



**ANNUAL INFORMATION FORM
GEN III OIL CORPORATION
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020**

DATED: April 30, 2021

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PRELIMINARY INFORMATION

All information contained in this annual information form (the “**AIF**”) is provided by Gen III Oil Corporation (the “**Company**”) as at April 30, 2021, unless otherwise stated. The Company intends to change its name to ReGen III Corp. subject to shareholder approval at a meeting of the shareholders scheduled for April 30, 2021.

Financial Statements

This AIF should be read in conjunction with the Company’s audited consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2020. These documents are available under the Company’s profile on SEDAR at www.sedar.com. The audited annual consolidated financial statements for the year ended December 31, 2020, are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Currency

All dollar amounts referred to herein are expressed in Canadian dollars, unless otherwise specified.

FORWARD-LOOKING STATEMENTS

Certain statements in this AIF are forward-looking statements which may include, but are not limited to: the development and construction of the proposed facilities in Alberta (the “**Alberta Facility**”) and the US Gulf Coast (the “**USGC**”) (the “**USGC Facility**”) and, together with the Alberta Facility, the “**Facilities**”) the market for finished products; the cost, terms and timing of a definitive site lease agreement with Parkland Refining Limited (“**Parkland**”) and an undetermined landlord in the USGC; the pricing, terms and timing of a definitive off-take agreement with Elbow River Marketing Ltd. (“**Elbow River**”) and as of yet, an unnamed super major (the “**SM**”); the negotiation and entering into of a facility lease agreement and a service agreement with Parkland and the as of yet undetermined landlord/landowner in the USGC; receipt of process guarantees from Stantec Engineering (“**Stantec**”) and/or Koch Project Solutions (“**KPS**”), Koch Modular Process Systems (“**KMPS**”) and Process Dynamics Inc. (“**PDI**”); the size, capacity and efficiency of the Facilities; contracts for feedstock and the sufficiency of feedstock; reductions in CO₂ and SO₂ emissions; eligibility for carbon credits; ability to raise funds to fund stated business objectives; agreements relating to the Facilities; total installed cost of the construction of the Facilities; the timing of the construction of the Facilities; and the receipt of regulatory approvals and required licensing. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to: delays in or an inability to build and operate the Facilities; a potential inability to use the Facilities once production is completed; an inability to obtain new customers; maintaining trademarks and other intellectual property licenses; risks related to potential acquisitions; reliance on key contracts; increased use of alternative fuel sources; public scrutiny; relationships with suppliers and clients; an inability to obtain suitable insurance coverage; liquidity risks; an inability to procure financing; risks with the general markets including fluctuations and volatility in the price of the Common Shares; future litigation or regulatory inquiries; risks related to COVID-19; volatile global financial conditions; fluctuations in oil prices; a potential decrease in demand for the Company’s products; an inability to obtain more UMO feedstock; health, safety and environmental regulations; competition among other businesses; cybersecurity risks; a dependence on key personnel, including personnel to operate the Facilities; acts of god; potential conflicts of interest; the Company’s history of not paying dividends; potential liquidation preferences attached to the Preferred Shares; and a failure of risk

management or internal control systems and any other factors set out under “*Risk Factors*” herein. Forward-looking statements contained herein are made as of the date of this AIF and, other than as required by law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

CORPORATE STRUCTURE

Name, Address, and Incorporation

The Company was incorporated on September 27, 1984, as “Silver Ridge Resources Inc.” under the *Company Act* (British Columbia). Effective January 18, 1985, the Company amended its articles to remove restrictions on share transfers. Effective March 10, 1993, the Company changed its name to “International Silver Ridge Resources Inc.”. Effective April 20, 1993, the Company consolidated its share capital on a three-to-one basis. Effective July 31, 2006, the Company transitioned to a corporation existing under the *Business Corporations Act* (British Columbia). Effective December 31, 2007, the Company again consolidated its share capital on a three-to-one basis. Effective May 27, 2009, the Company amended its articles to delete the “Pre-Existing Company Provisions”, increase the authorized capital to an unlimited number of Common Shares (defined below) without par value and an unlimited number of Preferred Shares (as defined below) without par value and the Company adopted new articles in substitution for its existing articles.

On June 7, 2011, the Company completed a reverse-acquisition by way of a three-cornered amalgamation, pursuant to which the Company acquired certain mining interests in New Guinea and changed its name to “PNG Gold Corporation”. Effective November 11, 2016, the Company consolidated its share capital on a five-to-one basis. Effective May 11, 2017, the Company changed its name to “Gen III Oil Corporation” and changed its primary business from mining to re-refining used motor oil using its patented ReGen™ technology. Effective December 6, 2017, the Company filed articles of continuance to change its jurisdiction from the *Business Corporations Act* (British Columbia) to the *Business Corporations Act* (Alberta).

The common shares in the capital of the Company (the “**Common Shares**”) are listed on the TSX Venture Exchange (the “**Exchange**”) and trade under the symbol “GIII”. The Common Shares are also listed on the OTCQB of the OTC Market Group under the trading symbol “ISRJF” and on the Frankfurt Stock Exchange under the symbol “PN41”.

Intercorporate Relationships

The Company owns all of the issued and outstanding shares in the capital of its wholly-owned subsidiary Gen III Oil (Alberta) Inc., a corporation incorporated under the laws of the Province of Alberta on November 1, 2017. The Company has no other direct or indirect subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

On November 7, 2018, the Company announced that it has received a non-binding term sheet from Export Development Canada (“**EDC**”) for a term loan for up to \$72 million (the “**Senior Credit Facility**”) to finance up to 50% of the Alberta Facility, which was subsequently amended and expired on March 30, 2021.

In March 2019, KMPS, which is responsible for the design and fabrication of the second stage module for the Facilities, completed solvent extraction production pilot testing. This round of testing built off the pilot test completed in August of 2018 and produced a high-quality and low-quality base oil stream. The low-quality base oil sample has been sent to PDI for stage 3 hydrotreatment piloting which is expected to occur in late 2021.

On April 3, 2019, the Company signed a non-exclusive advisory agreement with New York based StormHarbour Securities LP (“**StormHarbour**”), to assist with corporate and institutional investors. On July 19, 2019, the Company announced that it had received a non-binding, non-exclusive, indicative term sheet from a private debt group for up to 83% of total project financing. The agreement with StormHarbour was subsequently terminated on March 18, 2021, while a trailing finder’s fee remains in place until February 16, 2022, for ten potential funding parties introduced to the Company by StormHarbour.

On November 26, 2019, the Company secured approval (Permit No. 421401-00-00) from the Alberta Ministry of Environment and Parks for the construction, operation, and reclamation of the Alberta ReGen™ chemical manufacturing plant and waste management facility.

In August 2019, the Company achieved American Petroleum Industry (“API”) certification and licensing for its SAE Viscosity Grade 5W-30 formulation in, which permitted the Company to utilize the Resource Conserving, SN Plus, and ILSAC GF-5 designations on its ReGen™ product. The Company is now listed on the API Directory of Licensees. In October 2019, the Company was successful in licensing its 5W-20 and 10W-30 PCMO formulations with API.

On May 29, 2020, the Company completed a non-brokered private placement and issued an aggregate of 2,773,659 Common Shares at a price of \$0.15 per Common Share for gross proceeds of \$416,049. The Company paid finder’s fees of \$25,973 in cash and issued 173,156 Common Share purchase warrants to one of the finder companies in which Mark Redcliffe, Executive Vice-President, Corporate Finance of the Company, is an independent director. Each finder’s warrant is exercisable into one Common Share at an exercise price of \$0.15 until May 29, 2021.

On September 17, 2020, the Company completed a non-brokered private placement of 2,540,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$508,000. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant of the Company is exercisable to acquire one share at an exercise price of \$0.30 per Common Share until September 17, 2021. The Company paid a cash finder’s fee of \$3,000. Paul DiPasquale, a director of the Company, purchased an aggregate of 250,000 units of the private placement for gross proceeds of \$50,000.

On October 27, 2020, the Company signed a Letter of Intent (“LOI”) with a super-major (the “SM”) for the offtake of all of the Company’s future production of Group II+ and Group III base oils from a proposed 5,600 barrels per day (“bpd”) marine terminal facility in or near Houston, Texas. SM will also have rights related to all future production of the Company’s Group II+ and Group III base oils from additional facilities constructed by the Company globally. The LOI covers a minimum five-year period with further extension options. The Company is currently working with SM to expedite a definitive agreement, further detailing the commercial relationship. The Company is working with the team at SM to expand upon and finalize the terms previously outlined in the LOI signed on October 27, 2020. These include and are not limited to, definitive terms relating to product quality, viscosity, quantity, availability, delivery methodology, site safety and payment terms, amongst others. These terms will be incorporated into a definitive agreement.

On November 18, 2020, the Company engaged Blue Deer Capital Partners for an initial term expiring December 31, 2021, to provide non-exclusive financial advisory services for a monthly fee. The Company also issued one million fully vested stock options to Blue Deer Capital Partners, each exercisable at a price of \$0.30 per Common Share until May 18, 2022.

On November 24, 2020, the Company proposed to settle \$200,250 in debt incurred as directors’ fees to directors of the Company in exchange for 513,460 Common Shares at a deemed price of \$0.39 per Common Share (the “**Debt Settlement Arrangement**”).

Recent Developments

On March 17, 2021, the Company was unofficially informed by EDC that the Senior Credit Facility funds remain intact and available to the Company. EDC also informed the Company that EDC was willing to complete preliminary due diligence to structure a term sheet proposal for the USGC Facility. The Company was notified on April 22, 2021 by EDC that their review of the approval process is advancing well, and the Company is supplying additional due diligence materials to EDC for review by the Trade Law Bureau within Global Affairs Canada. The required equity is to be fully contributed prior to the first disbursement of the Senior Credit Facility. To date, the Company has contributed approximately \$11 million to the Alberta Facility.

On February 3, 2021, the Debt Settlement Arrangement was approved by the Exchange and the \$200,250 in debt was settled on at a price of \$0.39 per Common Share.

On April 12, 2021, the Company secured two Chemical Abstracts Service (“CAS”) registry numbers for its Group II+ and Group III base oil products. A CAS number is a unique numerical identifier assigned by the CAS to every chemical substance described in the open scientific literature, including organic and inorganic compounds, minerals, isotopes, alloys and non-structurable materials. A CAS number has several uses including in the application for chemical facilities in the United States with the US Environmental Protection Agency and for the importation of chemicals produced outside the European Union through the European Union Registration, Evaluation, Authorisation, and Restriction of Chemicals program.

DESCRIPTION OF THE BUSINESS

Summary

The Company expects to develop and construct used motor oil (“UMO”) re-refineries using its patented ReGen™ proprietary re-refining technology for producing high yields of high quality hydrocarbon products from UMO. The re-refined products are expected to be sold to fuel distributors or motor oil blenders, who are expected to market and sell the finished goods.

The Company has signed a lease agreement with Parkland for the development of the Alberta Facility. The Company has also short-listed properties in the USGC for a 5,600 bpd re-refinery. Concurrent with development of the Facilities, the Company is exploring opportunities to develop ReGen™ facilities at other locations in Canada, the United States, Mexico, South America, Europe, Australia, and other markets. The Company is also investigating opportunities to license the ReGen™ technology in order to access non-core markets and to accelerate the market penetration of ReGen™.

The Company's ownership of ReGen™ is expected to capitalize on the demand for efficient UMO re-refining as burning is phased out by producing the highest quality base oils (Group III synthetic grade and Group II and Group II+ base lubricating oil), hydrotreated distillates, VTAE (asphalt extender) used in the roofing and road asphalt industries, a small quantity of naphtha gas and light fuels that will be recycled in the process plant as burner fuel, in an economic and environmentally friendly manner. Testing of the technology to date in a 5 bpd test plant has shown that it is able to process a wide variety of UMO feedstocks at consistently higher yields with low operating costs. Those findings were verified in the independent preliminary front-end engineering and design studies that were completed by Stantec and WSP Canada Inc. in March 2017.

Production and Services

ReGen™ was the first known process to re-refine used motor oil into Group III (synthetic grade) base lubricating oil, which sells for approximately 30% more than Group II base lubricating oils. Additionally, ReGen™ replaces the current practices of burning used oil (as burner fuel used primarily in heavy industrial and asphalt plants) which contributes significant amounts of heavy metals, soot, sulfur, greenhouse gasses, and other air contaminants (which burning practices are now being limited in many jurisdictions), or by disposing of it to the land/water which has been recognized as significant environmental hazard (one liter of oil can contaminate one million liters of water). Re-refining used motor oil provides the highest end value for this current waste product stream, while also reducing greenhouse gas emissions thereby potentially qualifying this process as carbon credit eligible in Alberta.

The ReGen™ technology has been under development since 2004. The patented ReGen™ re-refining technology process is actually the combination of traditional refining industry standard operations, combined in a unique pattern, at specific design temperature and pressure settings, to generate the lowest production cost, highest profit margin re-refined lubricating base oils, including the ability to produce Group III synthetic grade motor oil in a commercial scale re-refining operation. The ReGen™ technology is a new and significantly improved process that re-refines used motor oil into its highest and best use, surpassing existing technologies in terms of both the quality and quantity of products produced. Currently, there are no active operations of the ReGen™ processes.

Specialized Skill and Knowledge

The Company depends on a relatively small number of key qualified personnel, key members of senior management, and other employees. The Company relies heavily on its independent consultants to provide specialized re-refinery operations knowledge, logistics, feedstock, offtake, chemistry, petroleum engineering, process engineering, construction and general base oils market expertise. Management believes there are numerous skilled consultants available to successfully advance the Facilities. As the Company's business grows, the Company may recruit additional management and other personnel to fill in-house positions.

Competitive Conditions

The table below lists the major North American producers of re-refined used motor oil and the class or grade of product that they produce.

Company	Locations	Size	Products
Safety-Kleen	Breslau, Ontario	2500 bpd	Group II Base Oil
	Fallon, Nevada	1400 bpd	
	Newark, California	1200 bpd	
	East Chicago, Indiana	5600 bpd	
	Wichita, Kansas	750 bpd	
Terrapure (in March 2021, Terrapure was acquired by GFL Environmental Inc.)	North Vancouver	650 bpd	Group II Base Oil
Heritage-Crystal Clean	Indianapolis, Indiana	3200 bpd	7% Group II, 93% Group III
Vertex Energy	Columbus, Ohio	1100 bpd	Group II Base Oil
Avista Oil	Peachtree City, Georgia	2500 bpd	84% Group II, 16% Group III

In Alberta, the re-refining industry is currently non-existent, thus presenting a large competitive advantage for the Company. There are only two other re-refiners in Canada, neither of which is located in Alberta. Terrapure's facility is located in North Vancouver and Safety-Kleen's Canadian facility is located in Breslau, Ontario. With the Facilities, the Company expects to be the only processor to re-refine UMO into high valued Group II+ and Group III base oils. Furthermore, the Company has strategically designed the Facilities to maximize use of the available UMO feedstock in the area.

Components

The demand for Group III oil has increased by an average 5% per year over the past four years. By comparison, most re-refiners produce only Group I or Group II base oils, which are used in the formulation of standard grade motor oils for use in older and lower performance vehicles. Group III base oil currently sells at an approximate 30% premium to Group II.

The patented ReGen™ re-refining technology was extensively reviewed by the US Department of Energy's independent consultant Oakridge Laboratories, who reported the ReGen™ technology is derived from proven existing technologies and can successfully produce a re-refined Group III synthetic grade base lubricating oil from UMO at a lower cost than current refining operations.

Only 50% of the UMO collected in North America is estimated to be actually re-refined into Group I and Group II base lubricating oils, with the balance primarily being sold as low-grade burner fuel.

The Company has secured letters of intent (“**LOIs**”) in excess of 155,000,000 litres annually and continues to negotiate further LOI’s in excess of the full UMO feedstock the Facilities. Negotiations will continue with each of the interested vendors in parallel with ongoing financing discussions in order to turn the LOIs into binding contracts.

Intangible Properties

The Company acquired on an exclusive basis, in February 2017, technology that enables the production of Group II and Group III base oils from the reprocessing (also known as “re-refining”) of used motor oil. Group III oil is also known as “synthetic” motor oil and is used in higher performance internal combustion and gas turbine engines. The Company currently holds eight ReGen™ patents that have been granted in North America and two other ReGen™ patents that have been issued in India and Singapore. The Company also holds seven other ReGen™ patent applications world-wide that are pending. These ReGen™ patents provide protection over the ReGen™ technology.

The Company believes the ReGen™ technology was the first to re-refine UMO to produce Group III base lubricating oil (synthetic grade oil). The ReGen™ process utilizes common technologies in use throughout the world, but in a unique configuration and at specific temperature and pressure settings.

The demand for Group III oil has increased by an average 5% per year over the past four years. By comparison, most re-refiners produce only Group I or Group II base oils, which are used in the formulation of standard grade motor oils for use in older and lower performance vehicles. Group III base oil currently sells at an approximate 30% premium to Group II.

Today, the North American consumption of Group III base oil is in excess of 20,000 bpd, while the total current North American production is roughly 5,300 bpd. The Alberta Facility is designed to produce 1,540 bpd of Group III base oil and the USGC Facility is designed to produce roughly 3,000 bpd of Group III base oil, by which time the total North American demand is expected to be in excess of 21,000 bpd, still leaving an overall North American production shortfall of 16,460 bpd.

At an estimated price of CDN \$5.48 per gallon for Group III and escalated at 2% inflation rate per year, projected Group III revenues at the Alberta Facility when in full production is expected to be more than approximately \$126.7 million per year. By comparison, the Group II revenue from that same 1,540 bpd production, at current production standards and an estimated price of CDN \$3.90 per gallon, escalated at the same 2% per year, would only generate \$102.7 million in revenue.

The Company also expects the ReGen™ technology to qualify for greenhouse gas credits. Based on a 2016 life-cycle assessment study commissioned by the British Columbia Used Oil Management Association, the Company believes that an Alberta Facility could reduce greenhouse gas (“**GHG**”) equivalent emissions by more than 360,000 tonnes per year, versus the burning or disposal of used motor oil. The USGC Facility could reduce GHG equivalent emissions by up to 725,000 tonnes per year, versus the burning or disposal of UMO. The Company may receive carbon credits and based on recent market pricing, may expect to generate additional annual revenues. Based on a review of the United States Environmental Protection Agency’s GHG equivalency calculator, the life-cycle assessment carbon credits that are projected to be generated by the Company from the Facilities represent the equivalent of eliminating the emissions generated by 232,000 internal combustion engine powered cars annually.

Cycles

The Company does not experience any effects of seasonality in its current business. Its products are designed to function at full capacity under all weather conditions and therefore, it does not currently experience any shifts in sales patterns.

Economic Dependence

On September 12, 2017, the Company entered into a purchase and sale agreement with Elbow River for the majority of the Company's finished products from the Alberta Facility (the "**Elbow PSA**"). Under the terms of the Elbow PSA, Elbow River will purchase the majority of the Alberta Facility's production and provide rail and truck transportation from the Alberta Facility to Elbow River's customers. The Elbow PSA is for an initial term of five years from commencement of commercial operations as defined therein. As of June 1, 2018, the Elbow PSA may be terminated by Elbow River acting reasonably by notice in writing. No notice has been received to date. Under the Elbow PSA, the Company has undertaken to reimburse reasonable set up costs incurred by Elbow River should the Company fail to deliver product by the projected commercial operations date that had been advised to Elbow River. As construction of the Alberta Facility has not started, the Company has not yet advised Elbow River of the projected commercial operations date and due to the nature and timing of these costs, it is not practicable to estimate such reimbursable costs at this time.

On October 27, 2020, the Company signed a letter of intent with SM for the purchase and pick-up of all of the Company's base oil products from the USGC Facility.

Changes to Contracts

As at the date of this AIF, the Company does not expect to undertake any renegotiation or termination of contracts or sub-contracts that will materially affect the business of the Company.

Environmental Protection

Neither of the Facilities have been built or are currently in production. Environmental protections will depend on the specific jurisdiction of each of the Facilities. See below for a discussion on the environmental requirements of each jurisdiction the Company proposes to operate in.

Governmental Regulation, Including Environmental Regulation and Climate Change

The Company's Canadian operations will be subject to stringent Canadian federal, provincial, and local laws while the Company's proposed USGC Facility operations will be subject to United States federal, state, and local laws and regulations concerning the discharge of materials into the environment or otherwise relating to health and safety or the protection of the environment. Additional laws and regulations, or changes in the interpretations of existing laws and regulations, that affect the Company's business and operations may be adopted, which may in turn impact its financial condition.

Additionally, the United States Department of Transportation, the Coast Guard, and the Department Homeland Security as well as various federal, state, local, and foreign agencies will exercise broad powers over the Company's transportation operations, generally governing such activities as authorization to engage in motor carrier operations, safety and permits to conduct transportation business. The Company may also become subject to new or more restrictive regulations that the Department of Transportation, the Department Homeland Security, the Occupational Safety and Health Administration, the Environmental Protection Agency or other authorities impose, including regulations relating to engine exhaust emissions, the hours of service that drivers may provide in any one time-period, security and other matters.

The Company's compliance challenges arise from various legislative and regulatory bodies influenced by political, environmental, health, and safety concerns.

The Company is also required obtain and maintain a range of federal, provincial, state, and local permits for its various logistical needs as well as management's planned industrial processes.

The following is a summary of the more significant existing health, safety, and environmental laws and regulations to which the Company's operations are subject.

Hazardous Substances and Waste

The United States *Comprehensive Environmental Response, Compensation, and Liability Act*, as amended (the “**CERCLA**”) and comparable state laws impose liability without regard to fault or the legality of the original conduct on certain defined persons, including current and prior owners or operators of a site where a release of hazardous substances occurred and entities that disposed or arranged for the disposal of the hazardous substances found at the site. Under CERCLA, these “responsible persons” may be liable for the costs of cleaning up the hazardous substances, for damages to natural resources and for the costs of certain health studies.

In the course of the Company’s future operations, it may occasionally generate materials that are considered “hazardous substances” and, as a result, may incur CERCLA liability for cleanup costs. Also, claims may be filed for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants. The Company may also generate solid wastes that are subject to the requirements of the United States *Resource Conservation and Recovery Act*, as amended (the “**RCRA**”) and comparable state statutes.

Although management intends to use operating and disposal practices that are standard in the industry, hydrocarbons or other wastes may have been released in the past at properties to be leased by the Company in the future. Under CERCLA, RCRA, and analogous state laws, the Company may be required to clean up contaminated property (including contaminated groundwater), or to perform remedial activities to prevent future contamination.

Air Emissions

In the United States, the *Clean Air Act*, as amended, and similar state laws and regulations restrict the emission of air pollutants and also impose various monitoring and reporting requirements. These laws and regulations may require the Company to obtain approvals or permits for construction, modification, or operation of certain projects or facilities and may require use of emission controls.

Global Warming and Climate Change

While management does not believe the Company’s operations raise climate change issues different from those generally raised by the commercial use of fossil fuels, legislation, or regulatory programs that restrict greenhouse gas emissions in areas where the Company conducts business could increase costs.

Water Discharges

Management intend to operate facilities that are subject to requirements of the United States *Clean Water Act*, as amended (the “**CWA**”) and analogous state laws for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters. Among other things, these laws impose restrictions and controls on the discharge of pollutants, including into navigable waters as well as the protection of drinking water sources. Spill prevention, control, and counter-measure requirements under the CWA require implementation of measures to help prevent the contamination of navigable waters in the event of a hydrocarbon spill. Other requirements for the prevention of spills are established under the United States *Oil Pollution Act of 1990*, as amended (the “**OPA**”) which amended the CWA and applies to owners and operators of vessels, including barges, offshore platforms, and certain onshore facilities. Under OPA, regulated parties are strictly liable for oil spills and must establish and maintain evidence of financial responsibility sufficient to cover liabilities related to an oil spill for which such parties could be statutorily responsible.

State Environmental Regulations

The Company’s proposed USGC operations will involve the storage, handling, transport, and disposal of bulk waste materials, some of which contain oil, contaminants and other regulated substances. Various environmental laws and regulations require prevention, and where necessary, cleanup of spills and leaks of such materials and some of the Company’s operations must obtain permits that limit the discharge of materials. Failure to comply with such environmental requirements or permits may result in fines and penalties, remediation orders and revocation of permits. Specifically, in Texas, the Company will be

subject to rules and regulations promulgated by the Railroad Commission of Texas and the Texas Commission on Environmental Quality, including those designed to protect the environment and monitor compliance with water quality. If the Company locates the USGC Facility in Louisiana, it will be subject to rules and regulations promulgated by the Louisiana Department of Environmental Quality and the Louisiana Department of Natural Resources as to environmental and water quality issues, and the Louisiana Public Service Commission as to allocation of intrastate routes and territories for waste water transportation. Management believes the Company will be in compliance with regulations in the states where the Company intends to conduct business.

Other Environmental Regulations

The Company's Canadian assets and operations will also be required to comply with various Canadian federal, provincial and municipal regulations. The regulations are in many cases conceptually similar to those described above for the USGC Facility. The principal pieces of legislation affecting the Alberta Facility are the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *Greenhouse Gas Pollution Pricing Act* and their accompanying regulations at a federal level and various provincial statutes and regulations such as the *Environmental Protection and Enhancement Act* (Alberta), the *Occupational Health and Safety Act* (Alberta) and the *Water Act* (Alberta). All these laws contain broad prohibitions against causing harm to air, land, water, people or any other living organism and in many cases contain detailed prescriptive rules governing many aspects of the Company's current and proposed operations. Regulatory trends towards more stringent emission requirements and operating controls are expected to continue at federal, provincial and local levels.

Employees

As of December 31, 2020, the Company had five active employees. The balance of the Company's workforce consists of hourly or contract consultants. Management is committed to attracting, retaining and developing a highly engaged, high-performing, diverse workforce and cultivating an inclusive workplace where all employees feel valued and have a sense of belonging. Increasing diversity and inclusion efforts is an organizational priority and strategic oversight of managements' efforts and is primarily provided by the Compensation Committee.

Foreign Operations

As of December 31, 2020, the Company had no foreign operations. The Company is proposing to build a USGC Facility and has hired consultants in the USGC for site identification and planning.

Lending

As of December 31, 2020, the Company had no material lending operations.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership, or similar proceedings against the Company or any of its subsidiaries during the three most recently completed financial years, or since January 1, 2021, to the date of this AIF, and there have been no bankruptcy, receivership, or similar proceedings against the Company or any of its subsidiaries proposed for the current financial year.

Reorganizations

There has been no material reorganization of the Company or any of its subsidiaries during the three most recently completed financial years, or since January 1, 2021, to the date of this AIF, and there has been no material reorganization of the Company or any of its subsidiaries proposed for the current financial year.

Social or Environmental Policies

The Company is currently in the process of developing internal governance policies relating to social and environmental issues.

RISK FACTORS

An investment in securities of the Company involves a significant degree of risk and must be considered highly speculative due to the nature of the Company's business. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Company.

The risks set out below are not the only risks facing the Company. There are widespread risks associated with any form of business and specific risks associated with the Company's business.

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors. These risks may not be the only risks faced by the Company. Risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely affect the Company's business, properties, results of operations and/or condition (financial or otherwise). **If any of the following risks actually occur, the Company's business, financial condition, results, and prospects could be adversely affected.**

Additional risks and uncertainties not presently known to the Company or those that are currently deemed immaterial may also impair the Company's business operations. If any such risks actually occur, the business, financial condition, and operating results of the Company could be materially harmed. All references to the "Company" in this section entitled "*Risk Factors*" include the Company and its subsidiaries, except where the context otherwise requires. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties herein, as well as the other information contained in the Company's public filings.

Unanticipated problems or delays in building the Facilities to the proper specifications may harm business and viability

The Company's future growth and operations will depend on its ability to timely and economically complete and operate the Facilities. If development of the Facilities is threatened for unexpected reasons, the Company's business may experience a substantial setback. Moreover, the occurrence of significant unforeseen conditions or events in connection with the construction of the Facilities may cause management to re-examine its business model. Any change to the business model or management's evaluation of the viability of the Company's planned services may adversely affect its business. Construction costs for the Facilities may also increase to a level that would make the Facilities too expensive to complete or unprofitable to operate. Contractors, engineering firms, construction firms, and equipment suppliers also receive requests and orders from other companies and, therefore, the Company may not be able to secure their services or products on a timely basis or on acceptable financial terms. The Company may suffer significant delays or cost overruns as a result of a variety of factors, such as increases in the prices of raw materials, shortages of workers or materials, transportation constraints, adverse weather, equipment failures, fires, damage to or destruction of property and equipment, environmental damage, unforeseen difficulties, or labour issues, any of which could prevent the Company from beginning or completing construction or commencing operations at the Facilities.

The Company's operations would be negatively affected if it is unable to use the Facilities in the future

The Company's future business growth relies heavily on an investment into the Facilities. If the Company is unable to operate the Facilities for any reason, it will not be able to effectively generate revenue or compete with additional technologies brought to market by competitors, the quality of finished products may decline and the Company's finished products could be worth less, and if competitors are willing to

pay more for supplies than the Company, they could drive up prices, which would cause revenues to decrease, and cause cost of sales to increase, respectively. Additionally, if the Company is forced to pay more for supplies, cash flows will be negatively impacted and margins will decrease.

The Company's commercial success will depend in part on its ability to obtain, maintain and protect its intellectual property

The Company's success will depend in part on its ability to maintain or obtain and enforce patent rights and other intellectual property protection for its technologies, to preserve its trade secrets, and to operate without infringing upon the proprietary rights of third parties. The Company currently relies heavily on its ability to use ReGen™ technology. The failure to obtain or maintain patents or other intellectual property protection on the technologies underlying its technologies may have a material adverse effect on the Company's competitive position and business prospects. It is also possible that the Company's technologies may infringe on patents or other intellectual property rights owned by others. Management may have to alter the Company's products or processes, pay licensing fees, defend an infringement action or challenge the validity of the patents in court, or cease activities altogether because of patent rights of third parties, thereby causing additional unexpected costs and delays to it. A license may not be available to the Company, if at all, upon terms and conditions acceptable to management and the Company may not prevail in any intellectual property litigation. Intellectual property litigation is costly and time consuming, and the Company may not have sufficient resources to pursue such litigation. If the Company does not obtain a license under such intellectual property rights, are found liable for infringement or are not able to have such patents declared invalid, the Company may be liable for significant money damages and may encounter significant delays in bringing products to market.

Risks Relating to Potential Acquisitions

In the future, management may seek to grow the Company's business by investing in new or existing facilities, or technologies, either by making acquisitions or entering into partnerships and joint ventures. Acquisitions, partnerships, joint ventures or investments may require significant managerial attention, which may divert management from other activities and may impair the operation of the Company's existing businesses. Potential acquisitions may also carry additional risks including: a failure to successfully integrate the acquired businesses, facilities or new technology into current operations, incurring higher than anticipated capital expenditures and operating expenses, disruption for the Company's ongoing business, dissipating current resources, failing to maintain uniform standards controls and policies, an inability to maintain key relationships following the acquisition, loss of key personnel of the acquired business or facility, incurring significant debt, dilution of the Common Shares if the acquisition is funded through equity, exposure to unanticipated liabilities and a failure to realize efficiencies, synergies and cost savings.

The Company may also assume liabilities and environmental liabilities as part of the acquisitions. Although management will endeavor to accurately estimate, and limit liabilities and environmental liabilities presented by the businesses or facilities to be acquired, some liabilities, including ones that may exist only because of the past operations of an acquired business or facility, may prove to be more difficult or costly to address than management initially estimates. It is also possible that government officials responsible for enforcing environmental laws may believe an environmental liability is more significant than management estimates, or that management will fail to identify or fully appreciate an existing liability before the Company becomes legally responsible to address it. The Company may have no recourse, or only limited recourse, to the former owners of such properties in the event such liabilities are present. As a result, if a liability were asserted against the Company based upon ownership of an acquired property, the Company might be required to pay significant sums to settle it, which could adversely affect financial results and cash flow.

Management will regularly review potential acquisitions of complementary businesses, services or products. However, management may be unable to identify suitable acquisition candidates in the future. Even if management does identify appropriate acquisition candidates, the Company may be unable to

complete or finance such acquisitions on favorable terms, if at all. In addition, the process of integrating an acquired business, service or product into the Company's existing business and operations may result in unforeseen operating difficulties and expenditures.

If the Company is unable to obtain new customers, revenue and cash flows could be reduced to levels that could adversely affect the Company's results of operations

The Company currently has no active operations utilizing the ReGen™ process. Accordingly, the Company's future growth will be dependent on its ability to obtain new customers. Any of the following factors could result the Company being unable to obtain new customers, including: a material decrease in the supply or price of crude oil or petroleum related products in which the Company deals, a material decrease in demand for the finished products in the markets the Company serves, scheduled refinery turnarounds or unscheduled maintenance, operational problems or catastrophic events at any of the Facilities. If any of the above were to happen results of operations could be materially adversely affected and the value of the Common Shares could decline in value.

Reliance on Key Contracts

The Company is reliant on the contracts entered into with Elbow River and SM for the future operation of their Facilities. If Elbow River or SM do not maintain their obligations under their contracts, the Company may be unable to meet projected cash flow estimates.

Improvements in or new discoveries of alternative energy technologies and/or government mandated use of such technologies and/or government restrictions or quotas on the use of oil and gas, could have a material adverse effect on the Company's financial condition and results of operations

Because the Company's business depends on the demand for used oil, any improvement in or new discoveries of alternative energy technologies (such as wind, solar, geothermal, fuel cells and biofuels), government mandated use of such technologies and/or government restrictions or quotas on the use of oil and gas that increase the use of alternative forms of energy and/or reduce the demand or market for oil, used oil and oil and used oil related products could have a material adverse impact on the Company's business, financial condition and results of operations.

In addition to the above, the Company may be exposed to risks related to laws passed by governments or regulations incentivizing or mandating the use of alternative energy sources, such as wind power and solar energy, which may reduce demand for oil and natural gas. Such laws, regulations, treaties or international agreements could result in increased compliance costs or additional operating restrictions, which may have a negative impact on the Company's business and could adversely affect the Company's operations by limiting opportunities.

The Company may be subject to citizen opposition and negative publicity due to public concerns over its operations and planned future operations, which could have a material adverse effect on the Company's business, financial condition or results of operations

There currently exists a high level of public concern over hazardous waste and refining and re-refining operations, including with respect to the location and operation of transfer, processing, storage and disposal facilities. Part of management's business strategy is to increase the Company's re-refining capacity through the construction of new facilities in growth markets, including production of the Facilities. Zoning, permit and licensing applications and proceedings, as well as regulatory enforcement proceedings, are all matters open to public scrutiny and comment. Accordingly, from time to time the Company may be subject to citizen opposition and publicity which may damage its reputation and delay or limit the planned expansion and development of future facilities or operations or impair the Company's ability to renew existing permits, any of which could prevent management from implementing their growth strategy and have a material adverse effect on the Company's business, financial condition or results of operations.

Strategic relationships on which the Company relies on are subject to change

Management's ability to identify and enter into commercial arrangements with suppliers and re-refined oil clients depends on developing and maintaining close working relationships with industry participants. The Company's success in this area also depends on management's ability to select and evaluate suitable projects as well as to consummate transactions in a highly competitive environment. These factors are subject to change and may impair the Company's ability to grow.

If the Company cannot maintain adequate insurance coverage, it may be unable to conduct certain operations

The Company's business exposes it to various risks, including claims for causing damage to property and injuries to persons that may involve allegations of negligence or professional errors or omissions in the performance of the Company's services. Such claims could be substantial. If the Company is unable to obtain adequate or required insurance coverage in the future, or if such insurance is not available at affordable rates, the Company could be in violation of permit conditions and other requirements of the environmental laws, rules and regulations under which the Company operates. Such violations could render the Company unable to proceed with certain operations. These events could result in an inability to operate certain assets and significantly impair the Company's financial condition.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Financing Risks

The Company has finite financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to achieve its stated business objectives. Achieving these business objectives will be dependent upon the Company's ability to obtain financing through equity or debt financing or other means.

General Market Risk

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of volatility, and the share prices of securities of many companies, particularly junior companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Accordingly, the price of the Common Shares is expected to be highly volatile and will be drastically affected by operating results. The Company cannot predict the results of future business activities. The success or failure of the Company's re-refining oil business will inevitably affect the Company's decisions and will likely trigger major changes in the trading price of the Common Shares. As such, there can be no assurance that these price fluctuations and volatility will not continue to occur.

Future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements

From time to time, the Company may be involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of its business. Many of these matters raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. The timing of the final resolutions to these matters is often uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting the Company's results of operations and liquidity.

COVID-19

The Company's business will be adversely impacted by the effects of COVID-19. In addition to global macroeconomic effects, the COVID-19 outbreak and any other related adverse public health developments will cause disruption to operations, research, and development, and sales activities. The Company's third-party manufacturers, third-party distributors, and customers have been and will be disrupted by worker absenteeism, quarantines, and restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures or other travel or health-related restrictions. Depending on the magnitude of such effects on the Company's activities or the operations of its third-party manufacturers and third-party distributors, the supply of its products will be delayed, which could adversely affect business, operations, and customer relationships. In addition, the COVID-19 or other disease outbreak will, in the short-run, and may, over the longer term, adversely affect the economies and financial markets of many countries, resulting in an economic downturn that will affect demand for products and impact operating results. There can be no assurance that any decrease in sales resulting from COVID-19 will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the COVID-19 outbreak on the Company's business and operations remains uncertain, the continued spread of COVID-19 or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions will adversely impact business, financial condition, operating results, and cash flows. In addition, the Company has experienced and will experience disruptions to business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of employees to perform their jobs that may impact the ability to develop and design products in a timely manner or meet required milestones or customer commitments.

Global Financial Conditions

Global financial conditions continue to be characterized by volatility. Many industries are impacted by volatile market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to economic shocks. A slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fluctuations in fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and financial condition. Future economic shocks may be precipitated by a number of causes, including government debt levels, fluctuations in the price of oil and other commodities, the volatility of metal prices, geopolitical instability, terrorism, the volatility of currency exchanges, the devaluation and volatility of global stock markets, and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. In such an event, the Company's operations and financial condition could be adversely impacted.

Fluctuations of Oil Prices

The Company's business involves buying UMO from suppliers who collect the UMO, re-refining such UMO into base lubricating oils and other ancillary products and then selling both such re-refined oil and other products from the re-refining process to customers. Changes in the reported spot market prices of oil affect the prices at which the Company can sell those finished products.

Demand

A decrease in demand for refined crude products could adversely impact the price that the Company and its future joint venture and strategic partners receive for the re-refined oil products produced by the Company's proposed re-refinery. A prolonged period of low demand could affect the value of the Company's assets and business prospects.

Receipt of UMO

It is important that the UMO feedstock meets certain specifications to create an efficient refinery process. Feedstock that does not meet these specifications, if processed through the re-refinery, may have excess water content, may result in increased processing requirements, and/or may result in excess waste and/or cost to process the feedstock. Management of the Company plans to develop a quality control/quality assurance program in order to screen UMO feedstock to mitigate the risk that UMO feedstock meets all applicable standards however any failures in this risk mitigation strategy or any unforeseen circumstances could have an adverse effect on the Company.

Health, Safety, and Environment

The storage and transfer of crude oil products has a limited impact on the environment when conducted in compliance with applicable government policies and regulations. However, the potential exists for accidents to occur or equipment to fail which could result in the release of UMO or finished products into the environment and such release could result in damage to facilities, death or injury and liability to third parties.

In Canada, federal and provincial regulators responsible for the safe handling of hazardous materials continue to review, revise and implement new safety standards to enhance the safety of the public. New safety standards have the potential for a significant cost to implement and maintain; however, the cost and timing to comply with any such new or proposed changes is unknown at this time.

Competition

Management of the Company is presently unaware of any direct competitors that are currently re-refining UMO into marketable quantities of comparable Group II+ and Group III base oil products; however, large-scale facilities, such as Motiva Enterprises, LLC, in the USGC, that produce base oils from virgin crude oil, could be considered indirect competitors of the Company.

The drop in crude oil prices beginning in 2014 and continuing into 2020 has brought a corresponding decrease in pricing for products such as propane and natural gas, which are attractive substitutes for UMO in certain plant burner fuel applications due to their superior combustion properties and lower environmental regulatory requirements. Many companies have converted their facilities over to the convenience of using propane or natural gas because such fuels burn cleaner and more efficiently, which effectively could increase the supply of UMO for the Company.

Cyberattacks or security breaches could have a material adverse effect on the Company's business, financial condition and results of operations

The Company is dependent upon information systems and will be dependent on other digital technologies for controlling the Facilities, processing transactions and summarizing and reporting results of operations. The secure processing, maintenance and transmission of information is critical to the Company's current and future operations. The Company monitors existing information systems on a 24/7 basis in an effort to detect cyberattacks or security breaches. These efforts have been implemented along with other risk mitigation procedures to detect and address unauthorized and damaging activity on the Company's network, stay abreast of the increasing threat landscape and improve security posture. Information technology system failures, communications network disruptions (whether intentional by a third party or due to natural disaster), and security breaches could still impact equipment and software used to control future facilities, resulting in improper operation of assets, potentially including delays in the delivery or availability of customers' products, contamination or degradation of the products the Company transports,

stores or distributes, or releases of hydrocarbon products and any other damage to the Company's future facilities for which the Company could be held liable.

Furthermore, the Company collects and stores sensitive data in the ordinary course of business, including personally identifiable information of employees as well as proprietary business information including that of customers, suppliers, investors and other stakeholders. Despite current security measures, information systems may become the target of cyberattacks or security breaches (including employee error, malfeasance or other breaches), which could result in the theft or loss of the stored information, misappropriation of assets, disruption of transactions and reporting functions, the Company's ability to protect customer or company information and financial reporting. Even with insurance coverage, a claim could be denied or coverage delayed. A cyber-attack or security breach could result in liability under data privacy laws, regulatory penalties, damage to reputation or a loss of consumer confidence in products and services, or additional costs for remediation and modification or enhancement of information systems to prevent future occurrences, all of which could have a material and adverse effect on the Company's business, financial condition or results of operations.

Dependence on Key Personnel

The Company depends on a relatively small number of key qualified personnel, key senior management, and other employees. As the Company's business grows, the Company may recruit additional management and other personnel. There is no assurance that the key qualified personnel will continue to provide services to the Company or will honour the agreed terms and conditions of their employment or contracts. Any loss of key personnel or failure to recruit and retain personnel for the Company's future operations and development could have a material adverse effect on the Company's business and results of operations. The Company does not have key person insurance on these individuals.

Disruption Due to Acts of God

Disruptions in the activities of the Company may be caused by natural disasters, effects of climate change and man-made activities, pandemics (including the COVID-19 pandemic), trade disputes and disruptions, war, terrorism, and any other forms of economic, health, or political disruptions. The Company's financial conditions are reliant on continued operations, and in circumstances where continued operations including, but not limited to, construction plans, construction in progress, supply of equipment, are not possible, the Company is likely to experience a decline in its revenue, and may suffer additional disruptions in the form of lack of access to its workforce contractors, suppliers, engineering consultants, customers, technology, or other assets. The extent of the impact on the Company will vary with the extent of the disruption and cannot be adequately predicted in advance.

Potential Conflicts of Interest

Some of the directors or officers of the Company are also directors, officers and/or promoters of other reporting and non-reporting issuers. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith, and in the best interest of the Company.

No Dividends

Any payments of dividends will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company, and other factors which the Company's board of directors (the "**Board**") may consider appropriate in the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

The Company's directors can issue Preferred Shares, without shareholder approval which may give the holders thereof a liquidation preference

The Company's authorized share capital consists on an unlimited number of Preferred Shares which may be issued in one or more series. The designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares may be determined by the Board from time to time by a resolution. The rights, privileges and conditions attached to the Preferred Shares may give holders thereof, liquidation and other preferences over the holders of Common Shares. The payment of the liquidation preferences could result in the holders of Common Shares not receiving any consideration if the Company were to liquidate, dissolve or wind up, either voluntarily or involuntarily. Additionally, the existence of the liquidation preferences may reduce the value of the Common Shares, if the Preferred Shares are issued with these rights and may make it harder for the Company to sell Common Shares in offerings in the future or prevent or delay a change of control. Because the Board can designate the powers and preferences of the Preferred Shares without a vote of the Company's shareholders, subject to applicable securities rules and regulations, the Company's shareholders will have no control over what designations and preferences any potential Preferred Shares, if any, will have.

Risk Management and Internal Control Systems

The Company's directors together with its senior management are responsible for overseeing the Company's internal control policies and procedures. The Company has established risk management and internal control systems consisting of policies, procedures and risk management methods that the Company believes are appropriate for the Company's business operations. However, due to the inherent limitations in the design and implementation of these systems, there is a risk that these systems will not be sufficiently effective in identifying and preventing a deficiency in internal controls. In addition, as some of the risk management and internal control policies and procedures are relatively new, the Company may need to establish and implement additional policies and procedures to further improve the Company's systems from time to time. Since the Company's risk management and internal controls depend on implementation by Company employees, there is a risk that such implementation will involve human errors or mistakes. If the Company fails to implement its policies and procedures in a timely manner or fails to identify risks that affect the Company's business, results of operations, and financial condition could be materially and adversely affected.

DIVIDENDS AND DISTRIBUTIONS

There are no restrictions that prevent the Company from paying dividends or distributions. However, the Company has not paid any dividends or distributions on its Common Shares during the three most recently completed financial years and there are no plans to pay dividends at this time. At present, all available funds are invested to finance the growth of the Company. Any decision to pay dividends on its Common Shares in the future will be made by the Board from time to time, in its discretion, on the basis of many factors, including the Company's financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that the Board may deem relevant.

DESCRIPTION OF CAPITAL STRUCTURE

Shares

The authorized share capital of the Company currently consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value ("**Preferred Shares**"). As of the date of this AIF, there are 100,607,565 Common Shares issued and outstanding, and no Preferred Shares issued and outstanding.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board, to receive notice of and one vote per Common Share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender, conversion, or exchange rights, nor do they contain any sinking or purchase fund provisions.

Subject to the provisions of the *Business Corporations Act* (Alberta), Preferred Shares may be issued in one or more series, with each series to consist of the number of shares and with the designations, rights, privileges, restrictions, and conditions attaching thereto.

Warrants

On May 29, 2020, the Company issued 173,156 Common Share purchase warrants to Fieldhouse Capital Management Inc. ("**Fieldhouse**"). Each warrant entitled Fieldhouse to purchase one Common Share at a price of \$0.15 until May 29, 2021. Each of these warrants was exercised on January 8, 2021.

On September 17, 2020, the Company issued 2,540,000 units exercisable into 1,270,000 Common Share purchase warrants, each exercisable into one Common Share at a price of \$0.30 until September 17, 2021 (each, a "**September 2020 Warrant**"). 270,000 of the September 2020 Warrants have been exercised, each subsequent to December 31, 2020.

In connection with a private placement that closed on September 30, 2019 the Company issued 5,453,750 warrants with an exercise price of \$0.30 and an initial expiry date of September 30, 2020. On September 28, 2020, the Company extended the expiry date of the 5,453,750 warrants to December 30, 2020 from September 30, 2020. Of these warrants, 422,500 expired unexercised. The extension of these warrants did not result in any incremental value of the warrants.

As of the date of this AIF, there are 1,000,000 September 2020 Warrants, at an exercise price of \$0.30 per Common Share expiring on September 17, 2021 outstanding, and no other warrants outstanding.

Options

The Company has a shareholder approved "rolling" stock option plan (the "**Plan**"). Under the Plan, the maximum number of Common Shares reserved for issuance may not exceed 10% of the total number of issued and outstanding Common Shares at the time of granting. The exercise price of each stock option (an "**Option**") shall not be less than the "Market Price" of the Common Shares at the date of grant, as determined by Exchange policies. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of death or dismissal for cause. Vesting of options is at the discretion of the Board at the time the options are granted. As of the date of this AIF, a total of 8,930,000 Options are issued and outstanding, as follows:

Number of Options	Exercise Price (CAD\$)	Expiry Date
600,000	\$0.25	February 4, 2022
1,000,000	\$0.30	May 18, 2022
600,000	\$0.20	June 2, 2022
2,200,000	\$0.63	February 2, 2023
1,080,000	\$0.70	March 13, 2023
750,000	\$0.85	March 19, 2023
200,000	\$0.80	March 23, 2023
2,500,000	\$0.80	April 1, 2023

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are currently listed on the Exchange under the symbol "GIII".

The following table sets forth, for the periods indicated, the reported high and low daily trading prices (in Canadian dollars) and the aggregate volume of trading of the Common Shares on the Exchange during the year ended December 31, 2020.

Month (2020)	Monthly High Price (\$)	Monthly Low Price (\$)	Monthly Volume
January	\$0.25	\$0.16	1,299,405
February	\$0.30	\$0.18	3,741,553
March	\$0.30	\$0.155	4,791,008
April	\$0.195	\$0.125	1,621,724
May	\$0.20	\$0.135	555,522
June	\$0.20	\$0.155	876,376
July	\$0.23	\$0.17	2,652,907
August	\$0.27	\$0.185	1,501,680
September	\$0.22	\$0.18	1,826,515
October	\$0.26	\$0.195	2,844,391
November	\$0.42	\$0.23	5,477,603
December	\$0.465	\$0.315	3,930,094

Prior Sales

Non-Trading Securities – Common Shares

In the twelve months ended December 31, 2020, the Company issued the following Common Shares:

Date of Grant	Number of Common Shares Issued	Issue Price
May 29, 2020	2,773,659	\$0.15
September 17, 2020 ⁽¹⁾	2,540,000	\$0.20

Notes:

- ⁽¹⁾ Issuance consisted of a non-brokered private placement of 2,540,000 units at an issue price of \$0.20 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant.

Non-Trading Securities – Warrants

In the twelve months ended December 31, 2020, the Company issued the following warrants:

Date of Grant	Number of Warrants Issued	Exercise Price	Expiry Date
May 29, 2020 ⁽¹⁾	173,156	\$0.15	May 29, 2021
September 17, 2020 ⁽²⁾	1,270,000	\$0.30	September 17, 2021

Notes:

- (1) Issuance consisted of finder's warrants offered in connection with a non-brokered private placement of 2,773,659 Common Shares on May 29, 2020.
- (2) Issuance consisted of a non-brokered private placement of 2,540,000 units at an issue price of \$0.20 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant.

Non-Trading Securities – Options

In the twelve months ended December 31, 2020, the Company issued the following Options:

Date of Grant	Number of Options Granted	Exercise Price	Expiry Date
February 4, 2020	600,000	\$0.25	February 4, 2022
June 2, 2020	600,000	\$0.20	June 2, 2022
September 30, 2020	750,000	\$0.20	September 30, 2022
November 18, 2020	1,000,000	\$0.30	May 18, 2022

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The Company has no escrowed securities or securities subject to contractual restriction on transfer.

DIRECTORS AND OFFICERS

Directors and Executive Officers

The following list sets out for each director and executive officer of the Company, their name, residence, the positions and offices in the Company currently held by that individual, the period during which such individual has served as a director or executive officer of the Company and that individual's principal occupation during the past five years.

Each director serves as a director until the next annual general meeting of shareholders of the Company or until their successor is elected or appointed.

Name, Position, Residence	Principal Occupation for Five Preceding Years	Director or Executive Officer Since
Gregory Clarke ⁽¹⁾⁽²⁾ British Columbia, Canada Director, Chairman, and Chief Executive Officer	Chief Executive Officer, Chairman and Director of the Company	June 7, 2011
Paul DiPasquale ⁽¹⁾⁽²⁾ British Columbia, Canada Director	Businessman	June 7, 2011
Larry Van Hatten ⁽¹⁾ British Columbia, Canada Director	Businessman	June 7, 2011
Brian O'Sullivan ⁽³⁾ St. Peter, Barbados Director	President and Chief Executive Officer of Cachet Capital Inc. and President of Mexico Power Group from April 2011 – April 2020	October 1, 2020
Bob Rennie British Columbia, Canada Director	Executive Director of the Rennie Group	March 19, 2021
Gordon Driedger Alberta, Canada President and Chief Operating Officer	Chief Operations Officer and President of the Company since 2018 and Professional Engineer	March 13, 2018
Mark Redcliffe British Columbia, Canada Executive VP, Corporate Finance	Executive Vice President, Corporate Finance of the Company and Former Executive Vice President of Corporate Finance and Director at Research Capital Corporation (formerly known as Mackie Research Capital Corporation)	April 23, 2018
Rick Low British Columbia, Canada Chief Financial Officer	Chief Financial Officer of the Company from September 2012 to present; Chief Financial Officer of Bayhorse Silver Inc. from September 2016 to present and Chief Financial Officer of Caliber Minerals Inc. from May 2017 to present	September 18, 2012

Notes:

- (1) Member of the Audit Committee. Mr. Van Hatten is the chair of the Audit Committee.
- (2) Member of the Compensation Committee. Mr. Clarke is the chair of the Compensation Committee.

- (3) Mr. O’Sullivan is not standing for re-election at the Company’s April 30, 2021 annual general and special meeting and is expected to cease to be a director of the Company as of the close of that meeting.
- (4) The information listed above, not being within the knowledge of the Company, has been furnished by the respective director and/or officer or obtained from information the respective director and/or officer has made publicly available. Information provided as at the date of this AIF.

The number and percentage of securities of each class of securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the Company are as follows:

Designation of Security	Number of Security Owned by Directors and Officers, as a Group	Percentage of Securities Owned by Directors and Officers, as a Group
Common Shares	17,787,985	17.68%
Warrants	125,000	0.12%
Options	7,730,000	7.14%

Cease Trade Orders, Bankruptcies, Penalties, or Sanctions

Other than as discussed below, no director or executive officer of the Company is, at the date of this AIF, or has been within the 10 years before the date of this AIF: (i) a director, chief executive officer, or chief financial officer of any company (including the Company) that, while that person was acting in that capacity was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order) or an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “**Order**”); or (ii) subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer, or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer.

No director or executive officer of the Company, or shareholder of the Company holding a sufficient number of securities of the Company to materially affect control of the Company, is, at the date of this AIF, or has been within the 10 years before the date of this AIF: (i) a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or the executive officer.

Other than as discussed below, no director or executive officer of the Company, or shareholder of the Company holding a sufficient number of securities of the Company to materially affect control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a security regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in making an investment decision.

In May 1997, Mr. Clarke entered into a settlement agreement with the Autorité des Marchés Financiers. Mr. Clarke admitted that in February 1995, he effected trades of a publicly traded company through Longshot Capital Inc. (“**Longshot**”), his private company, while he possessed insider information.

Longshot paid the sum of \$113,512 to cover the settlement and, in part, the inquiry costs of the Autorité des Marchés Financiers.

On November 17, 2006, Mr. DiPasquale entered into a settlement agreement with the Investment Dealers Association. Mr. DiPasquale admitted that between July 1998 and June 2001, while registered in a supervisory position at an investment firm, he failed to effectively supervise the activities of an investment representative and failed to ensure that effective supervision of such investment representative was achieved. Mr. DiPasquale paid the sum of \$100,000 and agreed to certain prohibitions on his registration.

Mr. Low has been the chief financial officer of Silcom Systems Inc. which subsequently changed its name to Caliber Minerals Inc. ("**Caliber**") on May 1, 2017. On August 7, 2015, a cease trade order was issued against Caliber for failure to file annual and interim continuous disclosure filings. The cease trader order against Caliber was revoked on August 16, 2017.

Conflicts of Interest

Except as disclosed herein, to the knowledge of management of the Company, there are no existing or potential material conflicts of interest between the Company and any of its subsidiaries and any director or officer of the Company. Directors and officers of the Company may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company or any of its subsidiaries may participate, the directors of the Company may have a conflict of interest in negotiating and conducting terms in respect of such participation. If such conflict of interest arises at a meeting of the Board, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

PROMOTERS

There are no promoters of the Company other than its current directors and officers.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not currently and has not at any time during its most recently completed financial year, been a party to any material legal proceedings or regulatory actions. The Company is not aware of any such proceedings or actions threatened or known to be contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF, no director, executive officer, or shareholder beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Common Shares, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction during the current fiscal year or within the three most recently completed financial years or in any proposed transaction which, in either such case, has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its office located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada.

MATERIAL CONTRACTS

The only material contract entered into by the Company before January 1, 2020, but which still remains in effect is as follows:

1. Purchase and Sale Agreement between Elbow River Marketing Ltd. and Gen III Oil Corp. dated September 12, 2017.

A copy of the material contract described above has been filed with the applicable Canadian securities regulatory authorities and is available under the Company's issuer profile on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

Other than as described below, based on information provided by the experts as at the date of this AIF, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or one of its associates or affiliates, when the experts prepared their respective reports, and no securities or other property of the Company or one of its associates or affiliates were subsequently received or are to be received by such experts.

Auditors

The Company's auditors are Ernst & Young LLP (the "**Auditors**"), Chartered Professional Accountants of Vancouver, British Columbia, Canada. The Auditors are independent with respect to the Company within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

BOARD COMMITTEES

The Company's Board has two standing committees: the Audit Committee and the Compensation Committee. Details as to the composition and mandate of the Audit Committee are described in this AIF under the heading "*Information Concerning the Audit Committee and External Auditor*"; details related to the mandate and composition of the Compensation Committee are described in the Company's Management Information Circular dated March 24, 2021, in respect of the Company's annual and general meeting of shareholders to be held on April 30, 2021, available under the Company's issuer profile on SEDAR at www.sedar.com.

INFORMATION CONCERNING THE AUDIT COMMITTEE AND EXTERNAL AUDITOR

Audit Committee Charter

The Company's Audit Committee has a written charter to follow in carrying out its audit and financial review functions (the "**Audit Committee Charter**"), a copy of which is attached to this AIF as Schedule A. The Audit Committee reviews all financial statements of the Company prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them, and reviews fees for audit services. The Audit Committee meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

Composition of the Audit Committee; Relevant Education and Experience

As of the date of this AIF, the Audit Committee consists of Larry Van Hatten, Paul DiPasquale, and Greg Clarke. A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

All members are considered to be "financially literate" within the meaning of Section 1.6 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Mr. Van Hatten is a Chartered Professional Accountant, Mr. DiPasquale has many years of experience in the securities industry, and Mr. Clarke has over 30 years' experience in the financial markets and has been a senior officer and director of many private and publicly listed companies.

A member of the Audit Committee is "independent" within the meaning of NI 52-110 if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. In the Board's view, Mr. DiPasquale is independent. Mr. Van Hatten is not independent

because he receives consulting fees from the Company and Mr. Clarke is not independent due to his position as the CEO of the Company. The Company is relying on the exemption at Section 6.1 of NI 52-110 from the requirement that all members of the audit committee be independent, which applies to companies (such as the Company) whose securities are listed only on the Exchange.

Audit Committee Oversight

At no time since the commencement of the fiscal year ended December 31, 2020, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the financial year ended December 31, 2020, the Company has not relied on any of the following:

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

Pre-Approval Policies and Procedures

The Audit Committee may satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Audit Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Audit Committee's responsibilities to management.

As of the date of this AIF, the Audit Committee has not adopted specific policies or procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the audit and non-audit services provided by the Company's current auditor, Ernst & Young LLP, to the Company to ensure auditor independence. Fees incurred with Ernst & Young LLP for audit and non-audit services in the last two fiscal years are outlined in the following table.

By Category	Year Ended December 31, 2020 (CAD\$)	Year Ended December 31, 2019 (CAD\$)
Audit Fees ⁽¹⁾	\$97,500	\$100,000
Audit-Related Fees ⁽²⁾	\$nil	\$nil
Tax Fees ⁽³⁾	\$nil	\$nil
All Other Fees ⁽⁴⁾	\$nil	\$nil
Total	\$97,500	\$100,000

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees", and "Tax fees" above.

Exemptions

The Company is relying on Section 6.1 of NI 52-110, exempting the Company from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the Company's issuer profile SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, if any, principal holders of the Company's securities and securities authorized for issuance under the option plan will be contained in the Company's management information circular dated March 24, 2021, in respect of the Company's annual and general meeting of shareholders to be held on April 30, 2021.

Additional financial information is provided in the Company's audited financial statements and management's discussion and analysis for the fiscal year ended December 31, 2020, which may be found on the Company's issuer profile SEDAR at www.sedar.com.

SCHEDULE A AUDIT COMMITTEE CHARTER

1. Mandate

The primary function of the audit committee (the “**Committee**”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting, and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors.
- Provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

2. Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be independent directors, pursuant to the policies of the TSX Venture Exchange.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

3. Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Audit Committee members with copies to the Board of Directors, the Chief Financial Officer or such other officer acting in the capacity and the external auditor.

4. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company’s financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted

to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Require the external auditors to report directly to the Committee.
- (b) Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (c) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company and confirming their independence from the Company.
- (d) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (e) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (f) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
- (g) Review with management and the external auditors the terms of the external auditors' engagement letter.
- (h) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (j) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (k) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors regarding financial reporting.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review certification process.
- (i) Establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

- (a) Review any related-party transactions.

5. Authority

The Committee may:

- (a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

The Committee shall have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.