to the board of directors as to the general compensation and benefits policies and practices of the Corporation, including incentive compensation plans and equity based plans. The Remuneration Committee has a charter which can be found at Section D of the Charter, a copy of which is available on the Corporation's website at [www.strata-x.com](http://www.strata-x.com). The members of the Remuneration Committee are Bohdan Romaniuk, Don Schurman and Timothy Hoops, of which Mssrs. Romaniuk and Schurman are considered independent members.

### **Other Board Committees**

Other than the Audit Committee and the Remuneration Committee as described above, the Corporation has not established any other committees at this time. The Board has established a charter for a corporate governance committee, which can be found at Section B of the Charter, and a copy of which is available on the Corporation's website at [www.strata-x.com](http://www.strata-x.com), but does not currently consider that the Company is of a size where the establishment of such a committee is necessary. This notwithstanding, the Board is guided by the principles set forth in the corporate governance charter.

### **Assessments**

To date, neither the Board nor the Nominations Committee has formally assessed any individual director with respect to their effectiveness and contribution to the Corporation in their capacity as a director. Instead, members of the Board have relied on informal conversations among themselves to adequately cover such matters. The Board does not consider that formal assessments would be useful at this stage of the Corporation's development.

### **Audit Committee Disclosure Required Pursuant to NI 52-110**

The Corporation is subject to National Instrument 52-110 - Audit Committees, which prescribes rules regarding the responsibilities, composition and authority of an issuer's Audit Committee. For detailed disclosure of information relating to the Corporation's Audit Committee, please see the Company's Annual Information Form for the year-ended June 30, 2013 dated September 19, 2013, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **EXECUTIVE COMPENSATION**

In this section, Named Executive Officer ("NEO") means the Chief Executive Officer of the Corporation ("CEO"), the Chief Financial Officer of the Corporation ("CFO"), each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, who were serving as executive officers at June 30, 2013 and whose total compensation exceeded \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as a NEO of Strata-X at June 30, 2013.

For the most recently completed financial year, Strata-X had three NEOs: Timothy Hoops, President and CEO, David Hettich, CFO and Timothy Bradley, former CFO. No other individuals are considered “Named Executive Officers” as such term is defined in Form 51-102F6 – Statement of Executive Compensation for the year ended June 30, 2013.

All currency references in this “*Executive Compensation*” section refer to amounts in United States dollars.

### **Compensation Discussion and Analysis**

This compensation discussion and analysis describes and explains the Corporation’s policies and practices with respect to the 2013 compensation of its Named Executive Officers.

Executive compensation is based upon the need to provide a compensation package that will allow the Corporation to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. Compensation for this financial year and prior financial years has historically been based upon a negotiated salary, with stock options and bonuses potentially being issued and paid as an incentive for performance.

The Board has established a Remuneration Committee, the members of which are Bohdan Romaniuk, Don Schurman and Timothy Hoops. The function of the Remuneration Committee is to review, on an annual basis, the compensation paid to the Corporation’s executive officers and to the directors, to review the performance and compensation paid to the Corporation’s executive officers and to make recommendations on compensation to the Board. In addition, the committee reviews annually the compensation plans for the Corporation’s non-executive staff.

Executive officers of the Corporation receive compensation consisting primarily of four elements: base salary, benefits package, annual bonus and long-term equity incentives. Each element of compensation is described below in more detail.

#### *Base Salary*

Base salaries for the Corporation’s executive officers are established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation paid by other companies in the Corporation’s industry for similar positions and the overall market demand for such executives.

An executive officer’s base salary will also be determined by reviewing the executive officer’s other compensation to ensure that the executive officer’s total compensation is in line with the Corporation’s overall compensation philosophy.

Base salaries are reviewed annually and increased for merit reasons, based on the executive officers’ success in meeting or exceeding individual performance goals, as well as contribution to achieving company performance goals. Additionally, the Corporation adjusts base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an executive officer’s role or responsibilities.

#### *Annual Bonus*

The Corporation’s compensation program includes eligibility for an annual incentive cash bonus. In 2013, the Board established a formal employee performance incentive plan (the “**Incentive Plan**”). The first award period under the Incentive Plan will be during the fiscal year ended June 30, 2014, and as a result no awards have yet been issued under the Incentive Plan.

The Incentive Plan has three components: (i) short term incentives, (ii) long term incentives and (iii) discretionary awards.

The short term incentive portion of the Incentive Plan provides for the award of up to 50% of an employee’s base salary based on a combination of team and individual key performance indicators (“**KPIs**”). The Remuneration Committee will annually review KPIs, but for the 2014 fiscal year, the initial KPIs selected are as follows (as a % of base salary):

Up to 15%	Based on Meeting Reserve Benchmarks
Up to 5%	Based on Meeting Finding Cost Benchmarks

Up to 10%	Based on Meeting Cash Flow Benchmarks
Up to 17.5%	Based on Meeting Individual KPI(s)
Up to 2.5%	Based on Meeting Safety and Environmental Benchmarks

Awards under the Incentive Plan may be made in cash or in common shares, subject to the approval of applicable regulatory authorities, including the ASX and TSX-V.

Actual metrics for the KPIs will be reviewed annually by the Remuneration Committee and approved by the Board at the start of each fiscal year. The Board, with the assistance of the Remuneration Committee, will assess the level of the executive officer's success in meeting individual goals, as well as that executive officer's contribution towards achieving company performance goals.

For the fiscal year 2014, the Remuneration Committee and the Board approved the following team based KPIs:

Reserve Benchmarks – Team Goal (15%)

5% Proven Reserves > 500,000 BOE

10% Proven Reserves > 1,000,000 BOE

15% Proven Reserves > 1,500,000 BOE

Finding and Development Cost Benchmarks– Team Goal (5%)

1% Finding and development costs < \$25/bbl

3% Finding and development costs < \$20/bbl

5% Finding and development costs < \$15/bbl

Cash Flow Benchmarks – Team Goal (10%)

3% OCF > \$2,000,000

6% OCF > \$3,000,000

10% OCF > \$4,000,000

Safety and Environmental Benchmarks — Team Goal (2.5%)

1.5% Lost time due to injury is less than 5% of the cumulative onsite working hours

1.0% No environmental incidents with > \$20,000 in restoration.

Additionally, the Remuneration Committee and the Board approved the following individual goals for operational team members:

Individual Goals for Operational Team Members -- Operational Flow Rates (15%)

5% Commercial flow rate from 1 project

10% Commercial flow rate from 2 projects

15% Commercial flow rate from 3 projects

Individual Goals - Operational Team Members — Average Production Newly Drilled Wells (2.5%)



2.5% >500 BOPD for June 2014. Measured as the 30 day average for the 30 days prior to year end

The Remuneration Committee has set the individual KPIs for the Company's Chief Executive Officer for the fiscal year 2014. The individual KPIs are based on his unique responsibilities to develop the Company:

- 5% Bonus - Recruiting and retaining a high functioning team required to execute the strategy
- 5% Bonus – Effective investor relations as evident by the Company's ability to raise capital as required to support the Company's strategy at consistently higher prices than the most recent capital raise
- 4% Bonus - Acquiring meaningful land positions in high priority areas aligned with Company strategy
- 3.5% bonus – Initiation of strategic alliances / joint ventures that accelerate the achievement of the Company's strategy.

The long-term incentive portion of the Incentive Plan is discussed below at "*Long Term Equity Incentives*".

Due to the infant stage of the Corporation, the Incentive Plan also allows for the grant of discretionary awards as there is a significant probability that first year benchmarks to be set will not accurately reflect the future contributions and efforts of employees. Discretionary awards will be available to compensate employees for outstanding efforts that contributed to the Corporation's growth but which, for unforeseen reasons, did not result in the Corporation achieving the established benchmarks, however conscientiously or judiciously they may have been set. Discretionary awards are also available for performance that was outside the boundaries of the KPI awards and are available to reward those contributions to the Corporation.

After annual KPI awards have been calculated by the Corporation's CFO, the CEO will review and determine if any discretionary awards should be used to supplement the annual bonus awards, subject to the approval of the Remuneration Committee and the Board. In addition, the CEO has the ability to recommend to the Remuneration Committee an award for performance of an individual or a group of individuals that contributed significantly to the Corporation outside of the areas measured by the KPIs.

#### *Benefits Package*

In April 2013, the Board adopted and implemented an employee benefits plan (the "**Benefits Plan**") intended to provide employees with competitive benefits on a non-discriminatory basis. Under the Benefits Plan, the Corporation has allocated 14% of each employee's base compensation to fund employee benefits tailored to each employee which may be utilized by an employee towards certain specified benefits, on a pre-tax basis, or added to the employee's base pay on a post-tax basis in lieu of benefits. The Corporation has also adopted a savings incentive match plan (the "**Simple Plan**"), pursuant to which the Corporation matches up to 3% of employee contributions, to a maximum of \$11,500 annually (with an additional \$2,500 permitted as make-up provision if the employee is over 50 years of age), resulting in an aggregate benefits package under the Benefits Plan of 17% of base compensation. The Benefits Plan in part operates in lieu of employer-sponsored health care, which the Corporation does not currently offer.

#### *Long-Term Equity Incentives*

The Corporation believes that equity based awards will allow it to reward executive officers for their sustained contributions to the Corporation. The Corporation believes that equity awards also reward continued employment by an executive officer, with an associated benefit to the Corporation of employee continuity and retention. The Board believes that incentive stock options ("options") provide management with a strong link to long-term corporate performance and the creation of shareholder value. The Corporation's stock option plan (the "**Options Plan**") allows the Corporation the opportunity to grant options to purchase common shares. The Board will not award options according to a prescribed formula or target, but rather will take into account the individual's position, scope of responsibility, ability to affect profits, the individual's historic and recent performance, and the value of the awards in relation to other elements of the executive's total compensation. The Board takes previous grants of options into consideration when considering new grants of options under the Options Plan.

The CEO will provide a recommendation to the Remuneration Committee upon an employee's hiring and on an annual basis thereafter. The recommended awards will be a balanced reflection of an employee's contribution in the past and expected performance moving forward. Commencing July 1, 2013, all employee options grants will have a two year vesting period according to the following schedule: 25% to vest after 6 months and 25% to vest every 6 months thereafter.

For additional information concerning the Corporation's Options Plan, please see "*Particulars of Matters to be Acted Upon – Approval of Options Plan*"

#### *Mitigation of Compensation Risks*

The Remuneration Committee believes that the executive compensation program of the Corporation should not raise its risk profile. Accordingly, the Corporation's compensation programs include safeguards designed to mitigate compensation risks. The following measures impose appropriate limits to avoid excessive or inappropriate risk-taking or payments:

- Cash components of annual bonuses are capped to ensure preservation of capital and to provide upper payout boundaries; and
- An annual review of the Corporation's short, medium and long-term incentive plans and corresponding performance objectives to ensure continued relevance, applicability and peer group competitiveness.

#### *Purchase of Financial Hedge Instruments*

The Corporation's Trading Policy permits a "restricted person" (as defined therein) to enter into a margin loan or similar funding arrangement in respect of any of the Corporation's securities, but such person must disclose the existence, nature and terms of those arrangements to a clearance officer, being one of the corporate secretary, chairman or CEO who will notify the Board, which in turn will disclose any such arrangements which require disclosure under applicable securities laws or stock exchange policies. In the event such an arrangement involves 5% or more of the Corporation's shares, the Board and company secretary will make appropriate disclosures to the market of the key terms of same.

#### *Compensation Governance*

A copy of the Remuneration Committee's charter can be found at Section D of the Charter, a copy of which is available on the Corporation's website at [www.strata-x.com](http://www.strata-x.com). The members of the Remuneration Committee are Bohdan Romaniuk, Don Schurman and Timothy Hoops, of which Messrs. Romaniuk and Schurman are considered independent members. While the Corporation's CEO, Timothy Hoops, is a member of the Remuneration Committee, he is not involved in compensation matters relating to his position as CEO. Each of the independent members of the Remuneration Committee has direct experience relating to executive compensation matters (having served on compensation committees) of publicly traded companies.

The Remuneration Committee's responsibilities, pursuant to its charter, are as follows:

The Remuneration Committee is responsible for reviewing the remuneration policies and practices of the Corporation and making recommendations to the Board in relation to:

- (1) executive remuneration and incentive plans:
  - (A) including, but not limited to, pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by management;
  - (B) review of the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
  - (C) consideration of whether to seek shareholder approval of the executive remuneration policy;
  - (D) overseeing the implementation of the remuneration policy;
  - (E) review and approval of the total proposed payments from each executive incentive plan;
  - (F) reviewing and approving corporate goals and objectives relevant to executive remuneration, and evaluating the performance of executives in relation to those corporate goals and objectives; and

- (G) preparing for consideration by the Board, the report to shareholders to be put to shareholders at the annual general meeting and to be incorporated into the annual report.

In respect of such executive remuneration, review the competitiveness of the Corporation's executive compensation programmes to ensure:

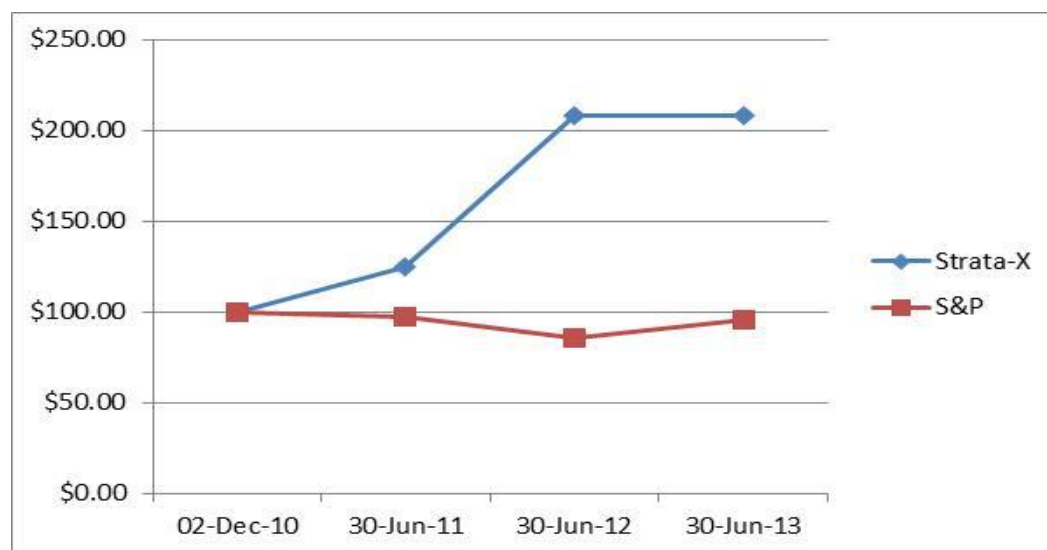
- (H) the programmes are attractive, with a view to ensuring the retention of corporate officers;
  - (I) the motivation of corporate officers to achieve the Corporation's business objectives; and
  - (J) the alignment of the interests of key leadership with the long term interests of the Corporation's shareholders.
- (2) the remuneration packages for management, directors and the managing director (if any):
    - (A) consider and make recommendations to the Board on the entire specific remuneration for each individual of management (including fixed pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy; and
    - (B) consider whether shareholder approval will be required.
  - (3) non-executive director remuneration:
    - (A) in developing the structure, the Remuneration Committee will give consideration to the Corporate Governance Principles and Recommendations, Recommendation 8.3, in that:
      - (i) non-executive directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or equity);
      - (ii) non-executive directors should not participate in schemes designed for the remuneration of executives; and
      - (iii) non-executive directors should not receive options or bonus payments or retirement benefits (other than statutory superannuation),whilst at the same time also taking into consideration the fact that Recommendation 8.3 is inconsistent with the common practice in the Corporation's jurisdiction of registration;
    - (B) ensure that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders;
    - (C) overview the application of the retirement allowance for non-executive members of the Board;
    - (D) provide, in the corporate governance section of the annual report, any departures from Recommendation 8.2 if necessary;
  - (4) the Corporation's recruitment, retention and termination policies and procedures for senior management;
  - (5) incentive plans and share allocation schemes:
    - (A) review and approve the design of all equity based plans;
    - (B) keep all plans under review in light of legislative, regulatory and market developments;

- (C) for each equity-based plan, determine each year whether awards will be made under that plan;
  - (D) ensure that the equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
  - (E) review and approve total proposed awards under each plan;
  - (F) in addition to considering awards to executive Directors and direct reports to the managing director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
  - (G) review, approve and keep under review performance hurdles for each equity-based plan,
- (6) superannuation arrangements; and
  - (7) remuneration of members of other committees of the Board.

At this point the Remuneration Committee does not anticipate making any significant changes to its compensation policies and practices in the next financial year, but expects to review best practice developments in this regard to ensure that current practices do not create undue risk to the Corporation and to continue to ensure the alignment of compensation packages with the objective of enhancing shareholder value.

### Performance Graph

The following chart compares the yearly percentage change in the cumulative total shareholder return on the common shares of the Corporation against the cumulative total shareholder return of the S&P/TSX Global Gold Index (Total Return Index Value) for the fiscal years 2009 through 2013.



### Summary Compensation Table

The following table sets forth all annual and long-term compensation for services in all capacities to the Corporation for the most recently completed financial year ended June 30, 2013. All amounts are expressed in US dollars, unless otherwise indicated.

**Summary Compensation Table  
For Financial Year Ending June 30, 2013**

Name and Principal Position	Year Ended June 30	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long term incentive plans (\$)			
Timothy Hoops, President, CEO and Director	2013	\$234,000	Nil	\$86,597	Nil	Nil	Nil	\$4,788	\$325,384
	2012	\$240,000	Nil	\$212,312	Nil	Nil	Nil	Nil	\$452,312
	2011	\$240,000	Nil	Nil	Nil	Nil	Nil	Nil	\$240,000
David Hettich, CFO <sup>(2)</sup>	2013	\$108,000	Nil	\$122,281	Nil	Nil	Nil	\$2,800	\$233,081
Timothy Bradley, former CFO and director <sup>(2)</sup>	2013	\$19,887	Nil	\$28,865	Nil	Nil	Nil	Nil	\$48,752
	2012	\$19,420	Nil	\$42,462	Nil	Nil	Nil	Nil	\$61,882
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Doug Walker, former President, CEO and Director <sup>(3)</sup>	2011	Nil	Nil	\$11,396	Nil	Nil	Nil	Nil	\$11,396
Bohdan Romaniuk, former CFO and director <sup>(4)</sup>	2011	Nil	Nil	\$11,396	Nil	Nil	Nil	Nil	\$11,396

**Notes:**

- 1 The value of the option-based award was determined using the Black-Scholes option-pricing model.
- 2 Mr. Bradley resigned as Chief Financial Officer on May 21, 2013 and Mr. David Hettich was appointed a Chief Financial Officer in his stead. Mr. Bradley continues to act as a director of the Corporation.
- 3 Mr. Walker resigned as Director, President, and CEO upon the completion of the Corporation's Qualifying Transaction on September 22, 2011 and concurrently was appointed Corporate Secretary of the Corporation and Mr. Tim Hoops was appointed Director, President and CEO in his stead.
- 4 Mr. Romaniuk resigned as Chief Financial Officer upon the completion of the Corporation's Qualifying Transaction on September 22, 2011 and Mr. Tim Bradley was appointed Director and CFO in his stead.

**Incentive Plan Awards - Named Executive Officers**

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Corporation as at June 30, 2013, including awards granted prior to the most recently completed financial year to each of the Named Executive Officers. All amounts are expressed in Canadian dollars.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Timothy Hoops, President, CEO and Director	1,000,000 300,000	\$0.30 \$0.34	Sept 22, 2021 Sept 22, 2022	Nil	N/A	N/A

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
David Hettich, CFO <sup>(2)</sup>	100,000 250,000 200,000	\$0.30 \$0.34 \$0.30	Jan 5, 2022 Sept 22, 2022 May 21, 2023	Nil	N/A	N/A
Timothy Bradley, former CFO and director <sup>(2)</sup>	200,000 100,000	\$0.30 \$0.34	Sept 22, 2021 Sept 22, 2022	Nil	N/A	N/A
<b>TOTAL</b>	<b>2,150,000</b>					

(1) This amount is the excess of the market value of the Corporation's shares on June 30, 2013 over the exercise price of the options. The last trading price of the Corporation's shares on the TSX-V at its financial year ended June 30, 2013 was \$0.28, which was the closing price of the Corporation's shares [on the TSX-V] on June 28, 2013, being the last date the Corporation's shares traded on the TSX-V during the financial year ended June 30, 2013.

(2) Mr. Bradley resigned as Chief Financial Officer on May 21, 2013 and Mr. David Hettich was appointed as Chief Financial Officer in his stead. Mr. Bradley continues to act as a director of the Corporation.

#### Value Vested or Earned During the Year

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Corporation at the end of the financial year ended June 30, 2013 to each of the Named Executive Officers. All amounts are expressed in Canadian dollars.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Timothy Hoops	Nil	Nil	Nil
David Hettich	Nil	Nil	Nil
Timothy Bradley	Nil	Nil	Nil

(1) Dollar value that would have been realized is calculated by determining the difference between the market price of the underlying securities on the vesting date and the exercise or base price of the options under the option-based award.

#### Re-Pricing and Exercises of Options

There were no options exercised and no re-pricing of options granted under the Corporation's stock option plan or otherwise during the financial year ended June 30, 2013.

#### **Pension Plan Benefits**

The Corporation does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

#### **Termination of Employment, Change in Responsibilities and Employment Contracts**

During the year ended June 30, 2013, the Corporation entered into the following employment or consulting arrangements with the Named Executive Officers:

1. The Company entered into a Consulting Agreement with David Hettich dated November 1, 2012. The consulting agreement with Mr. Hettich is for a one-year term subject to termination provisions provided for

in the agreement. Under the terms of the agreement, Mr. Hettich receives annual base compensation of US\$98,400. Additionally, Mr. Hettich receives a further US\$1,200 per month in benefits compensation and incentive stock options pursuant to the Options Plan. This agreement also contains confidentiality covenants in favour of the Company. Mr. Hettich was appointed as Chief Financial Officer effective May 21, 2013 at which time his annual base compensation was increased to US\$120,000 and monthly benefit compensation of US\$1,700.

2. The Company entered into a Consulting Agreement with Bradley Consulting Group Inc. and Timothy Bradley dated November 1, 2012 whereby Mr. Bradley agrees to act as the Company's Chief Financial Officer. The agreement has a one-year term subject to termination provisions provided for in the agreement. Under the terms of the agreement, Braldehy Consulting Group Inc. and Timothy Bradley receive annual base compensation of US\$96,000 and incentive stock options pursuant to the Options Plan. On March 14, 2013 the Company entered into an amendment to the Consulting Agreement to increase the annual base compensation to US\$116,000. Mr. Bradley resigned as Chief Financial Officer on May 21, 2013 at which time the annual base compensation payable under the Consulting Agreement was reduced to US\$70,000.
3. The Company entered into a Consulting Agreement with Peak Resources Management Inc. and Timothy Hoops dated November 1, 2012 whereby Mr. Hoops agrees to act as the Company's President and Chief Executive Officer. The agreement has a three-year term and provides for a base compensation of US\$204,000 per annum and incentive stock options pursuant to the Options Plan. The agreement also provides for an additional US\$3,000 per month in benefits compensation.

The Company concurrently entered into a Change of Control Agreement with Peak Resources Management Inc. and Timothy Hoops dated November 1, 2012. Following a change of control (as defined therein) should the Consulting Agreement be terminated by the Company or the Consultant for reasons other than cause (as defined therein) the consultant shall be entitled to receive a lump sum payment equal to 12 months' base compensation and benefits plus other sums owed for arrears of compensation and any bonus, if awarded. Further, all incentive stock options granted to Mr. Hoops outstanding at the time of termination under the change of control clause will vest immediately and will be fully exercisable by Mr. Hoops under the terms of the agreement(s) under which such options were granted.

All of these agreements are governed by and interpreted in accordance with the laws of the State of Colorado and the laws of the United States applicable therein.

### Compensation of Directors

The following table sets forth all amounts of compensation provided to directors who were not Named Executive Officers of the Corporation during the Corporation's financial year ended June 30, 2013. All amounts are expressed in Canadian dollars unless otherwise indicated.

Name <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Ron Prefontaine	AUD\$15,239	Nil	Nil	Nil	Nil	Nil	AUD\$15,239
Bohdan Romaniuk	\$12,801	Nil	\$28,865	Nil	Nil	Nil	\$41,666
Don Schurman	\$9,601	Nil	\$14,432	Nil	Nil	Nil	\$24,033

**Notes:**

- (1) As noted above, this table does not include directors that are also NEOs. Disclosure of compensation paid to NEOs who are also directors of the Corporation and receive compensation for their services as a director are reflected in the Summary Compensation table above.
- (2) The value of the option-based award was determined using the Black-Scholes option-pricing model.

The directors of the Company have executed Service Agreements that are in effect until they are replaced or until they resign. The remuneration terms for each of the directors are as follows:

- Bohdan Romaniuk –CAD\$40,000 annually, to be paid in equal monthly installments in arrears.
- Don Schurman –CAD\$30,000 annually, to be paid in equal monthly installments in arrears.
- Ron Prefontaine – AUS\$50,000 annually, to be paid in equal monthly installments in arrears.

**Incentive Plan Awards: Directors**

Outstanding share-based awards and option-based awards

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Corporation as at June 30, 2013, including awards granted prior to the most recently completed financial year to each of the Directors of the Company who were not Named Executive Officers. All amounts are expressed in Canadian dollars.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Ron Prefontaine, Director	200,000	\$0.30	Sept 22, 2021	Nil	Nil	Nil
Don Schurman, Director	50,000 50,000	\$0.30 \$0.34	Jan 5, 2022 Sept 22, 2022	Nil	Nil	Nil
Bohdan Romaniuk, Director	50,000 100,000	\$0.30 \$0.34	Jan 5, 2022 Sept 22, 2022	Nil	Nil	Nil
<b>TOTAL</b>	<b>450,000</b>					

- (1) This amount is the excess of the market value of the Corporation's shares on June 30, 2013 over the exercise price of the options. The last trading price of the Company's shares at its financial year ended June 30, 2013 was \$0.28, which was the closing price of the Corporation's shares on June 28, 2013, being the last date the Corporation's shares traded during the financial year ended June 30, 2013.

Value Vested or Earned During the Year

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Corporation at the end of the financial year ended June 30, 2013 to each of the non-executive directors. All amounts are expressed in Canadian dollars.



Name  (a)	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)  (b)	Share-based awards – Value vested during the year (\$)  (c)	Non-equity incentive plan compensation – Value earned during the year (\$)  (d)
Ron Prefontaine	Nil	Nil	Nil
Bohdan Romaniuk	Nil	Nil	Nil
Don Schurman	Nil	Nil	Nil

(1) Dollar value that would have been realized is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Strata-X has a stock option plan authorizing the grant of options to designated participants (being directors, officers, employees or consultants). The following table sets out information with respect to the options outstanding under the stock option plan as at June 30, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	5,080,000	\$0.258	7,295,245
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>5,080,000</b>	<b>\$0.258</b>	<b>7,295,245</b>

(1) Strata-X has a 'rolling' stock option plan, whereby the maximum number of shares reserved for issuance upon exercise of options granted under the plan may not exceed 10% of the total number of issued and outstanding common shares at the time the options are granted.

### INDEBTENESS OF OFFICERS AND DIRECTORS

No director or officer, or any proposed nominee for election as a director of the Corporation, or any of their respective associates or affiliates, is or has at any time since the commencement of the fiscal year ending June 30, 2013, been indebted to the Corporation or any subsidiary of the Corporation or to any other entity which is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, no informed person of the Corporation or any associate or affiliate of the foregoing had any material interest, direct or indirect, in any transaction or proposed transaction since June 30, 2013, which has materially affected or would materially affect the Corporation.

## MANAGEMENT CONTRACTS

There are no management functions of the Corporation, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Corporation.

## PRESENTATION OF FINANCIAL STATEMENTS

The audited financial statements of Strata-X for the years ended June 30, 2012 and June 30, 2013, and the report of the auditors thereon, will be placed before the Meeting. No vote by the shareholders with respect to the audited financial statements is required. The audited financial statements were audited by Collins Barrow Edmonton LLP, Chartered Accountants, and approved by the board of directors.

## INFORMATION ON MATTERS TO BE ACTED ON AT THE MEETING

### ELECTION OF DIRECTORS

There are currently five directors of Strata-X. Accordingly, the Strata-X shareholders will, at the Meeting, be asked to consider and, if deemed advisable, to fix the number of the board of directors at five and to elect the directors set out below to hold office until the next annual meeting or until their successors are elected or appointed.

For each of the persons nominated for election as directors, the names and municipalities of residence, the number of Strata-X common shares beneficially owned, directly or indirectly, or over which each exercises control or direction, the offices held by each in Strata-X and the principal occupation for the previous five years are set out below. The information as to shares beneficially owned, directly or indirectly or over which control or direction is exercised, is based upon information furnished to Strata-X by the nominees.

If any proposed nominee becomes incapable or unwilling to stand for election prior to the Meeting, it is the intention of management to vote in favour of the election of any substitute nominee and in favour of the remaining proposed nominees, unless expressly instructed to the contrary in the Proxy Form. Each of the proposed nominees listed below has indicated that he is willing to serve as a director, if elected. Management does not contemplate that any of the nominees will be unable to serve as a director.

### Information Concerning Directors

Name of Nominee, Municipality and Present Offices Held	Present Principal Occupation <sup>(1)</sup>	Date of Appointment as Director or Officer	Shares Beneficially Owned or Controlled (Number) <sup>(2)</sup>
Tim Hoops <sup>(4)</sup> Golden, Colorado, USA President, Chief Executive Officer and Director	Chief Executive Officer and President of a wholly owned subsidiary of Strata-X since June 2009, Vice President of Victoria Petroleum, USA, from 1998 to 2008. President of Peak Resource Management Inc., a private oil and gas exploration company since 1984.	September 22, 2011	9,624,000 <sup>(5)(7)</sup>
Tim Bradley <sup>(3)</sup> Golden, Colorado, , USA Chief Financial Officer and Director	Principal of Bradley Consulting Group, a private business consulting company since 1983.	September 22, 2011 <sup>(10)</sup>	2,376,000 <sup>(6)(7)</sup>

<b>Name of Nominee, Municipality and Present Offices Held</b>	<b>Present Principal Occupation<sup>(1)</sup></b>	<b>Date of Appointment as Director or Officer</b>	<b>Shares Beneficially Owned or Controlled (Number)<sup>(2)</sup></b>
Bohdan Romaniuk <sup>(3)(4)</sup> Calgary, Alberta, Canada Director	Independent business consultant and President of 944133 Alberta Ltd., a private investment and consulting company, since 2001. Part-time Commissioner of the Alberta Utilities Commission since October 2012.	August 24, 2010	410,000 <sup>(8)</sup>
Ron Prefontaine Brisbane, Queensland Australia, Director	Oil and gas consultant/managing director and geophysicist since 1994 employed by Prepet Pty Ltd. and Prefontaine Consulting, both private companies supplying technical and management services to the petroleum industry.	June 18, 2007	14,647,598 <sup>(9)</sup>
Don Schurman <sup>(3)(4)</sup> Edmonton, Alberta, Canada, Director	Director and management consultant affiliated with Sumera Management Consulting since July 1, 2009. From 2000 to June 2006, TkMC (TurnKey Management Consulting) until its sale to Sierra Systems in 2006 where he remained as an associate until June 30, 2009.	June 18, 2007	360,000

Notes:

- (1) The information as to principal occupation, business or employment and Shares beneficially owned or controlled is not within the knowledge of the management of Strata-X and has been furnished by the respective nominees. Each nominee has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
- (2) The approximate number of Shares of Strata-X carrying the right to vote in all circumstances beneficially owned directly or indirectly, or over which control or direction is exercised by each proposed nominee as at the date hereof is based on information furnished by the transfer agent of the Company and by the nominees themselves.
- (3) Member of the Audit Committee.
- (4) Member of the Corporate Governance and Remuneration Committee
- (5) Of which 6,000,000 Shares are held through Peak Resource Management, Inc., a private company of which Mr. Hoops is the director and majority shareholder, and 3,624,000 Shares of which are beneficially held through R&M Oil & Gas, LLP., a private company of which Peak Resource Management, Inc. holds 60.4% of the shares.
- (6) 2,376,000 Shares are held through R&M Oil & Gas, LLP, a private company of which Mr. Bradley holds 39.6% of the outstanding shares.
- (7) R&M Oil and Gas, LLP holds an aggregate of 6,000,000 shares which are represented above by apportioning the total shares held by R&M Oil and Gas LLP between its two shareholders.
- (8) Of which 200,000 Shares are held through 944133 Alberta Ltd., a private company of which Mr. Romaniuk is the President and all the shares of which are held by The Romaniuk Family Trust and 50,000 Shares of which are held indirectly through Mr. Romaniuk's RRSP account
- (9) Of which 7,406,539 Shares are held by Prepet Pty Ltd., a private company owned and controlled by Mr. Prefontaine and 7,241,059 are held indirectly through Mr. Prefontaine's Superfund account.

At the Meeting, shareholders will also be asked to fix the number of directors to be elected at the Meeting at five.

### Cease Trade Orders, Bankruptcies and Sanctions

Except as disclosed in the paragraphs below, none of the directors or proposed directors of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, as at the date of this Information Circular, or within the ten years prior to the date of this Information

Circular has been, a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that:

- (a) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under applicable securities legislation for a period of more than 30 consecutive days (in this section an “order”) that was issued while the director or proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such issuer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of such issuer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such issuer; or
- (c) while that director or proposed director was acting in the capacity of director, chief executive officer or chief financial officer of such issuer, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Schurman was a director and the chairman of Liberty Mines Inc. at the time cease trade orders were issued by the Ontario Securities Commission (April 24, 2009), the Alberta Securities Commission (April 8, 2009), and the British Columbia Securities Commission (April 14, 2009) for failure to file audited financial statements for the year ended December 31, 2008. The failure to file these financial statements was due to the fact that Liberty Mines ran out of money. The financial statements were eventually brought up to date and revocation orders were subsequently issued by the Ontario Securities Commission (July 17, 2009), the Alberta Securities Commission (July 14, 2009), and the British Columbia Securities Commission (July 15, 2009). Liberty Mines Inc. has been in compliance with the various regulatory requirements since that time.

Mr. Romaniuk was a director of Cell-Loc Inc./Cell-Loc Location Technologies Inc. from 1998 to 2010. Between the latter part of 2001 and the fall of 2003 Cell-Loc Inc. entered into individual agreements or arrangements with the vast majority of its suppliers and creditors, deferring and/or reducing the amounts payable on its outstanding obligations. Upon the restructuring, reorganization and refinancing of Cell-Loc Inc. in late November/early December 2003, all outstanding liabilities, as negotiated and agreed to with each creditor, were satisfied and eliminated. Similarly, all claims by and/or judgments in favour of creditors arising out of litigation against Cell-Loc Inc. over the same period were also satisfied or settled such that subsequent to the 2003 restructuring, reorganization and refinancing of Cell-Loc Inc. pursuant to a Plan of Arrangement, all outstanding debts that the company was aware of were extinguished.

No director or proposed director is, as at the date of this Information Circular, or within the ten years prior to the date of this Information Circular has been 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 the assets of the director or proposed director.

No director or proposed director has been subject to 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 likely be considered important to a reasonable investor in making an investment decision.

## **APPOINTMENT OF AUDITORS**

The board of directors recommends that Collins Barrow Edmonton LLP, Chartered Accountants, be appointed as Strata-X's auditors to hold office until the close of the next annual and general meeting and that the directors be authorized to fix their remuneration. Unless otherwise directed, it is management's intention to vote in favour of an ordinary resolution to re-appoint Collins Barrow Edmonton LLP. Collins Barrow Edmonton LLP was first appointed as auditors of the Corporation on June 18, 2007.

## **ISSUE OF SECURITIES TO SOPHISTICATED OR PROFESSIONAL INVESTORS**

Shareholders will be asked to consider and, if thought fit, pass the following ordinary resolution with or without amendment:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of a maximum of 15,872,962 Shares or CDIs (“**Investor Securities**”) in the Corporation, to Sophisticated Investors and Professional Investors (having the meaning ascribed to those terms in the Corporations Act (“**Sophisticated and Professional Investors**”).”

The Corporation will disregard any votes cast on this resolution by any person who may participate in the issue of the Investor Securities and any associate of such a person, however the Corporation need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

At the date of the Notice, the proposed allottees of the Investor Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Investor Shares), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

This resolution seeks Shareholder approval to issue a maximum of 15,872,962 Shares or CDIs to various Sophisticated and Professional Investors. ASX Listing Rule 7.1 provides that a listed company must not, subject to certain exceptions, issue or agree to issue new equity securities (which includes Shares and CDIs) equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders. However, equity securities issued with Shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

For the purposes of ASX Listing Rule 7.3 the Corporation advises as follows:

**(a) Maximum number of Investor Securities to be issued**

The maximum number of Investor Securities which will be issued is 15,872,962 Shares or CDIs.

**(b) Date by which the entity will issue the Investor Securities**

The Corporation intends to issue the Investor Securities as soon as practicable after completion of the proposed issue, but in any event will issue the Investor Securities within three months after the date of the Meeting.

**(c) Price at which the Investor Securities are to be issued**

The price of the Investor Securities is not presently known. Subject to the approval of the TSX Venture Exchange, the minimum price per Share or CDI at which the Investor Securities are to be issued will be 80% of the average ASX CDI market price, calculated over the last five days on which sales in the CDIs were recorded before the day on which the issue will be made.

**(d) Recipients of the Investor Securities**

The recipients of the Investor Securities are not presently known. The Corporation advises that the allottees will be identified having regard to their qualification as sophisticated and professional investors.

**(e) Terms of Investor Securities**

In the event that the securities issued are common shares, they will rank equally with all other common shares. In the event that CDIs are issued, the underlying shares issued to CDN will rank equally with all other common shares and the holder of the CDIs will have the same rights as all other CDI holders.

**(f) Use of funds**

The funds raised by the issue of the Investor Securities will be used for:

- working capital;
- further drilling and evaluation of existing oil and gas assets; and
- acquisition and identification of new exploration and development projects.

**(g) Date of allotment**

The Corporation intends to issue the Investor Securities as soon as practicable after completion of the proposed issue, but in any event will issue the Investor Securities within three months after the date of the Meeting.

There is a possibility that the Corporation may issue the Investor Securities before the date of the Meeting in which case the approval sought from Shareholders will be taken to be approval of the issue of the Investor Securities under ASX Listing Rule 7.4 (as opposed to ASX Listing Rule 7.1) and the Corporation will rely on the information provided under ASX Listing Rule 7.3 set out above for the purposes of satisfying the requirements of ASX Listing Rule 7.5.

**RATIFICATION OF ISSUE OF SHARES TO SLEEPING GIANT VENDOR**

Shareholders will be asked to consider and, if thought fit, pass the following ordinary resolution with or without amendment:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 516,440 shares (“**Acquisition Shares**”) in the Corporation as partial consideration for the purchase of the Sleeping Giant Project”.

The Corporation will disregard any votes cast on this Resolution by any person who participated in the issue of the Acquisition Shares and any associate of such a person, however the Corporation need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

This resolution seeks Shareholder approval to ratify the issue of 516,440 Shares at an issue price of C\$0.366 per share (“**Acquisition Shares**”), in partial satisfaction of the purchase price payable for the Sleeping Giant Project, Williston Basin, North Dakota, USA (“**Project**”).

Under the farm-out agreement with the principals of the Project dated March 31, 2011, as amended August 16, 2011 and May 21, 2012, (“**Acquisition Agreement**”), the Corporation acquired the rights to approximately 230,000 gross acres (175,000 net acres) in the Williston Basin in North Dakota which have multiple prospective structures for natural gas. The targets are shallow gas accumulations in reservoirs at depths generally under 2,000 feet (610 metres).

On March 31, 2013, the Company made its final payment under the Acquisition Agreement to the Sleeping Giant principals. This payment consisted of 516,440 Shares and USD \$200,000 in cash. The Company also secured an extension to September 30, 2014 to drill four wells under the farm-out agreement. No additional consideration was paid to the principals of the project in exchange for the extension.

ASX Listing Rule 7.1 provides that an ASX listed company must not, subject to certain exceptions, issue or agree to issue new equity securities (which includes shares) equivalent in number to more than 15% of its capital in any 12

month period without the prior approval of its shareholders. However, equity securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

ASX Listing Rule 7.4 provides that an issue of equity securities made without prior approval under ASX Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it and if the issue did not breach the 15% limit. The issue of the Acquisition Shares did not breach the 15% limit.

The Corporation is seeking Shareholder approval under this resolution so as to preserve its capacity to issue further equity securities in the next 12 months without the need to obtain further Shareholder approval.

For the purposes of ASX Listing Rule 7.4 the Corporation advises as follows:

**(a) Number of securities allotted**

The number of Acquisition Shares issued was 516,440 Shares.

**(b) Price at which the Acquisition Shares were to issued**

The Acquisition Shares were issued at an issue price of C\$0.366 per share.

**(c) Terms of Acquisition Shares**

The Acquisition Shares are Shares that rank equally with all other common shares.

**(d) Recipients of the Acquisition Shares**

The Acquisition Shares were issued to White Eagle Exploration Inc. (as to 258,220 of the total shares), Hendricks & Associates Inc. (as to 123,607 of the total shares), Fischer Oil & Gas Inc. (as to 123,607 of the total shares and Cody Oil & Gas Corporation (as to 11,006) of the total shares), the owners of the rights to the Project acquired under the Acquisition Agreement.

**(e) Use of funds**

No funds were raised by the issue of the Acquisition Shares as they were issued as partial consideration for the purchase of the Project.

**APPROVAL FOR THE CORPORATION TO ISSUE AN ADDITIONAL 10% OF THE ISSUED CAPITAL OF THE COMPANY OVER A 12 MONTH PERIOD PURSUANT TO ASX LISTING RULE 7.1A**

Shareholders will be asked to consider and, if thought fit, to pass the following resolution with or without amendment, as a resolution that is required to be passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of securities of up to 10% of the issued capital of the Corporation (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, over a 12 month period from the date of this Meeting, at a price not less than that determined pursuant to ASX Listing Rule 7.1A.3 (“**10% Securities**”).”

The Corporation will disregard any votes cast on this resolution by a person and any Associates (as that term is defined in the Corporations Act) of that person who may participate in the issue of the 10% Securities or who might obtain a benefit if this resolution is passed, except a benefit solely in their capacity as a holder of Shares if the resolution is passed. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Introduction**

The Corporation is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period in accordance with ASX Listing Rule 7.1A. If passed, this resolution will allow the Company to issue and allot up to 12,391,245 CDIs (based on the total number of Shares currently on issue) each at an issue price of at least 75% of the volume weighted average price (“**VWAP**”) of the Company’s CDIs on ASX (calculated over the last 15 days on which trades in the CDIs are recorded, and immediately before the date on which the price at which the 10% Securities are to be issued is agreed, or if not within 5 trading days of that date, the date on which the 10% Securities are issued) (“**Issue Price**”), subject to the approval of the TSX Venture Exchange.

Under ASX Listing Rule 7.1A, small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary Shareholders by special resolution at the annual general meeting (“**AGM**”), are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the AGM (“**Additional 10% Issue**”). The Additional 10% Issue under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to ASX Listing Rule 7.1. The Corporation may issue the 10% Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of 10% Securities are intended to be used as follows:

- working capital;
- further drilling and evaluation of existing oil and gas assets; and
- acquisition and identification of new exploration and development projects.

## **ASX Listing Rule 7.1A**

### **Eligibility**

An entity is eligible to undertake an Additional 10% Issue if at the time of its AGM it has a market capitalisation of A\$300 million or less and it is not included in the S&P/ASX300 Index.

As required by the ASX Listing Rules, the Corporation’s market capitalisation will be based on the closing price of the Corporation’s CDIs on ASX, on the last Trading Day on which trades in the CDIs were recorded before the date of the AGM, multiplied by the total number of Shares on issue, but excluding restricted securities and securities quoted on a deferred settlement basis).

For illustrative purposes only, on September 10, 2013 the Corporation’s market capitalisation was A\$47,086,732 based on the closing price of the Corporation’s CDIs on ASX on that date and the total of 123,912,453 Shares on issue.

The Corporation is not included in the S&P/ASX300 Index as at the time of issue of this Notice of Meeting and the Corporation does not expect that it will be included in the S&P/ASX300 Index at the date of the Meeting.

The Corporation is therefore an eligible entity and able to undertake an Additional 10% Issue under ASX Listing Rule 7.1A.

In the event that the Corporation is no longer an eligible entity to undertake an Additional 10% Issue after the Corporation has already obtained ordinary security holders’ approval, the approval obtained will not lapse and the Corporation will still be entitled to undertake the Additional 10% Issue.

### **Shareholder Approval**

The ability to issue the 10% Securities under the Additional 10% Issue is conditional upon the Corporation obtaining Shareholder approval by way of a Resolution at the Meeting requiring 75% of votes cast in favour. Pursuant to ASX Listing Rule 7.1A, no 10% Securities will be issued until and unless this Resolution is passed at the Meeting.



### **Issue Period – ASX Listing Rule 7.1A.1**

Shareholder approval of the Additional 10% Issue under ASX Listing Rule 7.1A is valid from the date of the Meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the Meeting at which the approval is obtained; or
- (b) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the Additional 10% Issue at the Meeting on October 22, 2013 then the approval will expire, unless there is a significant change to the Corporation's business, on October 22, 2014.

### **Calculation of Additional 10% Issue – ASX Listing Rule 7.1A.2**

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of securities calculated in accordance with the following formula:

**(A x D) – E**

**A** is the number of Shares (including CDIs) on issue 12 months before the date of issue or agreement:

- 1. plus the number of Shares (including CDIs) issued in the 12 months under an exception in ASX Listing Rule 7.2;
- 2. plus the number of partly paid Shares that became fully paid in the 12 months;
- 3. plus the number of Shares (including CDIs) issued in the 12 months with approval of holders of Shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- 4. less the number of Shares (including CDIs) cancelled in the 12 months.

**D** is 10 percent.

**E** is the number of CDIs issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4.

### **ASX Listing Rule 7.1A.3**

#### **Class of Securities**

Securities issued under the Additional 10% Issue must be in the same class as an existing quoted class of securities of the Company on the ASX. As at the date of this Notice of Meeting the only class of securities quoted on the ASX is CDIs.

#### **Minimum Issue Price**

Subject to the requirements of the TSX Venture Exchange, the issue price for the 10% Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of CDIs calculated over the 15 Trading Days immediately before:

- a) the date on which the price at which the 10% Securities are to be issued is agreed; or
- b) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the 10% Securities are issued.

#### **Information to be given to ASX – ASX Listing Rule 7.1A.4**

If the resolution is passed and the Corporation issues any 10% Securities under ASX Listing Rule 7.1A, the Corporation will give to ASX:

1. a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and
2. the following information required by ASX Listing Rule 3.10.5A, will be released to the market on the date of issue:
  - A. details of the dilution to the existing holders of Shares and CDIs caused by the issue;
  - B. where the CDIs are issued for cash consideration, a statement of the reasons why the Corporation issued the CDIs as a placement under ASX Listing Rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
  - C. details of any underwriting arrangements, including any fees payable to the underwriter; and
  - D. any other fees or costs incurred in connection with the issue.

#### **ASX Listing Rule 7.1 and 7.1A**

The ability of an entity to issue CDIs under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice, the Corporation has on issue 123,912,453 Shares (including CDIs), and therefore has the capacity to issue:

1. 18,586,868 Shares or CDIs under Listing Rule 7.1; and
2. 12,391,245 CDIs under Listing Rule 7.1A.

The actual number of CDIs that the Corporation will have the capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the CDIs in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as above).

#### **Specific Information required by ASX Listing Rule 7.3A**

##### **Minimum Price of securities issued under ASX Listing Rule 7.1A – ASX Listing Rule 7.3A.1**

Pursuant to and in accordance with ASX Listing Rule 7.3A.1, the 10% Securities issued pursuant to approval under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of the Corporation's CDIs over the 15 Trading Days immediately before:

1. the date on which the price at which the 10% Securities are to be issued is agreed; or

2. if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the 10% Securities are issued.

The pricing of the Securities will also be subject to the policies of the TSX Venture Exchange.

### **Risk of economic and voting dilution – ASX Listing Rule 7.3A.2**

As provided by ASX Listing Rule 7.3A.2, if Shareholders approve the issue of the 10% Securities and the Corporation subsequently issues the 10% Securities, there is a risk of economic and voting dilution to the existing ordinary security holders of the Corporation. The Corporation currently has on issue 123,912,453 Shares. Upon the issue of the 10%, the Corporation will have approval to issue 12,391,245 CDIs (the exact number of CDIs to be issued under the Additional 10% Issue will be calculated in accordance with the formula contained in ASX Listing Rule 7.1A.2 and set out above). Any issue of 10% Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

1. the market price for the Corporation's CDIs may be significantly lower on the date of the Issue than it is on the date of the AGM; and
2. the 10% Securities may be issued at a price that is at a discount to the market price for the Corporation's CDIs on the issue date,

which may have an effect on the amount of funds raised by the issue of the 10% Securities.

As required by ASX Listing Rule 7.3A.2, Table 1 below shows the economic and voting dilution effect, in circumstances where the issued capital has doubled and the Market Price of the CDIs has halved. Table 1 also shows additional scenarios in which the issued capital has increased (by both 50% and 100%) and the Market Price of the CDIs has:

- decreased by 50%; and
- increased by 100%.

**Table 1**

ASX Listing Rule 7.1A.2		Dilution		
		AUD\$0.19 50% decrease in Market Price	AUD\$0.38 Market Price	AUD\$0.76 100% increase in Market Price
<b>Current Issued Capital</b> 123,912,453 Shares	10% Voting Dilution	12,391,245 CDIs	12,391,245 CDIs	12,391,245 CDIs
	Funds raised	\$2,354,337	\$4,708,673	\$9,417,346
<b>50% increase in current Issued Capital</b> 185,868,680 Shares	10% Voting Dilution	18,586,868 CDIs	18,586,868 CDIs	18,586,868 CDIs
	Funds raised	\$3,531,505	\$7,063,010	\$14,126,020
<b>100% increase in current Issued Capital</b> 247,824,906 Shares	10% Voting Dilution	24,782,491 CDIs	24,782,491 CDIs	24,782,491 CDIs
	Funds raised	\$4,708,673	\$9,417,346	\$18,834,693

### **Assumptions and explanations**

- The Market Price is based on the closing price of the CDIs on ASX on September 10, 2013.
- Funds raised are expressed in Australian Dollars
- The above table only shows the dilutionary effect based on the Additional 10% Issue and not the 15% capacity under Listing Rule 7.1
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue
- The Corporation issues the maximum number of 10% Securities available to it under the Additional 10% Issue
- The Issued Capital has been calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at September 22, 2013
- The issue price of the 10% Securities used in the table does not take into account the discount to the Market Price (if any).

### **Final date for issue – ASX Listing Rule 7.3A.3**

As required by ASX Listing Rule 7.3A.3, the Corporation will only issue and allot the 10% Securities during the 12 months after the date of this Meeting which the Corporation anticipates will be October 22, 2014. The approval under this resolution for the issue of the 10% Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Corporation) or ASX Listing Rule 11.2 (the disposal of the main undertaking of the Corporation) before the anniversary of the Meeting.

### **Purpose – ASX Listing Rule 7.3A.4**

As noted above, the purposes for which the 10% Securities may be issued include raising funds for the Corporation and being used as non-cash consideration (further details of which are set out below). Funds raised from the issue of 10% Securities are intended to be used as follows:

- working capital;
- further drilling and evaluation of the Company's existing oil and gas assets; and
- acquisition and identification of new exploration and development projects.

### **Shares Issued for Non-cash consideration – ASX Listing Rule 7.3A.4**

The Corporation may issue 10% Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Corporation issues CDIs for non-cash consideration, the Corporation will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the CDIs complies with ASX Listing Rule 7.1A.3.

### **Corporation's Allocation Policy – ASX Listing Rule 7.3A.5**

The Corporation's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of 10% Securities pursuant to the Additional 10% Issue. The identity of the allottees of 10% Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

1. the methods of raising funds that are available to the Corporation, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
2. the effect of the issue of the 10% Securities on the control of the Corporation;
3. the financial situation and solvency of the Corporation; and
4. advice from corporate, financial and broking advisers (if applicable).

The allottees of the 10% Securities under the Additional 10% Issue have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Corporation.

Further, if the Corporation is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Issue will be the vendors of the new assets or investments.

### **Corporation not previously obtained shareholder approval under ASX Listing Rule 7.1A**

The Corporation has not previously obtained Shareholder approval under ASX Listing Rule 7.1A.

### **Voting Exclusion Statement**

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

### **NON-EXECUTIVE DIRECTORS REMUNERATION**

Shareholder approval will be sought to consider and, if thought fit, to pass, with or without amendment, the following resolution (the "**Non-Executive Directors' Remuneration Resolution**") as an ordinary resolution:

"That approval be given for the purposes of ASX Listing Rule 10.17 and for all other purposes to increase the maximum aggregate amount of fees payable to Non-Executive Directors by CAD\$150,000 to CAD\$500,000 per annum, to be apportioned by the Directors at their discretion."

The Corporation will disregard any votes cast on the Non-Executive Directors' Remuneration Resolution by a Director and any of their associates. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The aggregate amount of fees paid to non-executive Directors of the Corporation is currently CAD\$350,000.

ASX Listing Rule 10.17 provides that a listed entity may not, without shareholder approval, increase the total amount of non-executive directors' fees payable by it Pursuant to ASX Listing Rule 10.17, the Non-Executive Directors' Remuneration Resolution seeks shareholder approval to increase this figure by CAD\$150,000 from CAD\$350,000 to a new maximum aggregate amount of CAD\$500,000 per annum.

The maximum aggregate amount per annum has been determined after reviewing similar companies listed on the ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies. Whilst it is not envisaged that the maximum amount sought will be utilized immediately, the proposed limit is requested to ensure that the Corporation:

- (a) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Corporation and the regulatory environment in which it operates; and
- (b) has the ability to attract and retain non-executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Corporation.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to shareholders regarding the Non-Executive Directors Remuneration Resolution.

### **APPROVAL OF STOCK OPTION PLAN**

Shareholder approval will be sought to consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That for the purposes of ASX Listing Rule 7.2 Exception 9(b) and the TSX Venture Exchange and for all other purposes approval is given for the renewal of the Corporation’s Stock Option Plan (as amended) and that the issue of options under the Stock Option Plan be an exception to ASX Listing Rules 7.1 and 7.1A.”*

The Corporation will disregard any votes cast on the approval of the Corporation’s Stock Option Plan by a Director and any of their associates. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As required by TSX Venture Exchange rules, management is requesting that shareholders provide their approval of the Corporation’s stock option plan (the "**Plan**"). The purpose of the Plan is to attract, retain and motivate directors, officers, employees and consultants by providing them with the opportunity, through options, to acquire a proprietary interest in the Corporation and to benefit from its growth. In determining the number of options to be granted to executive officers, the Board takes into account the level of responsibility of the executive, his or her contribution to the long-term operating viability of the Corporation and the number of options, if any, previously granted.

In addition, the Company the Company is seeking Shareholder approval to issue securities in the future under the Stock Option Plan as an exception to Listing Rules 7.1 and 7.1A.

#### **Listing Rules 7.1 and 7.1A**

ASX Listing Rule 7.1 provides that a listed company must not, subject to certain exceptions, issue or agree to issue new equity securities (which includes Shares and CDIs) equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders (**15% Capacity**).

Additionally, as described in greater detail above under Listing Rule 7.1A, entities are able to issue up to a further 10% of their capital in certain circumstances (**Additional 10% Capacity**).

#### **Exception 9 of Listing Rule 7.2**

An exception to Listing Rules 7.1 and 7.1A exists for issues under employee incentive schemes such as the Stock Option Plan. If the exception applies, then options issued under the Stock Option Plan will not count towards the equity securities that the Company may issue as part of its 15% Capacity or, if applicable, Additional 10% Capacity.

Pursuant to Exception 9 of Listing Rule 7.2, options issued under the Stock Option Plan will not fall within 15% Capacity or the Additional 10% Capacity (if applicable) if Shareholders have approved the Stock Option Plan within the last 3 years and the Notice of Meeting contains:

- a summary of the terms of the scheme;
- the number of securities issued under the scheme since the date of the last approval; and
- a voting exclusion statement.

Accordingly, Shareholder approval of the Stock Option Plan is sought under Exception 9 of Listing Rule 7.2 so that any issue of options under the Stock Option Plan over the next 3 years is disregarded when determining the 15%

Capacity and the Additional 10% Capacity (if applicable). For this purpose, in accordance with Exception 9 of Listing Rule 7.2, the Corporations advises that:

- a summary of the terms and conditions of the Stock Option Plan is set out below;
- the total number of options issued under the Stock Option Plan since the date of the last approval (i.e., at the 2012 Annual General Meeting on September 18, 2012) is 3,120,000; and
- a voting exclusion statement is set out above.

### **Summary of the Stock Option Plan**

The terms of the Plan are summarized as follows and have been amended for the 2014 fiscal year to accommodate changes relating to the Corporation's listing on the ASX:

Options may be granted under the Plan only to directors, officers, employees and consultants of the Corporation or its subsidiaries or to personal holding companies wholly owned or controlled by the participant ("**Eligible Person**"), subject to the rules and regulations of applicable regulatory authorities and any stock exchange upon which the corporation's securities may be listed or may trade from time to time. The Board has discretion to set the terms of the vesting schedule for all options granted.

Options granted pursuant to the Plan will not exceed a term of ten years and are granted at an option price and on other terms which the directors determine is necessary to achieve the goal of the Plan and in accordance with regulatory policies. The option price may be at a discount to market price, which discount will not, in any event, exceed that permitted by any stock exchange on which the Corporation's common shares are listed for trading. The option price may not be reduced at any time unless permitted under the ASX Listing Rules.

Options granted under the Plan are non-assignable and non-transferable. The number of options granted under the Plan shall not exceed 10% of the issued and outstanding common shares, subject to adjustment in the event of an alternation in capital and further subject to the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSX-V and the ASX. The number of options issued under the Plan to any one individual in any 12-month period will not exceed 5% of the issued and outstanding common shares, unless the Corporation has obtained disinterested shareholder approval. The number of options granted to any one consultant in any 12-month period will not exceed 2% of the issued and outstanding common shares. The aggregate number of options granted to persons employed to provide investor relations activities must not exceed 2% of the issued common shares in any 12 month period, calculated at the date the option was granted. The maximum number of options which may be issued to an insider (including any associate of an insider) within any 12-month period may not exceed 5% of the number of issued common shares. Should a participant cease to be eligible due to the loss of corporate office (being that of an officer or director), employment or consulting engagement, the option shall terminate at the end of that period being the earlier of (i) the expiry date of the option, and (b) the expiry of a reasonable period as set out in an individual option agreement following the date a participant ceases to be in that role, provided that such period shall not exceed 90 days. Loss of eligibility for consultants is regulated by specific rules imposed by the directors when the option is granted to the appropriate consultant. Options granted to persons engaged in investor relations activities shall terminate on the earlier of the expiry date of the option or the expiry of the period not exceeding 30 days as prescribed at the time of grant following the date the person ceases to provide ongoing investor relations activities. The Plan also provides that estates of deceased participants can exercise their options for a period not exceeding one year following death.

The holder of options issued under the Plan do not have any right to participate in new issues of securities in the Corporation made to holders of Common Shares or CDIs. The Corporation will, where required pursuant to the ASX Listing Rules, provide option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to holders of Common Shares or CDIs) to allow the option holder to exercise the options, in accordance with the requirements of the ASX Listing Rules. The option holder shall not have the right to participate in any dividends unless the options are exercised and the resultant shares or CDIs of the Company are issued prior to the record date to determine entitlements to the dividend.

A bonus issue of securities will not confer any rights the option holder has to the number of shares or CDIs over which the options may be exercised.

If, during the life of any option granted under the Plan, the Corporation makes a pro rata issue of securities, the exercise price of the options may be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2, provided that any such adjustment is also compliant with the policies of the TSX Venture Exchange, which may prohibit any such adjustment.

The holder of Options issued under the Plan shall not have the right to participate in any dividends unless the Options are exercised and the resultant shares or CDIs of the Company are issued prior to the record date to determine entitlements to the dividend.

In the event of any re-organisation (including consolidation, sub-division, reduction or return) of the issued capital of the Corporation at any time before the expiry date of the Options, all rights of the option holder may, at the discretion of the Corporation, be changed in a manner consistent with the ASX Listing Rules and the policies of the TSX Venture Exchange. The Board retains the discretion to impose vesting periods on any options granted. The Board may from time to time make rules, regulations and amendments to the Plan, provided that no such amendment may, without the consent of the option holders thereunder, alter or impair any option previously granted under the Plan and further that any amendment to the Plan shall require the prior consent of any stock exchange on which the Corporation's shares are listed for trading.

Notwithstanding any terms of any Options or any provisions of the Plan to the contrary, Options may only be issued within the limitations imposed by the Corporations Act and the rules of any applicable stock exchange on which the Company's Common Shares or CDIs are then listed (including the Exchange and the ASX).

The full text of the Plan will be available at the Meeting and may be requested at any time from Shaun Maskerine, the Corporation's corporate secretary at [smaskerine@strata-x.com](mailto:smaskerine@strata-x.com).

#### **Board of Directors' Recommendation**

The board of directors of Strata-X unanimously recommends that shareholders vote **FOR** the resolution adopting and approving the Stock Option Plan.

**THE MANAGEMENT DESIGNEE APPOINTED AS CHAIRMAN OF THE MEETING, IF NAMED AS PROXY, INTENDS TO VOTE THE COMMON SHARES REPRESENTED BY ANY SUCH PROXY IN FAVOUR OF THIS RESOLUTION ADOPTING AND APPROVING THE STOCK OPTION PLAN.**

#### **ISSUE OF OPTIONS TO MR TIM HOOPS**

Shareholder approval will be sought to consider and, if thought fit, pass the following ordinary resolution with or without amendment:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given to issue 600,000 options exercisable at the closing price of the Corporation's Shares on the TSX-V on the date of approval by the Corporation's Shareholders or C\$0.30, whichever is higher, and expiring 5 years from the date of grant, to Mr Tim Hoops, a Director of the Corporation, or his nominee (“**Hoops Options**”).”

The Corporation will disregard any votes cast on this ordinary resolution by Mr Tim Hoops and any Associate (as that term is defined in the Corporations Act) of Mr Tim Hoops. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors have resolved to refer to members for approval the issue of 600,000 options to subscribe for Shares in the Corporation to Mr Tim Hoops, a Director of the Corporation, or his respective nominee, exercisable at the closing price of the Corporation's Shares on the TSX-V on the date of approval by the Corporation's shareholders, or C\$0.30, whichever is higher, and expiring 5 years from the date of grant. The Hoops Options will vest 25% six months after the date of grant and 25% every six month thereafter (“**Vesting Dates**”). The terms of the Hoops Options are set out in more detail below.



Approval for the issue of the Hoops Options is sought in accordance with the provisions of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1.

### **Terms of the Hoops Options**

A summary of the material terms of the Hoops Options is set out below:

- The securities to be issued to Mr Tim Hoops, are options to subscribe for Shares .
- The Hoops Options are to be issued as partial consideration for his services as the Corporations President and Chief Executive Officer.
- The exercise price of each Hoops Option is the closing price of the Corporation's Shares on the TSX-V on the date of approval by the Corporation's shareholders, or C\$0.30, whichever is higher ("**Exercise Price**").
- The Hoops Options will vest 25% six months after the date of grant and 25% every six month thereafter ("**Vesting Date**").
- The Options will expire and be forfeited (if the Options have not already been forfeited) on the earlier of ("**Expiry Date**"):
  - (a) 5 years from the date of grant; and
  - (b) in respect of any Hoops Options which have vested, the date being 3 months after Mr Tim Hoops ceases to be a Director and/or Officer of the Corporation.
- Shares issued on exercise of the Hoops Options will rank pari passu with all existing Shares from the date of issue.
- The Hoops Options may be exercised wholly or in part by notice in writing to the Corporation received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the Hoops Option multiplied by the number of Shares in respect of which Hoops Options are being exercised.
- The Hoops Options shall be unlisted and are non-transferable.
- Upon allotment of Shares pursuant to the exercise of Hoops Options, the shares will be quoted and listed on the TSX-V.
- In respect of the Hoops Options, Mr Tim Hoops does not have any right to participate in new issues of securities in the Corporation made to Shareholders generally. The Corporation will, where required pursuant to the ASX Listing Rules, provide Mr Tim Hoops with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Hoops Options, in accordance with the requirements of the ASX Listing Rules.
- In respect of the Hoops Options, Mr Tim Hoops will not participate in dividends or in bonus issues unless the Hoops Options are exercised and the resultant shares of the Corporation are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Corporation:
  - (a) the number of Hoops Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on Mr Tim Hoops which are not conferred on Shareholders; and
  - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Corporation approving a reconstruction of capital, in all other respects the terms for the exercise of the Hoops Options will remain unchanged.
- If there is a bonus issue to the Shareholders, the number of Shares over which a Hoops Option is exercisable

will be increased by the number of Shares which Mr Tim Hoops would have received if the Hoops Options had been exercised before the record date for the bonus issue.

- If, during the life of any Hoops Option, there is a pro rata issue (except a bonus issue), the exercise price of a Hoops Option may be reduced in accordance with the ASX Listing Rules.
- The terms of the Hoops Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the terms of the Hoops Options shall not be changed to reduce the exercise price, increase the number of Hoops Options or change any period for exercise of the Hoops Options.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires an entity to obtain the approval of Shareholders to an issue of securities to a related party. Mr Tim Hoops, s Director of the Corporation, is a related party of the Corporation. Accordingly, because the issue of the Options will result in the Corporation issuing securities to a related party, approval under ASX Listing Rule 10.11 is required.

For the purposes of ASX Listing Rule 10.13, the Corporation advises as follows:

- The maximum number of options to be issued to Mr Tim Hoops is 600,000.
- Subject to Shareholder approval being obtained a letter of offer for the issue of the Hoops Options will be sent to Mr Tim Hoops (“**Offer**”). Subject to acceptance of the Offer, the Hoops Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than one (1) month after the date of the Meeting.
- The Hoops Options are being issued for nil consideration.
- No funds are being raised by the issue of the Hoops Options.

### **ISSUE OF OPTIONS TO MR TIM BRADLEY**

Shareholder approval will be sought to consider and, if thought fit, pass the following ordinary resolution with or without amendment:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given to issue 50,000 options exercisable at the closing price of the Corporation’s Shares on the TSX-V on the date of approval by the Corporation’s Shareholders or C\$0.30, whichever is higher, and expiring 5 years from the date of grant, to Mr Tim Bradley, a Director of the Corporation, or his nominee (“**Bradley Options**”).”

The Corporation will disregard any votes cast on this ordinary resolution by Mr Tim Bradley and any Associate (as that term is defined in the Corporations Act) of Mr Tim Bradley. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors have resolved to refer to members for approval the issue of 50,000 options to subscribe for Shares in the Corporation to Mr Tim Bradley, a Director of the Corporation, or his respective nominee, exercisable at the closing price of the Corporation’s Shares on the TSX-V on the date of approval by the Corporation’s shareholders, or C\$0.30, whichever is higher, and expiring 5 years from the date of grant. The Bradley Options will vest immediately. The terms of the Bradley Options are set out in more detail below.

Approval for the issue of the Bradley Options is sought in accordance with the provisions of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1.

## Terms of the Bradley Options

A summary of the material terms of the Bradley Options is set out below:

- The securities to be issued to Mr Tim Bradley, are options to subscribe for Shares .
- The Bradley Options are to be issued as partial consideration for his services as a Non-Executive Director of the Corporation.
- The exercise price of each Bradley Option is the closing price of the Corporation's Shares on the TSX-V on the date of approval by the Corporation's shareholders, or C\$0.30, whichever is higher ("**Exercise Price**").
- The Bradley Options will vest immediately.
- The Options will expire and be forfeited (if the Options have not already been forfeited) on the earlier of ("**Expiry Date**"):
  - (a) 5 years from the date of grant; and
  - (b) the date being 3 months after Mr Tim Bradley ceases to be a Director and/or Officer of the Corporation.
- Shares issued on exercise of the Bradley Options will rank pari passu with all existing Shares from the date of issue.
- The Bradley Options may be exercised wholly or in part by notice in writing to the Corporation received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the Bradley Option multiplied by the number of Shares in respect of which Bradley Options are being exercised.
- The Bradley Options shall be unlisted and are non-transferable.
- Upon allotment of Shares pursuant to the exercise of Bradley Options, the shares will be quoted and listed on the TSX-V.
- In respect of the Bradley Options, Mr Tim Bradley does not have any right to participate in new issues of securities in the Corporation made to Shareholders generally. The Corporation will, where required pursuant to the ASX Listing Rules, provide Mr Tim Bradley with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Bradley Options, in accordance with the requirements of the ASX Listing Rules.
- In respect of the Bradley Options, Mr Tim Bradley will not participate in dividends or in bonus issues unless the Bradley Options are exercised and the resultant shares of the Corporation are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Corporation:
  - (a) the number of Bradley Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on Mr Tim Bradley which are not conferred on Shareholders; and
  - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Corporation approving a reconstruction of capital, in all other respects the terms for the exercise of the Bradley Options will remain unchanged.
- If there is a bonus issue to the Shareholders, the number of Shares over which a Bradley Option is exercisable will be increased by the number of Shares which Mr Tim Bradley would have received if the Bradley Options had been exercised before the record date for the bonus issue.
- If, during the life of any Bradley Option, there is a pro rata issue (except a bonus issue), the exercise price of a Bradley Option may be reduced in accordance with the ASX Listing Rules.

- The terms of the Bradley Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the terms of the Bradley Options shall not be changed to reduce the exercise price, increase the number of Bradley Options or change any period for exercise of the Bradley Options.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires an entity to obtain the approval of Shareholders to an issue of securities to a related party. Mr Tim Bradley, s Director of the Corporation, is a related party of the Corporation. Accordingly, because the issue of the Options will result in the Corporation issuing securities to a related party, approval under ASX Listing Rule 10.11 is required.

For the purposes of ASX Listing Rule 10.13, the Corporation advises as follows:

- The maximum number of options to be issued to Mr Tim Bradley is 50,000.
- Subject to Shareholder approval being obtained a letter of offer for the issue of the Bradley Options will be sent to Mr Tim Bradley (“**Offer**”). Subject to acceptance of the Offer, the Bradley Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than one (1) month after the date of the Meeting.
- The Bradley Options are being issued for nil consideration.
- No funds are being raised by the issue of the Bradley Options.

### **ISSUE OF OPTIONS TO MR BOHDAN ROMANIUK**

Shareholder approval will be sought to consider and, if thought fit, pass the following ordinary resolution with or without amendment:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given to issue 100,000 options exercisable at the closing price of the Corporation’s Shares on the TSX-V on the date of approval by the Corporation’s Shareholders or C\$0.30, whichever is higher, and expiring 5 years from the date of grant, to Mr Bohdan Romaniuk, a Director of the Corporation, or his nominee (“**Romaniuk Options**”).”

The Corporation will disregard any votes cast on this ordinary resolution by Mr Bohdan Romaniuk and any Associate (as that term is defined in the Corporations Act) of Mr Bohdan Romaniuk. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors have resolved to refer to members for approval the issue of 100,000 options to subscribe for Shares in the Corporation to Mr Bohdan Romaniuk, a Director of the Corporation, or his respective nominee, exercisable at the closing price of the Corporation’s Shares on the TSX-V on the date of approval by the Corporation’s shareholders, or C\$0.30, whichever is higher, and expiring 5 years from the date of grant. The Romaniuk Options will vest 25% six months after the date of grant and 25% every six month thereafter (“**Vesting Dates**”). The terms of the Romaniuk Options are set out in more detail below.

Approval for the issue of the Romaniuk Options is sought in accordance with the provisions of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1.

### **Terms of the Romaniuk Options**

A summary of the material terms of the Romaniuk Options is set out below:

- The securities to be issued to Mr Bohdan Romaniuk, are options to subscribe for Shares .
- The Romaniuk Options are to be issued as partial consideration for his services as a Non-Executive Director of the Corporation.
- The exercise price of each Romaniuk Option is the closing price of the Corporation's Shares on the TSX-V on the date of approval by the Corporation's shareholders, or C\$0.30, whichever is higher ("**Exercise Price**").
- The Romaniuk Options will vest 25% six months after the date of grant and 25% every six month thereafter ("**Vesting Date**").
- The Options will expire and be forfeited (if the Options have not already been forfeited) on the earlier of ("**Expiry Date**"):
  - (a) 5 years from the date of grant; and
  - (b) in respect of any Romaniuk Options which have vested, the date being 3 months after Mr Bohdan Romaniuk ceases to be a Director and/or Officer of the Corporation.
- Shares issued on exercise of the Romaniuk Options will rank pari passu with all existing Shares from the date of issue.
- The Romaniuk Options may be exercised wholly or in part by notice in writing to the Corporation received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the Romaniuk Option multiplied by the number of Shares in respect of which Romaniuk Options are being exercised.
- The Romaniuk Options shall be unlisted and are non-transferable.
- Upon allotment of Shares pursuant to the exercise of Romaniuk Options, the shares will be quoted and listed on the TSX-V.
- In respect of the Romaniuk Options, Mr Bohdan Romaniuk does not have any right to participate in new issues of securities in the Corporation made to Shareholders generally. The Corporation will, where required pursuant to the ASX Listing Rules, provide Mr Bohdan Romaniuk with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Romaniuk Options, in accordance with the requirements of the ASX Listing Rules.
- In respect of the Romaniuk Options, Mr Bohdan Romaniuk will not participate in dividends or in bonus issues unless the Romaniuk Options are exercised and the resultant shares of the Corporation are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Corporation:
  - (a) the number of Romaniuk Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on Mr Bohdan Romaniuk which are not conferred on Shareholders; and
  - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Corporation approving a reconstruction of capital, in all other respects the terms for the exercise of the Romaniuk Options will remain unchanged.
- If there is a bonus issue to the Shareholders, the number of Shares over which a Romaniuk Option is exercisable will be increased by the number of Shares which Mr Bohdan Romaniuk would have received if the Romaniuk Options had been exercised before the record date for the bonus issue.
- If, during the life of any Romaniuk Option, there is a pro rata issue (except a bonus issue), the exercise price of a Romaniuk Option may be reduced in accordance with the ASX Listing Rules.

- The terms of the Romaniuk Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the terms of the Romaniuk Options shall not be changed to reduce the exercise price, increase the number of Romaniuk Options or change any period for exercise of the Romaniuk Options.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires an entity to obtain the approval of Shareholders to an issue of securities to a related party. Mr Bohdan Romaniuk, s Director of the Corporation, is a related party of the Corporation. Accordingly, because the issue of the Options will result in the Corporation issuing securities to a related party, approval under ASX Listing Rule 10.11 is required.

For the purposes of ASX Listing Rule 10.13, the Corporation advises as follows:

- The maximum number of options to be issued to Mr Bohdan Romaniuk is 100,000.
- Subject to Shareholder approval being obtained a letter of offer for the issue of the Romaniuk Options will be sent to Mr Bohdan Romaniuk (“Offer”). Subject to acceptance of the Offer, the Romaniuk Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than one (1) month after the date of the Meeting.
- The Romaniuk Options are being issued for nil consideration.
- No funds are being raised by the issue of the Romaniuk Options.

### **ISSUE OF OPTIONS TO MR DON SCHURMAN**

Shareholder approval will be sought to consider and, if thought fit, pass the following ordinary resolution with or without amendment:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given to issue 50,000 options exercisable at the closing price of the Corporation’s Shares on the TSX-V on the date of approval by the Corporation’s Shareholders or C\$0.30, whichever is higher, and expiring 5 years from the date of grant, to Mr Don Schurman, a Director of the Corporation, or his nominee (“**Schurman Options**”).”

The Corporation will disregard any votes cast on this ordinary resolution by Mr Don Schurman and any Associate (as that term is defined in the Corporations Act) of Mr Don Schurman. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors have resolved to refer to members for approval the issue of 50,000 options to subscribe for Shares in the Corporation to Mr Don Schurman, a Director of the Corporation, or his respective nominee, exercisable at the closing price of the Corporation’s Shares on the TSX-V on the date of approval by the Corporation’s shareholders, or C\$0.30, whichever is higher, and expiring 5 years from the date of grant. The Schurman Options will vest immediately. The terms of the Schurman Options are set out in more detail below.

Approval for the issue of the Schurman Options is sought in accordance with the provisions of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1.

### **Terms of the Schurman Options**

A summary of the material terms of the Schurman Options is set out below:

- The securities to be issued to Mr Don Schurman, are options to subscribe for Shares .
- The Schurman Options are to be issued as partial consideration for his services as a Non-Executive Director of the Corporation.
- The exercise price of each Schurman Option is the closing price of the Corporation's Shares on the TSX-V on the date of approval by the Corporation's shareholders, or C\$0.30, whichever is higher ("**Exercise Price**").
- The Schurman Options will vest immediately.
- The Options will expire and be forfeited (if the Options have not already been forfeited) on the earlier of ("**Expiry Date**"):
  - (a) 5 years from the date of grant; and
  - (b) the date being 3 months after Mr Don Schurman ceases to be a Director and/or Officer of the Corporation.
- Shares issued on exercise of the Schurman Options will rank pari passu with all existing Shares from the date of issue.
- The Schurman Options may be exercised wholly or in part by notice in writing to the Corporation received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the Schurman Option multiplied by the number of Shares in respect of which Schurman Options are being exercised.
- The Schurman Options shall be unlisted and are non-transferable.
- Upon allotment of Shares pursuant to the exercise of Schurman Options, the shares will be quoted and listed on the TSX-V.
- In respect of the Schurman Options, Mr Don Schurman does not have any right to participate in new issues of securities in the Corporation made to Shareholders generally. The Corporation will, where required pursuant to the ASX Listing Rules, provide Mr Don Schurman with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Schurman Options, in accordance with the requirements of the ASX Listing Rules.
- In respect of the Schurman Options, Mr Don Schurman will not participate in dividends or in bonus issues unless the Schurman Options are exercised and the resultant shares of the Corporation are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Corporation:
  - (a) the number of Schurman Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on Mr Don Schurman which are not conferred on Shareholders; and
  - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Corporation approving a reconstruction of capital, in all other respects the terms for the exercise of the Schurman Options will remain unchanged.
- If there is a bonus issue to the Shareholders, the number of Shares over which a Schurman Option is exercisable will be increased by the number of Shares which Mr Don Schurman would have received if the Schurman Options had been exercised before the record date for the bonus issue.
- If, during the life of any Schurman Option, there is a pro rata issue (except a bonus issue), the exercise price of a Schurman Option may be reduced in accordance with the ASX Listing Rules.
- The terms of the Schurman Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the terms of the Schurman Options shall not be changed to

reduce the exercise price, increase the number of Schurman Options or change any period for exercise of the Schurman Options.

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires an entity to obtain the approval of Shareholders to an issue of securities to a related party. Mr Don Schurman, s Director of the Corporation, is a related party of the Corporation. Accordingly, because the issue of the Options will result in the Corporation issuing securities to a related party, approval under ASX Listing Rule 10.11 is required.

For the purposes of ASX Listing Rule 10.13, the Corporation advises as follows:

- The maximum number of options to be issued to Mr Don Schurman is 50,000.
- Subject to Shareholder approval being obtained a letter of offer for the issue of the Schurman Options will be sent to Mr Don Schurman (“**Offer**”). Subject to acceptance of the Offer, the Schurman Options are intended to be issued as soon as possible following the Meeting, but in any event, no later than one (1) month after the date of the Meeting.
- The Schurman Options are being issued for nil consideration.
- No funds are being raised by the issue of the Schurman Options.

### **Ratify The Issue of Consultant Options**

Shareholder approval will be sought to consider and, if thought fit, pass the following ordinary resolution with or without amendment:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the previous issue of 800,000 options to a Consultant of the Corporation exercisable at A\$0.50 each on or before 31 December 2014 (“**Consultant Options**”).”

The Corporation will disregard any votes cast on this ordinary resolution by any person who participated in the issue of the Consultant Options and any Associate (as that term is defined in the Corporations Act) of such person. However, the Corporation need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

This resolution seeks the ratification by Shareholders of the issue of 800,000 Consultant Options. Upon exercise each Consultant Option will entitle the consultant to acquire one fully paid TSX Share in the Corporation.

### **ASX Listing Rule 7.4**

In accordance with ASX Listing Rule 7.4, Shareholder Approval is sought to ratify the issue of the Consultant Options, being an issue of securities made by the Corporation during the previous 12 months for which Shareholder approval has not already been obtained.

ASX Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders (**15% Limit**). However, equity securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% Limit.

ASX Listing Rule 7.4 provides that an issue of equity securities made without prior approval under ASX Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it. If this



resolution is approved this would have the effect of refreshing the Corporation's ability to issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

For the purposes of ASX Listing Rule 7.5 the Corporation provides the following information:

- (a) The number of Consultant Options issued was 800,000;
- (b) The Consultant Options were issued for nil cash consideration at an exercise price of A\$0.50 and expire on 31 December 2014;
- (c) The Consultant Options were issued to Mr Jackie Yeung (who is not a Related Party or Associate of the Corporation) for nil cash consideration as a fee payable for his role as Asian Corporate Adviser;
- (d) No funds were directly raised from the issue of the Consultant Options;
- (e) The funds raised from exercise of the Consultant Options will be used as working capital.; and
- (f) A summary of the other material terms of the Consultant Options is set out below:
  - The securities issued to the Consultant are options to subscribe for Shares .
  - The Consultant Options are to be issued as partial consideration for services.
  - The Consultant Options vest immediately.
  - The Options will expire and be forfeited (if the Options have not already been forfeited) on December 31, 2014.
  - Shares issued on exercise of the Consultant Options will rank pari passu with all existing Shares from the date of issue.
  - The Consultant Options may be exercised wholly or in part by notice in writing to the Corporation received at any time on or before the Expiry Date together with a cheque for the Exercise Price of the Consultant Option multiplied by the number of Shares in respect of which Consultant Options are being exercised.
  - The Consultant Options shall be unlisted and are non-transferable.
  - Upon allotment of Shares pursuant to the exercise of Consultant Options, the shares will be quoted and listed on the TSX-V.
  - In respect of the Consultant Options, the Consultant does not have any right to participate in new issues of securities in the Corporation made to Shareholders generally. The Corporation will, where required pursuant to the ASX Listing Rules, provide the Consultant with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Consultant Options, in accordance with the requirements of the ASX Listing Rules.
  - In respect of the Consultant Options, the Consultant will not participate in dividends or in bonus issues unless the Consultant Options are exercised and the resultant shares of the Corporation are issued prior to the record date to determine entitlements to the dividend or bonus issue.
  - In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Corporation:
    - (a) the number of Consultant Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the Consultant which are not conferred on Shareholders; and
    - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Corporation approving a reconstruction of capital, in all other respects the terms for

the exercise of the Consultant Options will remain unchanged.

- If there is a bonus issue to the Shareholders, the number of Shares over which a Consultant Option is exercisable will be increased by the number of Shares which the Consultant would have received if the Consultant Options had been exercised before the record date for the bonus issue.
- If, during the life of any Consultant Option, there is a pro rata issue (except a bonus issue), the exercise price of a Consultant Option may be reduced in accordance with the ASX Listing Rules.
- The terms of the Consultant Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the terms of the Consultant Options shall not be changed to reduce the exercise price, increase the number of Consultant Options or change any period for exercise of the Consultant Options.

## **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters properly come before the Meeting, or any adjournment of the Meeting, it is the intention of the persons named in the Proxy Form to vote the same in accordance with their best judgment in such matters.

## **ADDITIONAL INFORMATION**

Financial information relating to the Corporation is provided in the Corporation's audited financial statements and Management's Discussion and Analysis of financial and operating results as at and for the years ended June 30, 2012 and 2013. Copies of this Circular, the Financial Statements, Management Discussion and Analysis and the Auditor's Report thereon for the Corporation's most recently completed financial year, any interim financial statements of the Corporation subsequent to those statements, as filed with the applicable Canadian regulatory authorities, are available on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained without charge by writing to Strata-X Ltd. at 1550 Larimer St #263, Denver, CO USA 80202.

Additional information relating to the Corporation may also be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DIRECTORS' APPROVAL**

The contents of this Circular and the sending of this Circular to shareholders entitled to receive notice of the Meeting, to each director, to the auditors of Strata-X and to the appropriate governmental agencies, have been approved by the board of directors.