



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 23, 2017

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 18, 2017

TETHYS PETROLEUM LIMITED
89 NEXUS WAY, CAMANA BAY,
GRAND CAYMAN, KY1-9007, CAYMAN ISLANDS

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the “**Meeting**”) of the holders of ordinary shares of Tethys Petroleum Limited (the “**Company**”) will be held at Hilton Amsterdam Airport Schiphol, Schiphol Boulevard 701, Schiphol, 1118 BN, Netherlands on June 23, 2017 at 10:00 a.m. (Central European Summer Time - local time in Amsterdam, Netherlands) for the following purposes as well as to transact such other business as may properly be brought before the Meeting or any adjournment thereof:

General Business

1. Resolution 1 – Receipt of Financial Statements and Auditors Report

To receive and consider the financial statements of the Company for the year ended December 31, 2016 and the report of the auditors thereon.

2. Resolutions 2.1 to 2.4 – Election of Directors

To propose each of the following separate resolutions as ordinary resolutions of the Company, the appointment of which and the resignation of the existing directors pursuant to Article 69 of the Articles of Association shall take effect from the conclusion of the Meeting:

- 2.1 to elect William P. Wells as a director of the Company;
- 2.2 to elect Medgat Kumar as a director of the Company;
- 2.3 to elect Adeola Ogunsemi as a director of the Company; and
- 2.4 to elect Mattias Sjoborg as a director of the Company;

3. Resolution 3 – Appointment of Auditors

To propose the following resolution as an ordinary resolution of the Company:

That PricewaterhouseCoopers LLP, be appointed as auditors of the Company to hold office in accordance with the Company’s Articles of Association, and that their compensation be fixed by the board of directors.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Circular. At the Meeting, shareholders will be asked to approve each of the foregoing resolutions, all as more particularly described in the Circular.

Only shareholders of record as of May 24, 2017, the record date (the “**Record Date**”), are entitled to receive notice of the Meeting.

DATED this 18th day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

“Clive Oliver”
Corporate Secretary

IMPORTANT

It is desirable that as many Ordinary Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Ordinary Shares represented, please complete the enclosed form of proxy and return it as soon as possible in the envelope provided for that purpose. In accordance with the Articles, to be valid, all proxies must be deposited at the office of the Registrar and Transfer Agent of the Company, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, for shareholders on the Canadian register not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on June 20, 2017, or Capita Asset Services, 1 PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom for shareholders on the UK register, not later than 9:00 a.m. (British Summer Time – local time in London, England) on June 21, 2017 or twenty-four hours preceding any adjournment of the Meeting.

The Company gives notice that only those shareholders entered on the register of shareholders (or their duly appointed proxies) at close of business on the Record Date, will be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his or her place. A proxy need not be a shareholder of the Company. Completion of a form of proxy does not preclude a shareholder from subsequently attending and voting at the Meeting in person if he or she so wishes.

Any transferee or person acquiring Ordinary Shares after the Record Date may not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on June 20, 2017 for shareholders on the Canadian register or 9:00 a.m. (British Summer Time – local time in London, England) on June 21, 2017 for shareholders on the UK register (i.e. not later than 48 hours before the Meeting) request that the Registrar and Transfer Agent of the Company, TSX Trust Company in Canada or Capita Asset Services in the UK add his or her name on the register of members and include him or her in the list of persons entitled to attend and vote at the Meeting.

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TETHYS PETROLEUM LIMITED

ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 23, 2017

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Tethys Petroleum Limited (“**Tethys**”, the “**Company**” or “**we**”) for use at the annual general meeting of the holders of ordinary shares of the Company (“**Ordinary Shares**”) to be held at Hilton Amsterdam Airport Schiphol, Schiphol Boulevard 701, Schiphol, 1118 BN, Netherlands on June 23, 2017 at 10:00 a.m. (Central European Summer Time - local time in Amsterdam, Netherlands), or at any adjournment thereof (the “**Meeting**”), for the purposes set forth in the notice of meeting (the “**Notice of Meeting**”).

The costs incurred in the preparation and mailing of both the instrument of proxy and this Circular will be borne by the Company. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Company who will not be directly compensated therefor.

These meeting materials, including the Circular, are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions set out in the Voting Instruction Form, Form of Proxy or Form of Direction provided with the meeting materials.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Ordinary Shares (defined below) held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company. The record date to determine the registered shareholders entitled to receive the Notice of Meeting is May 24, 2017 (the “Record Date”).

All information provided herein is as at the Circular Date unless otherwise indicated.

VOTING BY PROXY - APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the “**Management Designees**”) in the enclosed instrument of proxy (the “**Instrument of Proxy**”) are directors or officers of the Company and have been selected by the directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. A registered shareholder has the right to designate a person (whom needs not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company, TSX Trust Company for shareholders on the Canadian register or Capita Asset Services for shareholders on the UK register. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him or her to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorised in writing, with proof of such authorisation attached, where an attorney executed the proxy form or, if the appointor is a company, under its seal or under the hand of its duly authorised officer or attorney or other person authorised to sign. In addition, a proxy may be revoked by a

shareholder personally attending at the Meeting and voting his or her shares. A proxy nominee need not be a shareholder of the Company.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Company's transfer agent, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Canada for shareholders on the Canadian register or to Capita Asset Services, 1 PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom for shareholders on the UK register, at least forty-eight (48) hours prior to the Meeting or twenty-four (24) hours prior to any adjournment thereof (of more than 48 hours, but less than 28 days). Any proxy delivered in respect of the Meeting will be valid for any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy. The board of directors has approved William P. Wells, the Non-Executive Chairman of the Company, to serve as Chairman of the Meeting.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his or her authorised attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorised, either at the registered office of the Company or with TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Canada, for shareholders on the Canadian register or with Capita Asset Services, 1 PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom for shareholders on the UK register at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her shares.

A shareholder giving a proxy has the right to attend the Meeting, or appoint someone else to attend as his or her proxy at the Meeting and the proxy submitted earlier can be revoked in the manner described above.

VOTING IN PERSON AT THE MEETING

A registered shareholder will appear on a list of shareholders prepared by the registrar and transfer agent for purposes of the Meeting. To vote in person at the Meeting each registered shareholder will be required to register for the Meeting by identifying themselves at the registration desk. Non-registered beneficial shareholders must appoint themselves as a proxyholder to vote in person at the Meeting. Also see "*Advice to Beneficial Shareholders*" below.

VOTING OF PROXIES

Each shareholder may instruct his or her proxy how to vote his or her Ordinary Shares by completing the blanks on the Instrument of Proxy. All Ordinary Shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Ordinary Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of Resolutions 1, 2 and 3 as set out in the Notice of Meeting. In the absence of any specification as to voting on any other form of proxy, the Ordinary Shares represented by such form of proxy will be voted as the proxy sees fit.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Company.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Ordinary Shares in their own name. Shareholders who hold their Ordinary Shares (a “**Beneficial Shareholder**”) in the following manner:

- (a) registered in the name of an intermediary that the Beneficial Shareholder deals with in respect of the Ordinary Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or certain administrators; or
- (b) registered in the name of a depository (such as The Canadian Depository for Securities Limited or “CDS”),

should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Ordinary Shares will be recognized and acted upon at the Meeting. If Ordinary Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Ordinary Shares will, in all likelihood, not be registered in the shareholder’s name. Ordinary Shares represented by Depository Interests are not registered in the Beneficial Shareholder’s name.

In accordance with Canadian securities law, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the “**meeting materials**”) to CDS and intermediaries for onward distribution to Beneficial Shareholders.

Intermediaries are required to forward meeting materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Typically, intermediaries will use a service company to forward the meeting materials to Beneficial Shareholders. Beneficial Shareholders will receive either a voting instruction form or, less frequently, a form of proxy. Beneficial shareholders who hold Depository Interests will receive a form of direction. The purpose of these forms is to permit Beneficial Shareholders to direct the voting of the Ordinary Shares they beneficially own. Beneficial Shareholders should follow the procedures set out below, depending on which type of form they receive.

A. Voting Instruction Form. In most cases, a Beneficial Shareholder will receive, as part of the meeting materials, a voting instruction form. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. In accordance with the Articles, to be valid, all voting instruction forms must be deposited at the office of the Registrar and Transfer Agent of the Company, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on June 20, 2017, or twenty-four hours preceding any adjournment of the Meeting of more than 48 hours, but less than 28 days. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder’s behalf), the Beneficial Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Beneficial Shareholder, or

B. Form of Proxy. Less frequently, a Beneficial Shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Beneficial Shareholder must complete the form of proxy and deposit it with the Company’s registrar and transfer agent, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, Canada for shareholders on the Canadian register as described above, not later than 5:00 p.m. (Eastern Daylight Time – local time in Toronto, Canada) on June 20, 2017, or Capita Asset Services, 1 PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom for shareholders on the UK register as described above, not later than 9:00 a.m. (British Summer Time – local time in London, England) on June 21, 2017 or twenty-four hours preceding any adjournment of the Meeting of more than 48 hours, but less than 28 days. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Beneficial Shareholder must strike out the names of the Management Designees named in the proxy and insert the Beneficial Shareholder’s (or such other person’s) name in the blank space provided.

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

All references to shareholders in this Circular and the accompanying Instrument of Proxy and the Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the Record Date, Tethys had no preference shares and 508,136,098 Ordinary Shares issued and outstanding. Every shareholder present has on a show of hands one vote and on a poll every shareholder present in person or represented by proxy has one vote for every Ordinary Share of which he, she or it is the holder. Only those shareholders of record on the Record Date are entitled to receive notice of and vote at the Meeting.

Two or more holders of Ordinary Shares present in person or represented by proxy constitute a quorum for the Meeting, irrespective of the number of persons actually present at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to all of the issued and outstanding Ordinary Shares other than (i) Pope Asset Management, LLC, which, together with its affiliates, owns or controls [87,903,396] Ordinary Shares or approximately 17.3% of the outstanding Ordinary Shares, and (ii) Olisol Petroleum Limited (“**Olisol**”) which owns 63,044,461 Ordinary Shares or approximately 12.4% of the outstanding Ordinary Shares.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Receipt of the Financial Statements and Auditors' Report

At the Meeting, shareholders will receive and consider the financial statements of the Company for the year ended December 31, 2016 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

2. Election of Directors

The Company currently has four (4) directors, all of whom are being nominated for election. The table set out below sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Company presently held by such nominee, the nominee's municipality of residence, principal occupation at present and during the preceding five years, the period during which the nominee has served as a director, and the number of Ordinary Shares that the nominee has advised are beneficially owned or over which control or direction is exercised by the nominee, directly or indirectly, as of the Record Date.

Shareholders will be permitted to vote “for” or “against” their vote on the election of directors at the Meeting or on future elections of directors. Pursuant to the Articles, a director who receives more votes “against” than votes “for” will be considered not to have been elected.

The articles of the Company provide that shareholders have a right to vote ‘for’ or ‘against’ (rather than ‘withhold’) on the election of directors which complies with the majority voting requirements of the TSX.

Voting for directors is on an individual basis. The Company will publicly disclose the voting results, providing the number of votes for and against for each individual director.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote for the election of the persons named in the following tables to the Board. Each director elected will hold office until the next annual general meeting of shareholders or until his or her successor is duly elected, unless his or her office is earlier vacated.

Procedure for Nomination of Directors

Under the Articles of the Company, no person other than a director retiring may be appointed or reappointed a director at a general meeting unless (i) he is recommended by the Board, or (ii) no earlier than one day after the notice of the meeting is sent to shareholders and no later than 7 days before the date fixed for the meeting, there shall have been left at the registered office of the Company notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting of his intention to propose that person for appointment or reappointment together with notice in writing signed by that person of his willingness to be appointed or reappointed.

The directors named below are the only four directors nominated for election to the Board.

Name and Place of Residence	Director Since	Present Principal Occupation, Business or Employment	Number of Ordinary Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
Willian P. Wells ⁽¹⁾ Memphis, Tennessee, United States	November 20, 2015	Mr. Wells is the founder and primary portfolio manager for Pope Asset Management, LLC (PAM). Founded in 2000 PAM is a Registered Investment Advisor (RIA) offering financial asset management services to high net worth investors.	87,826,678 ⁽²⁾
Adeola Ogunsemi ⁽¹⁾ Richmond, Texas, United States	June 11, 2015	Mr. Ogunsemi is an experienced oil and gas professional and is currently the Chief Financial Officer of Oando Energy Resources, a leading African exploration and production company, listed on the Toronto Stock Exchange (TSX) in Canada and has been with the company and its subsidiary for more than 6 years.	Nil
Medgat Kumar ⁽¹⁾ Astana, Kazakhstan	January 20, 2017	Mr. Kumar is the owner and Director of Petro Impex Trade LLP. Petro Impex Trade LLP is a Kazakhstan-based company whose primary activities are trading of crude oil and petroleum products, oil refining and terminals businesses.	43,951,698 ⁽³⁾

Name and Place of Residence	Director Since	Present Principal Occupation, Business or Employment	Number of Ordinary Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
Mattias Sjoborg ⁽¹⁾ London, United Kingdom	November 16, 2016	Mr. Sjoborg joined Plena Group in 2001 and has led teams through origination, due diligence, negotiation and the restructuring of medium to large emerging market enterprises. In 2011, Mattias bought out Plena Group in a management buy-out and has led its growth by continuing to assemble cross border transactions as well as government privatisations in predominantly emerging markets.	5,675,982 ⁽⁴⁾

Notes:

- (1) William P. Wells is not an independent director (as defined herein), Messrs. Adeola Ogunsemi, Medgat Kumar and Mattias Sjoborg, if elected, are independent director (as defined herein).
- (2) Represents the Ordinary Shares over which PAM exercises control or direction.
- (3) Represents Ordinary Shares owned by Jin Guang Ltd, the nominee company of Medgat Kumar.
- (4) Represents Ordinary Shares owned by Plena Holding S.A. (Luxembourg) of which Mattias Sjoborg is a discretionary beneficiary.

Corporate Cease Trade Orders and Penalties or Sanctions

No proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that was:

- (i) subject to an order (within the meaning of Canadian securities legislation) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalty or sanction imposed by a court or regulatory body.

Corporate Bankruptcies

No proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any 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.

Personal Bankruptcies

No proposed director nor the Chief Executive Officer or Chief Financial Officer has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or

become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

3. Appointment and Remuneration of the Auditor

Shareholders will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution appointing PricewaterhouseCoopers LLP (“**PWC**”), 111 5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3, as auditors of the Company to hold office in accordance with the Company’s Articles of Association, and that their compensation be fixed by the Board of Directors. PWC were first appointed as auditors of the Company on November 25, 2014.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote proxies for the ordinary resolution approving the appointment of PWC as auditors for the Company for the ensuing year and authorizing the Board of Directors to fix the compensation of the auditors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

We depend on the performance of experienced and committed executive officers with the skills, education, experience and personal qualities necessary to manage our business. Our executive compensation program is designed and administered to attract and retain such individuals in a competitive market, particularly with the skills to work successfully in our specific areas of operation.

Kenneth May, Chief Executive Officer, Luka Chachibaia, Vice President Operations, Clive Oliver, Chief Financial Officer and Corporate Secretary, John Bell, Former Executive Chairman, Julian Hammond, Former Chief Executive Officer, Rosemary Johnson Sabine, Former Vice President Exploration, and Graham Wall, Former Chief Operating Officer (collectively, the “**Named Executive Officers**”) met the requirements to be classified as “Named Executive Officers” of the Company, as such term is defined in Form 51-102F6 Statement of Executive Compensation to National Instrument 51-102 Continuous Disclosure Obligations (“**NI 51-102**”) for the year ended December 31, 2016.

Set out below is our discussion and analysis in respect of the compensation of our Named Executive Officers for the year ended December 31, 2016.

Objectives of our Compensation Program

The objectives of the compensation program for our Named Executive Officers are to:

- motivate executives to achieve strong financial, technical and operational performance;
- retain management talents to support our corporate goals;
- effectively compete against other oil and gas companies for executive talents;
- source and retain high quality international staff with specific skills to operate in our areas of interest;
- provide a balance between the achievement of near term and long term objectives;
- link the interests of executives with shareholders by providing a portion of total pay in the form of stock incentives; and
- encourage long term commitment to the Company.

Our compensation program is designed to reward the individual performance of our Named Executive Officers and other senior staff in meeting their individual and corporate objectives. In addition, our compensation program seeks to reward exceptional performance and contribution to the growth of our Company.

Elements of Compensation

We use several different compensation elements in our executive compensation program for the purpose of addressing both near term and longer term value creation for the Company. The primary components of our executive compensation program are:

- base compensation;
- long term incentives (stock options); and
- other benefits.

The following table gives an overview of the elements of the compensation of our Named Executive Officers, including the description and purpose of each element.

COMPENSATION ELEMENTS	DESCRIPTION AND PURPOSE
Base Compensation ⁽¹⁾	Provides fixed compensation to pay for experience, expertise and knowledge.
Long Term Incentives (stock options)	Aligns executives' long term interests with those of our shareholders. Promotes retention of executives through time based vesting of awards. Provides for meaningful share ownership opportunities. Emphasizes long term performance results.
Other Benefits	Other benefits include health and life insurance and hardship allowance.

Note:

- (1) Base compensation includes, depending on the Named Executive Officer, salaries payable under the terms of the Employment Agreements referred to under “*Employment Agreements*”.

Because of our unique working environment and activities, we have not set the compensation of our Named Executive Officers to discrete benchmarks. We instead consider the terms of each Named Executive Officer’s employment contract and compare his or her performance with prior years’ performance, his or her contribution to the development of our business in general and that of other Named Executive Officers. The role of the Chief Executive Officer in recommending to the Compensation and Nomination Committee (the “**Compensation Committee**”) the compensation for Named Executive Officers is described under “*Role of the Compensation Committee*”.

The decisions in respect of each individual compensation element are taken into account in determining each other compensation element to ensure a Named Executive Officer’s overall compensation is consistent with the objectives of the compensation program while considering that not all objectives are applicable to each Named Executive Officer.

To reinforce the goals of delivering both near term results and long term shareholder value, the Company provides executives with long term stock incentive awards (stock options).

Determination of Amount of Compensation

The design of each compensation element and 2016 compensation decisions are described further below.

Base Compensation

The base compensation of our Named Executive Officers was previously established at the time we entered into the employment contracts described elsewhere in this Circular (See “*Executive Compensation – Employment Agreements*”). The Compensation Committee reviews on a regular basis the base compensation of our Named Executive Officers. We consider competitive base compensation vital to ensuring the continuity of our management. The following factors are considered when establishing base compensation for the Named Executive Officers:

- the importance of each Named Executive Officer to the development of our business;
- external market forces and data;
- the scope of responsibility, experience and tenure of each Named Executive Officer;
- the extensive travel required and long periods spent in often remote and difficult working environments in our areas of operation;
- the experience of each Named Executive Officer in our area of operations and related areas; and

- the development plans for the Named Executive Officer and his or her potential to take on greater or different responsibilities.

Cash Bonuses

The Company does not currently have a formalized annual cash incentive bonus program or plan. Discretionary cash bonuses may be paid to the Named Executive Officers in recognition of exceptional performance or the achievement of pre-agreed bonus targets at the discretion of the Compensation Committee.

Cash bonuses paid to Named Executive Officers in 2016 are included in the Summary Compensation Table below under the heading “*All Other Compensation*”.

Long Term Incentives (Stock Options)

A key component of our compensation program is to reward executives for long term strategic accomplishments and enhancement of long term shareholder value through equity based long term incentives. We believe that long term incentive compensation plays an essential role in attracting and retaining executive officers and aligns their interests with the goal of maximizing shareholder value.

We have established long term incentive target values for each level of responsibility within the Company, including the Named Executive Officers.

In awarding incentives to our executives, the Compensation Committee takes into account the following factors:

- recent Company performance;
- each executive officer's individual performance during the year;
- competitive market conditions;
- historical practices including grants from previous years;
- the Company's desire for its long term incentive plans to be sufficiently attractive to retain key staff; and
- our compensation philosophy.

The Company's long term incentive awards are currently limited to option-based awards (“**Stock Options**”). In addition, prior to its initial public offering in June 2007, the Company issued the 2017 Warrants (as defined and described below) as a one-time incentive to certain officers of the Company. See “*Executive Compensation – 2017 Warrants*”.

Stock Options are intended to align executives' interests with those of shareholders, by providing an incentive for executives to enhance shareholder value. Due to the significance of the risk/reward profile of Stock Options, executives stand to gain from their receipt of Stock Options only to the extent our common stock appreciates in value. The vesting schedule provides incentive to continue service with the Company for an extended period. For awards made in 2016, a third of the Stock Options vested and became exercisable on November 28, 2016. An additional third of each grant vests and becomes exercisable on November 28, 2017 and November 28, 2018.

Pursuant to the Stock Incentive Plan (as defined below), the number of Ordinary Shares reserved for issuance in respect of Stock Options may not exceed 12% of outstanding Ordinary Shares from time to time.

Other Benefits

Our Named Executive Officers and their immediate families are eligible for medical insurance, and the Named Executive Officers themselves to life insurance, hardship allowance, vacation and other similar benefits. The cost of these benefits for each Named Executive Officer is set out in the Summary Compensation Table.

We provide Named Executive Officers with the following perquisites (or their equivalent) on a limited basis:

- (i) life insurance;
- (ii) health insurance;

- (iii) cash contribution (equal to 9% of basic salary) towards each Named Executive Officer's personal pension requirements; and
- (iv) hardship allowance.

Hedging of Economic Risks in the Company's Securities

While the Company has not adopted a formal policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers, the Company is not aware of any Directors or officers having entered into this type of transaction.

Post-Termination or Change in Control Benefits

We do not currently have employment agreements with each of our Named Executive Officers and so there are no notice periods, post-termination or change of control benefits applicable. The Company is in the process of considering new employment agreements for its executive management.

Role of the Compensation Committee

Without prejudice to the specific duties of the Compensation Committee detailed below, the general aims of the Compensation Committee are to assist the Board in: (i) setting the compensation of senior management and directors, including Named Executive Officers; and (ii) nominating members for election or appointment to the Board, in each case pursuant to a process whereby those responsible for recommendations to the Board have no personal interest in the outcome of the decisions.

The Compensation Committee:

- (a) reviews and approves corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluates the performance of the Chief Executive Officer in the light of those corporate goals and objectives and determines (or makes recommendations to the Board with respect to) the Chief Executive Officer's compensation level based on this evaluation;
- (b) considers and, if deemed appropriate, approves the Chief Executive Officer's recommendations for compensation for the executive officers and Company incentive compensation plans;
- (c) reviews executive compensation disclosure before the Company publicly discloses this information;
- (d) reviews and assesses the risks associated with the compensation and benefit programmes and ensures such programmes' are in alignment with the Company's corporate goals and value creation objectives; and
- (e) is responsible for appointing and determining the terms of appointment of any consultants in respect of the executive officers' compensation.

In fulfilling its role, the following general policies apply:

- (i) the Compensation Committee determines and reviews with the Chief Executive Officer and with the Board the framework or policies for the compensation of the executive officers;
- (ii) in determining such policy, the Compensation Committee takes into account all factors which it deems necessary;
- (iii) the remuneration of non-executive directors is a matter for the Board and recommended by the Chairman; and
- (iv) no director or executive officer is involved in any decisions as to his or her own compensation.

Under the direction of the Compensation Committee, the Company is committed to the fundamental principles of fair pay for performance, improved shareholder returns and external competitiveness in the design, development and administration of its compensation programs. The Compensation Committee recognizes the need to attract and retain a stable and focused leadership with the capability to manage the operations, finances and assets of the Company.

Risks of Compensation Policies and Practices

The Compensation Committee regularly reviews its compensation policies and practices and considers whether the compensation programme provides executive officers of the Company with adequate incentives to achieve both short and long term objectives without motivating them to take inappropriate or excessive risk.

The Compensation Committees believes that the Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short-term goals at the expense of long-term sustainability. The discretionary nature of any option grants under the Stock Incentive Plan and any ad hoc bonuses provide the Compensation Committee with the ability to reward historical performance and behaviour which it believes is aligned with the Company's best interests.

Given the current stage of the Company's development, the Compensation Committee is able to closely monitor and consider any risks, which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The current members of the Compensation Committee are Mr. Mattias Sjoborg, Mr. Medgat Kumar, Mr. Adeola Ogunsemi and Mr. William P. Wells, all of whom are independent directors. The Board of Directors is of the view that the Compensation Committee collectively has the knowledge, experience and background to fulfill its mandate, and that each of the members of the Compensation Committee has direct experience relevant to his responsibilities regarding executive compensation.

The present Compensation Committee also will engage remuneration consultants to provide information on current industry benchmarks and practices, in order to ensure that all elements of Board compensation are fair.

Compensation Consultants and Advisors

The Company retained Kepler Associates (now a brand of Mercer Limited) on March 28, 2015 as its nominated compensation adviser. Its mandate was to provide when requested, external benchmarks and advice on current industry compensation practice, in order to facilitate the Compensation Committee to fulfil its commitment to oversee fair remuneration for performance. If Kepler Associates were requested to provide any other services to the Company, or to its affiliated or subsidiary entities, or to any of its directors or members of management, such request would be subject to pre-approval by the Compensation Committee.

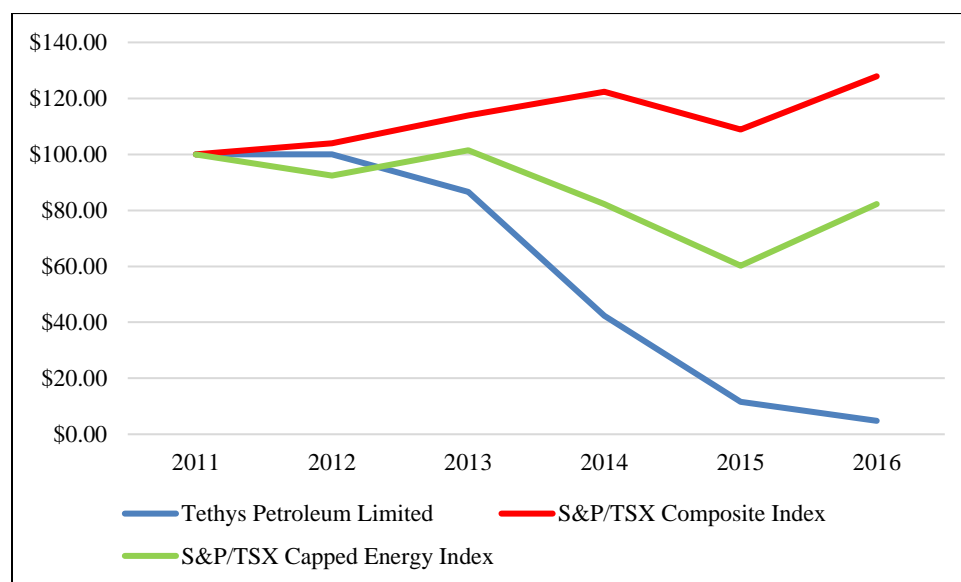
	Executive Compensation-Related Fees	All Other Fees
2016	Nil	Nil
2015	£48,512	Nil

Performance Graph

The Ordinary Shares are listed on the TSX and until May 2, 2017 were also listed on the London Stock Exchange. The following graph illustrates the Company's cumulative shareholder return over the five most recently completed financial years, as measured by the closing price of the Ordinary Shares at the end of the financial years ended December 31, 2012, 2013, 2014, 2015 and 2016 assuming an initial investment of C\$100 on January 1, 2012,

compared to the closing prices of the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index over the same period.

Tethys Petroleum Limited Share Price Performance



The following table shows the value of C\$100 invested in Ordinary Shares on January 1, 2012 compared to C\$100 invested in the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index*:

	Jan 1, 2012	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016
Tethys Petroleum Limited	\$100	\$100.00	\$86.54	\$42.31	\$11.54	\$4.81
S&P/TSX Composite Index	\$100	\$104.00	\$113.94	\$122.40	\$108.82	\$127.88
S&P/TSX Capped Energy Index	\$100	\$92.46	\$101.45	\$82.25	\$60.22	\$82.18

* All amounts in Canadian \$.

The base compensation paid by the Company to its Named Executive Officers in 2016 was not grounded in whole or in part on the trading price of the Ordinary Shares in 2016 and does not compare to the trends in such trading price or the above market indices.

Share-based and Option-based Awards

The process the Company follows in respect of the grant of option-based awards is set out under “*Compensation Discussion and Analysis – Long-Term Incentives (Stock Options)*”.

Although shareholders of the Company approved the adoption by the Company of an Employee Share Purchase Plan (“**ESPP**”) in 2013, the Company has deferred the implementation of the ESPP for the foreseeable future. Accordingly, none of the executive officers participated in the ESPP to date. A maximum of 10,000,000 Ordinary Shares will be reserved for issuance to participants under the ESPP if the Company determines that the ESPP should become effective. A copy of the ESPP and summary thereof are included in the Company’s Management Information Circular dated May 24, 2013 available at www.sedar.com.

Summary Compensation Table

The following table sets forth all annual and long term compensation paid in respect of each Named Executive Officer.

Name and Principal Position	Year	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$) ⁽²⁾	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$) ⁽³⁾	Total compensation (US\$) ^{(1) (4)}
					Annual Incentive plans	Long-term Incentive plans			
Kenneth May ⁽⁵⁾ Chief Executive Officer	2016	100,000	N/A	Nil	N/A	N/A	N/A	Nil	100,000
Luka Chachibaia Vice President, Operations	2016	197,705	Nil	42,998	N/A	N/A	N/A	70,137	310,840
	2015	224,992	N/A	30,150	N/A	N/A	N/A	114,944	370,086
	2014	267,040	N/A	Nil	N/A	N/A	N/A	58,411	325,451
Clive Oliver Chief Financial Officer and Corporate Secretary	2016	225,774	N/A	58,013	N/A	N/A	N/A	59,237 ⁽⁶⁾	343,024
	2015	191,890	N/A	56,950	N/A	N/A	N/A	75,079	323,919
	2014	173,082	N/A	Nil	N/A	N/A	N/A	41,353	214,435
John Bell ⁽⁷⁾ Former Executive Chairman	2016	77,787	N/A	92,138	N/A	N/A	N/A	451,983	621,908
	2015	315,930	119,835	90,450	N/A	N/A	N/A	45,722	571,937
	2014	32,886	14,094	44,000	N/A	N/A	N/A	Nil	90,980
Julian Hammond ⁽⁸⁾ Former Chief Executive Officer and Chief Commercial Officer	2016	302,558	N/A	76,781	N/A	N/A	N/A	34,168	413,507
	2015	341,158	N/A	75,375	N/A	N/A	N/A	50,007	466,540
	2014	432,705	N/A	Nil	N/A	N/A	N/A	65,288	497,993
Rosemary Johnson Sabine ⁽⁹⁾ Former Vice President Exploration	2016	156,595	N/A	42,998	N/A	N/A	N/A	21,888	221,481
	2015	256,936	N/A	42,210	N/A	N/A	N/A	37,415	336,561
	2014	304,954	N/A	Nil	N/A	N/A	N/A	55,094	360,048
Graham Wall ⁽¹⁰⁾	2016	174,540	N/A	58,013	N/A	N/A	N/A	87,230	319,783

Name and Principal Position	Year	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$) ⁽²⁾	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$) ⁽³⁾	Total compensation (US\$) ^{(1) (4)}
					Annual Incentive plans	Long-term Incentive plans			
					Former Chief Operating Officer	2015			
	2014	304,954	N/A	Nil	N/A	N/A	N/A	84,003	388,957

Notes:

- (1) NOTE: Total compensation for the year represents the sum of all cash compensation paid and the value of option-based and share based awards granted in the year.
- (2) Represents the fair value of Stock Options granted in 2014, 2015 and 2016 calculated using the Black Scholes formula in accordance with International Report Standard 2 – “Share Based Payments”.
- (3) The amounts shown in this column reflect for each Named Executive Officer:
- (i) the Company's contribution equal to 9% of their annual personal pension requirements;
 - (ii) medical (including family) insurance premiums;
 - (iii) life insurance premiums;
 - (iv) critical illness premiums;
 - (v) relocation allowance;
 - (vi) cash bonus; and/or
 - (viii) termination payment.
- (4) Amounts paid in respect of the services of the Named Executive Officers were paid in pounds sterling (£). These amounts were converted into US\$ for the purposes of the Summary Compensation Table at an average rate of UK£1.00 = US\$1.648 (2014), US\$1.529 (2015) and US\$1.356 (2016), based on the average exchange rate quoted by oanda.com for the year.
- (5) Mr. May was appointed Interim Chief Executive Officer effective August 2, 2016 and he was confirmed as permanent Chief Executive Officer effective November 3, 2016.
- (6) Including cash bonus of US\$27,120 for meeting contractual performance objectives.
- (7) Mr. Bell resigned as Executive Chairman effective March 12, 2016 and ceased to be Non-Executive Co-Chairman effective May 31, 2016.
- (8) Mr. Hammond ceased to be Chief Executive Officer and Chief Commercial Officer on August 2, 2016 although he continues to receive his salary and benefits until his termination date on August 1, 2017.
- (9) Ms. Johnson Sabine was employed from September 19, 2007 until September 9, 2016.
- (10) Mr. Wall was employed from July 1, 2007 until October 6, 2016.

Employment Agreements

The employment agreements with Named Executive Officers in 2016 have all been terminated or notice to terminate was given during the year.

Incentive Plan Awards***Outstanding Option based Awards***

The following table sets forth all option-based awards held by Named Executive Officers as at December 31, 2016, consisting of Stock Options granted under the Stock Incentive Plan and 2017 Warrants (as described below under the corresponding headings). The Company has not granted any share-based awards (which term does not include option-based awards) since inception apart from salary paid in shares to John Bell as described above.

OPTION-BASED AWARDS				
Name	Number of securities underlying unexercised options/warrants (#)	Option exercise price per share (\$US unless otherwise stated)	Option expiration date	Value of unexercised in-the-money-options (US\$)⁽²⁾
Kenneth May	Nil	N/A	N/A	N/A
Luka Chachibaia	1,102,500 450,000 120,000	£0.025 £0.15 C\$0.88 Average Option Price: \$0.12	November 29, 2022 January 22, 2020 April 22, 2017	Nil
Clive Oliver	1,487,500 850,000 90,000	£0.025 £0.15 C\$0.80 Average Option Price: \$0.11	November 29, 2022 January 22, 2020 November 30, 2018	Nil
John Bell	2,362,500	£0.025 Average Option Price: \$0.03	November 29, 2022	Nil
Julian Hammond	1,968,750 1,125,000 270,000	£0.025 £0.15 C\$0.88 Average Option Price: \$0.13	November 29, 2022 January 22, 2020 April 22, 2017	Nil
Rosemary Johnson Sabine	1,102,500	£0.025 Average Option Price: \$0.03	November 29, 2022	Nil
Graham Wall	1,487,500 630,000 180,000 140,000(1)	£0.025 £0.15 C\$0.88 \$2.50 Average Option Price: \$0.26	November 29, 2022 January 22, 2020 April 22, 2017 June 2, 2017	Nil

Notes:

- (1) Consist of 2017 Warrants. All other securities in the table above comprise Stock Options.
- (2) Based on the difference between the closing price of the Ordinary Shares on the TSX on December 31, 2016 and the relevant exercise price. The closing price of the Ordinary Shares on the TSX on December 31, 2016 was the Canadian dollar equivalent of US\$0.019. The value in the column represents the aggregate value for all unexercised options set out next to the name of the relevant Named Executive Officer.

Option-based Awards – value vested during the year ended December 31, 2016

The following table provides details of the aggregate value of option-based awards (consisting of Stock Options and 2017 Warrants) held by the Named Executive Officers which vested during the financial year ended December 31, 2016 and Non-Equity Incentive Plan awards during financial year ended December 31, 2016. There were no share-based awards that vested during 2016 as the Company has not granted any share-based awards (which term does not include option-based awards) since inception apart from salary paid in shares to John Bell as described above.

Name	Option-based awards – Value vested during the year (US\$) ^{(1) (2)}	Non-equity incentive plan – Value earned during the year (US\$)
Kenneth May	Nil	Nil
Luka Chachibaia	Nil	Nil
Clive Oliver	Nil	Nil
John Bell	Nil	Nil
Julian Hammond	Nil	Nil
Rosemary Johnson Sabine	Nil	Nil
Graham Wall	Nil	Nil

Notes:

- (1) The value in the above table reflects the difference between the market value Ordinary Shares on the TSX on the date of vesting and the exercise price of the Stock Options.
- (2) The following numbers of Stock Options granted under the Stock Incentive Plan vested in 2016:
- | | | |
|------|--------------------------|-----------------|
| i. | Kenneth May | Nil options |
| ii. | Luka Chachibaia | 367,500 options |
| iii. | Clive Oliver: | 779,167 options |
| iv. | John Bell: | 787,500 options |
| v. | Julian Hammond: | 656,250 options |
| vi. | Rosemary Johnson Sabine: | 367,500 options |
| vii. | Graham Wall: | 495,833 options |

The Stock Options granted or which vested in 2016 were granted under our Stock Incentive Plan which is described below. In addition, certain Named Executive Officers were granted 2017 Warrants in 2007, all of which vested at the time of grant. The 2017 Warrants are described below.

The process followed by the Company for the grant of Stock Options referred to above is described under “*Compensation Discussion & Analysis - Long-Term Incentives (Stock Options)*”.

Stock Incentive Plan

The Company has adopted the Stock Incentive Plan referred to as the “*2007 Long Term Stock Incentive Plan (as amended effective April 24, 2008 and May 7, 2009)*” pursuant to which the Company may grant Stock Options to any director, officer, employee or consultant of the Company, subsidiary of the Company, or historically Vazon (collectively, “**Service Providers**”). The purpose of the Stock Incentive Plan is to secure for the Company and its shareholders the benefits of incentives inherent in share ownership by Service Providers who, in the judgment of the Board of Directors, will be largely responsible for its future growth and success. The Stock Incentive Plan was adopted prior to the Company’s initial public offering and amendments thereto were approved by shareholders of the Company at the 2008 and 2009 annual shareholders’ meetings. The amendment to the Stock Incentive Plan approved by shareholders of the Company on May 7, 2009 provides that the aggregate number of Ordinary Shares reserved for issuance under the Stock Incentive Plan is equal to 12% of the number of Ordinary Shares outstanding at the time of the grant of Stock Options. The rules of the TSX provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of securities issuable must be approved by shareholders every three (3) years. The shareholders approved all unallocated options under the plan at the 2012 and 2015 annual shareholders’ meetings.

The maximum number of Ordinary Shares reserved for issuance under the Stock Incentive Plan currently is equal to 12% of the number of outstanding issued Ordinary Shares. As at December 31, 2016, Stock Options in respect of 19,354,500 Ordinary Shares were outstanding, representing 3.8% of the issued and outstanding Ordinary Shares. Stock Options in respect of 41,621,831 Ordinary Shares, representing 8.2% of the issued and outstanding Ordinary Shares, are unallocated at the date hereof. As at May 22, 2017 the Company had 16,389,375 Stock Options outstanding (or approximately 3.2% of the outstanding Ordinary Shares), leaving unallocated Stock Options to

purchase an aggregate of 44,586,956 Ordinary Shares (or approximately 8.8% of the outstanding Ordinary Shares) available for future Stock Option grants as at that date.

The Stock Incentive Plan is administered by the Compensation Committee of the Board of Directors. Stock Options may be granted pursuant to recommendations of the Compensation Committee. The Compensation Committee may determine the vesting schedule and term, provided that options may not have a term exceeding ten years. Subject to any resolution passed by the Compensation Committee, options will terminate three months after an optionee ceases to be a Service Provider.

The exercise price of Stock Options granted under the Stock Incentive Plan is determined by the Compensation Committee at the time of each grant based on the market price of the Ordinary Shares on the TSX, provided that it is not less than the closing price of the Ordinary Shares on the TSX as at the date of the option grant. Subject to any resolution of the Compensation Committee, the Stock Options will cease to be exercisable three months after an optionee ceases to be a director, officer, employee or consultant of the Company, subsidiary of the Company, or historically Vazon, subject to earlier termination in the event of termination for cause. The Stock Incentive Plan contains amendment provisions which allow amendments to the Stock Incentive Plan by the Board of Directors, without shareholder approval, for: (i) amendments of a “housekeeping” nature; (ii) changes to vesting or termination provisions; (iii) discontinuance of the Stock Incentive Plan; (iv) the addition of provisions relating to phantom share units; and (v) the addition of a cashless exercise feature. The Stock Incentive Plan also provides that outstanding Stock Options will vest immediately on the occurrence of a “change in control” (as defined in the Stock Incentive Plan). Stock Options granted under the Plan are only assignable to certain related entities of an optionee or otherwise with the consent of the Company.

The Stock Incentive Plan contains provisions for adjustment in the number of Ordinary Shares issuable thereunder in the event of a subdivision, consolidation or reclassification of the Ordinary Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the capital stock of the Company.

The Stock Incentive Plan does not contain any restriction on the number of Ordinary Shares which may be reserved for issuance in respect of Stock Options granted to insiders under the Stock Incentive Plan or pursuant to any other share compensation arrangement. Accordingly, amendments to the Stock Incentive Plan and other compensation arrangements of the Company which require approval of shareholders will require approval of disinterested shareholders for as long as the number of Ordinary Shares reserved for issuance under options or other share compensation arrangements exceeds 10% of the outstanding Ordinary Shares and the Stock Incentive Plan or share compensation arrangements do not limit the participation of insiders to 10% of outstanding Ordinary Shares. The Stock Incentive Plan does not contain any restriction on the number of Ordinary Shares which may be reserved for issuance in respect of Stock Options which may be granted to any one person.

Stock Options may also be exercised from time to time in accordance with the Company’s option assistance program (the “**Option Assistance Plan**”). Under the Option Assistance Plan, the Service Provider executes a Stock Option exercise form and Stock Option award agreement and executes a nomination agreement with the Company. Pursuant to the Option Assistance Plan, the Corporate Secretary instructs the Company’s transfer agent to issue Ordinary Shares in the name of the Company and instructs its broker to sell such Ordinary Shares once they have been advised that the Ordinary Shares have been issued. In the event that the Company or the Company’s broker determines that market conditions are not suitable, then, at the Company’s discretion, the sale may be withdrawn, and either the Service Provider pays the Company for the option exercise price plus any costs and retains the Ordinary Shares, or else the Ordinary Shares are cancelled. Proceeds from the sale are returned to the Company minus any commissions. The amount required to exercise the Stock Options from the net proceeds received is deducted and a cheque or bank transfer is sent to the Service Provider for the balance. The Company does not bear any loss in respect of the issue and sale of Ordinary Shares under the Option Assistance Plan.

2017 Warrants

On February 14, 2007, the Company agreed to issue and on June 8, 2007 the Company issued certain warrants (the “**2017 Warrants**”) to purchase an aggregate of 2,090,000 Ordinary Shares. The 2017 Warrants are exercisable at a price of US\$2.50 per share and expire ten years from the date of issuance. 2017 Warrants to acquire an aggregate of

140,000 Ordinary Shares were granted to certain of the Named Executive Officers. The 2017 Warrants were granted in connection with a private placement completed in January 2007.

Defined Benefit or Actuarial Plans

The Company did not have any defined benefit (or actuarial plans) or defined contribution plan during the financial year ended December 31, 2016.

Although the Company does not provide any of its Named Executive Officers with a pension plan, the Company pays a monthly contribution equal to 9% of the Named Executive Officer's basic salary as a contribution towards the Named Executive Officer's pension requirements. Payments made to the Named Executive Officer in relation to pension provisions are made on the basis that the Named Executive Officer decides how to direct these payments in accordance with their own pension requirements and objectives.

Termination and Change of Control Benefits

There are no employment agreements in effect that provide for payments to Named Executive Officers on termination or upon a change of control of the Company.

The Stock Incentive Plan provides that, in the event of a "Change of Control" (as defined therein), all outstanding Stock Options will immediately vest and become exercisable. Had such "Change of Control" occurred as at December 31, 2016, the value of Stock Options vested upon such occurrence (calculated as the difference between the market price of the Ordinary Shares on the TSX on December 31, 2016 and the exercise price of the Stock Options) would have been nil.

Compensation of Directors

The following table sets forth all amounts of compensation provided to the directors of the Company (other than those directors who are also Named Executive Officers) during the year ended December 31, 2016.

Name ⁽¹⁾	Fee earned (US\$) ⁽²⁾	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)	Pension value	All other compensation (US\$)	Total (US\$) ⁽³⁾
William P. Wells	49,047	N/A	16,892	N/A	N/A	Nil	65,939
Adeola Ogunsemi	52,660	N/A	16,892	N/A	N/A	Nil	69,552
Mattias Sjoborg	6,203	N/A	Nil	N/A	N/A	Nil	6,203
John Bell	51,550	N/A	Nil	N/A	N/A	Nil	51,550
James Rawls	22,083	N/A	16,892	N/A	N/A	Nil	38,975
David Roberts	22,650	N/A	16,892	N/A	N/A	Nil	39,542
David Henderson	23,782	N/A	16,892	N/A	N/A	Nil	40,674
Alexander Abramov	41,190	N/A	16,892	N/A	N/A	Nil	58,082

Note:

- (1) The compensation information of John Bell who was also an executive officer until March 12, 2016 is set out under "Compensation Discussion and Analysis – Summary Compensation Table". The amounts shown above are in respect of the period from March 13, 2016 to May 31, 2016 when he served as Non-Executive Co-Chairman.
- (2) Cash amounts paid or accrued in respect of the services of the Non-Executive directors were paid/are payable in pounds sterling (£). These amounts were converted into US\$ for the purposes of the above table at an average rate of UK£1.00 = US\$1.356, based on the average exchange rate quoted by oanda.com for the year.
- (3) Total compensation includes the grant date fair value of option-based awards during the year (which value is not a cash amount).

The Company's directors who are not also executive officers are entitled to receive an annual retainer of £35,000 and receive additional annual fees ranging from £1,000 to £2,000 for serving as a member of, and/or holding the position of chairman of a committee of the Board of Directors.

Any additional assignments undertaken for the Company as determined by the Chairman are payable at the rate of £1,000 per day or as agreed in respect of each individual assignment.

The following table sets forth all option-based awards held by directors (who are not also Named Executive Officers) as at December 31, 2016, consisting of Stock Options granted under the Stock Incentive Plan. The Company has not granted any share-based awards (which term does not include option-based awards) since inception apart from salary paid in shares to John Bell as described above.

Name	Number of securities underlying unexercised options (#)	Option exercise price (US\$ unless otherwise stated)	Option expiration date	Value of unexercised in-the-money-options ⁽¹⁾ (\$US)
William P. Wells	433,125	£0.025	November 29, 2022	Nil
Adeola Ogunsemi	433,125	£0.025	November 29, 2022	Nil
Mattias Sjoborg	Nil	N/A	N/A	Nil
James Rawls	433,125	£0.025	November 29, 2022	Nil
David Roberts	433,125	£0.025	November 29, 2022	Nil
David Henderson	433,125	£0.025	November 29, 2022	Nil
Alexander Abramov	433,125	£0.025	November 29, 2022	Nil

Notes:

- (1) Based on the difference between the closing price of the Ordinary Shares on the TSX on December 31, 2016 and the relevant exercise price. The closing price of the Ordinary Shares on the TSX on December 31, 2016 was the Canadian dollar equivalent of US\$0.02. The value in the column represents the aggregate value for all unexercised options set out next to the name of the relevant Named Executive Officer.

The above Stock Options were granted in accordance with the terms of the Stock Incentive Plan. These Stock Options have a term of between 5 and 7 years from the date of grant. The Stock Options vest one third on the date of grant, one third on the first anniversary of the grant date and the remaining one third on the second anniversary of the grant date or in the case of the Stock Options granted in 2015 (except for 1,000,000 Stock Options granted to John Bell on his commencement as Executive Chairman which vested immediately) vest one third on the first anniversary of the date of grant, one third on the second anniversary of the grant date and the remaining one third on the third anniversary of the grant date.

The following table provides details of the aggregate value of option based awards held by directors (who are not also Named Executive Officers) which vested during the financial year ended December 31, 2016. There were no share-based awards that vested, nor any non-equity incentive awards earned, during 2016.

Name	Option-based awards – Value vested during the year (US\$) ^{(1) (2)}
William P. Wells	Nil
Adeola Ogunsemi	Nil
Mattias Sjoborg	Nil
James Rawls	Nil
David Roberts	Nil

Name	Option-based awards – Value vested during the year (US\$) ^{(1) (2)}
David Henderson	Nil
Alexander Abramov	Nil

Notes:

- (1) The value in the above table reflects the difference between the market value Ordinary Shares on the TSX on the date of vesting and the exercise price of the Stock Options.
- (2) 144,375 Stock Options granted under the Stock Incentive Plan vested in 2016 for each of the directors in the table above except for Mattias Sjoborg (nil options vested).

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Pursuant to National Instrument 58-101 – Disclosure of Corporate Governance Practices, the Company is required to include in this Information Circular the disclosure required under Form 58-101F1. In addition, the Company has included in its Annual Information Form a corporate Governance Statement prepared in accordance with point 7.2 of the Disclosure and Transparency Rules of the UK Financial Services Authority (FSA) which Corporate Governance Statement includes disclosure relating to the matters set out under National Policy 58-201 – Corporate Governance Guidelines (“**NP 58-201**”).

Introduction

The Board of Directors is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of shareholders but that it also promotes effective decision making at Board level. The Board is of the view that its approach to corporate governance is appropriate and continues to work to align with the recommendations currently in effect and contained in NP 58-201. In addition, the Board monitors and considers for implementation the corporate governance standards which are proposed by various Canadian regulatory authorities.

Board of Directors

The Board of Directors is responsible for overseeing the conduct of the business of the Company and supervising management, who are responsible for the daily conduct of the business of the Company. The Board of Directors is currently comprised of 4 (four) directors, all of whom are being nominated for election at the Meeting. A director is “independent” within the meaning of Section 1.4 of National Instrument 52-110 Audit Committees (“**NI 52-110**”) if he or she does not have any direct or indirect material relationship with the Company which, in the view of the Board of Directors, could reasonably interfere with the exercise of the member’s independent judgement. Based on the foregoing definition, the Board has 4 (four) independent directors at the date of this Circular.

Independence Status of Directors				
Name	Management	Independent	Not Independent	Reason for Non-Independent Status
William P. Wells ⁽¹⁾		✓		N/A
Adeola Ogunsemi		✓		N/A
Mattias Sjoborg		✓		N/A
Medgat Kumar		✓		N/A

Note:

- (1) Although Mr. Wells is considered independent within the meaning of Section 1.4 of NI 52-110, he is not considered independent within the meaning of Section 1.5 of NI 52-110 as he may be considered to be an “affiliated entity” of the Company within the meaning of NI 52-110. Consequently, while Mr. Wells is considered an independent director for purposes of serving on the Board, he would not be considered independent for purposes of serving on the Audit Committee.

The Board of Directors is comprised of a majority of independent directors and so the Board has concluded that the Board of Directors has functioned and can continue to function independently as required.

Following the election of the directors at the Meeting, the Board will consist of four directors, all of whom will be independent within the meaning of section 1.4 of NI 52-110.

The attendance of the former directors at board and committee meetings is not referred to in the table below. The terms of office as directors of John Bell, James Rawls, David Roberts and David Henderson terminated on May 31, 2016 immediately prior to the 2016 Annual General Meeting. Alexander Abramov was removed from the Board on November 3, 2016 and Mattias Sjoborg was appointed on November 16, 2016. Two other directors served throughout 2016 (Messrs. Wells and Ogunsemi). The table below refers to attendance at meetings held in 2016 since January 1, 2016 unless first appointed or elected subsequently, in which case the table below refers their attendance since the date of their appointment:

Director	Board	Audit Committee	Compensation Committee	Reserves Committee
William P. Wells	19/20	2/2	N/A	N/A
Adeola Ogunsemi	18/24	5/5	N/A	N/A
Mattias Sjoborg	2/2	1/1	N/A	N/A

Certain of the directors are also directors of other reporting issuers (or the equivalent) in a Canadian or foreign jurisdiction as indicated in the table below:

Name	Reporting Issuer
William P. Wells	Annuity and Life Re (Holdings), Ltd.

Board Mandate

The Board adopted a formal written charter (the “**Board Charter**”) in November of 2010. This was reviewed and updated in September 2013. The mandate of the Board is to supervise the management of the Company and to be the steward of the Company with a view to the best interests of the Company.

Under the Board Charter, the Board's terms of reference include the following:

- Review and approve strategic, business and capital plans for the Company.
- Review the principal risks of the Company's business and monitor the implementation by management of appropriate systems to manage such risks.
- Review recent developments that may impact the Company's growth strategy.
- Develop and implement programs for management and Board succession planning including development within the organization.
- Review, approve and amend as required, the Corporate Disclosure Policy and monitor the practices of management to ensure appropriate, fair and timely communication of information concerning the Company.
- Ensure specific and relevant corporate measurement systems are developed and adequate internal controls and management information systems are in place with regard to business performance and the integrity thereof.
- Review and approve corporate governance guidelines applicable to the Company and in accordance with statutory and regulatory requirements.
- Review compliance by the Company and its subsidiaries with their constituent documents and with the laws and regulations of their incorporating jurisdictions and other applicable laws and regulations including those of any stock exchanges on which the Company's securities may be listed.
- Approve the interim and annual financial statements.
- Responsible for, to the extent feasible, satisfying itself as to the integrity of the executive officers and that the executive officers create a culture of integrity throughout the organisation.

The Board believes management is responsible for the effective, efficient and prudent management of the Company's day to day operation subject to the Board's stewardship.

Position Descriptions

The Compensation Committee provides a written position description for the Chairman of the Board. The Chairman is responsible for leadership of the Board, for the efficient organization and conduct of the Board's function and for the briefing of all Directors in relation to issues arising at Board meetings. The Chairman is also responsible for shareholder communication and arranging Board performance evaluation.

The Board has not developed written position descriptions for the Chairman of the respective Board committees. During the fiscal year ended December 31, 2016, the Board had three standing committees, all of which included independent directors until the May 31, 2016 Annual General Meeting when four directors left the Board. From that date the Compensation Committee and the Reserves Committee were temporarily suspended and matters normally delegated to those committees were considered by the Board. Due to there only being three directors after May 31, 2016 and the requirement for the Audit Committee to have a minimum of three members the Audit Committee included one member who was not independent until January 27, 2017 when he was replaced by an independent director. The Board has delegated certain responsibilities to each of its committees, and they report to and make recommendations to the Board on a regular basis. The Chair of each committee is expected to be responsible for ensuring that the written terms of reference of the committee for which he or she serves as Chair is adhered to and that the objectives of each committee are accomplished. Mr. Bell served as Executive Chair until March 12, 2016. In addition, Mr. Bell and Mr. Abramov served as co non-Executive Chairs until May 31, 2016 when Mr. Abramov become sole non-Executive Chair. Mr. Abramov was removed as a director on November 3, 2016 by a vote of his fellow directors in accordance with the Company's Articles of Association and he was replaced as non-Executive Chair by William P. Wells.

Although the Executive Chair was not independent throughout his term and neither co-Chair was independent, the Company has sought to provide leadership for its independent directors by facilitating meetings of independent directors at each shareholder meeting, and by encouraging each independent director to raise with the Chair, co-Chairs or the Board any governance matters. The independent directors represented a majority of directors throughout 2016 and to date in 2017 and accordingly have the ability to have their views effectively considered by the Board.

The Board has established the following standing committees comprised of the members and chaired by the individuals set out in the following table.

Committee	Members	Independent
Audit Committee	Adeola Ogunsemi, Chair	Yes
	Medgat Kumar	Yes
	Mattias Sjoborg	Yes
Compensation Committee	Mattias Sjoborg, Chair	Yes
	Medgat Kumar	Yes
	Adeola Ogunsemi	Yes
	William P. Wells	Yes
Reserves Committee	Medgat Kumar, Chair	Yes
	Adeola Ogunsemi	Yes
	Mattias Sjoborg	Yes
	William P. Wells	Yes

The Board has not yet established a written position description for the Company's Chief Executive Officer. The Chief Executive Officer's prime responsibility is to lead the Company. The Chief Executive Officer formulates company policies and proposed action plans in conjunction with the other executive officers of the Company and presents the same to the Board for approval. The Board approves the goals, the objectives and policies within which the Company is managed and then reviews and evaluates performance against these objectives. Reciprocally, the Chief Executive Officer keeps the Board fully informed of the progress of the Company towards achievement of its established goals and of all material deviations.

Composition of Committees Following the Meeting

Following the election of William P. Wells, Adeola Ogunsemi, Mattias Sjoborg and Medgat Kumar at the Meeting, the Board will consist of four directors, each of whom is considered independent under NI 52-110 (although Mr. Wells is considered independent within the meaning of Section 1.4 of NI 52-110, he is not considered independent within the meaning of Section 1.5 of NI 52-110 as he may be considered to be an "affiliated entity" of the Company within the meaning of NI 52 110). Each board member will continue as members, following the Meeting, of the Audit Committee, the Compensation Committee and the Reserves Committee as shown in the table above.

Orientation and Continuing Education

Director Orientation

Under the Board Charter, the Chairman and Corporate Secretary are responsible for providing an induction program for new Directors and for periodically providing materials for all Directors on subjects that would assist them in discharging their duties. When a new Director is elected to the Board, he or she will be given a letter of appointment outlining his or her duties, responsibilities, the role of the Board, its committees and its directors, the nature and operation of the Company's business, remuneration and an induction package including material that will assist with the familiarization of the Director with the Company. The intention is that within a reasonable time following appointment to the Board, each new Director shall spend time visiting the Company's operations for a personal briefing by the executive on the Company's values, operations, corporate interests, strategic plans, financial statements and key policies.

Continuing Education of Directors

Under the Board Charter, the Corporate Secretary shall alert Directors to opportunities to better understand their corporate governance responsibilities through continuing education programs. In addition, directors are encouraged to visit the Company's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Company.

Ethical Business Conduct

The Company has adopted a written Code of Business Conduct and Ethics (the "**Code**") which applies to the Company's directors, officers and employees, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. The Company expects all Directors, officers and employees to act ethically at all times in accordance with the Code.

The Board of Directors takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of employment and as otherwise directed by management, to sign a copy of the Code acknowledging that the employee has read, understood and will comply with the Code. The Code encourages that an employee report to their supervisor or the Board possible unethical conduct and breaches of the Code. The Company's Secretary acts as Compliance Monitor with respect to such matters.

In addition to the Code, the Company has adopted an Audit Committee Charter and a Whistleblower Policy (the "**Policy**") with respect to accounting and auditing irregularities. The Policy gives Directors, officers and employees a confidential independent "hot line" to report any concerns with respect to the Company's financial matters. Details of the Policy are made available to all employees via the Company's website. In the event that an individual does not wish to use this system they may and should forward any accounting and auditing concerns to the Chairman of the Audit Committee on an anonymous basis. The Company has also adopted a disclosure and insider trading policy to ensure the communications to the investing public about the Company are timely, factual and accurate in accordance with applicable legal and regulatory requirements and to help ensure that the directors, officers and other insiders of the Company understand and comply with the insider trading restrictions under applicable securities legislation.

Since the beginning of the Company's most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere.

The Board requires that the Chief Executive Officer and other executive officers are acting with integrity and fostering a culture of integrity throughout the Company. The Board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. In addition, the Board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. Directors and executive officers are required to disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with the Company, and that directors excuse themselves from both Board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the Board strives to ensure that directors exercise independent judgement, unclouded by the relationships of the directors and executive officers to each other and the Company, in considering transactions and agreements in respect of which directors and executive officers have an interest.

An Anti-Bribery Policy was put in place in 2011. The policy prohibits the offering, giving, solicitation or acceptance of any bribe, whether cash or other inducement to or from any person or company, wherever they are situated and whether they are a public official or body or private person or company, by any individual employee, agent or other person or body acting on the Company's behalf in order to gain any commercial, contractual or regulatory advantage for the Company in a way which is unethical or in order to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

The policy has been implemented Company-wide in order to ensure the following:

Proportionate Procedures

Procedures are proportionate to the bribery risks faced and to the nature, scale and complexity of the Company's activities. They are also clear, practical to implement and enforced.

Top-level commitment

Top management fosters a culture where bribery is never acceptable.

Risk assessment

It assesses the nature and extent of its exposure to potential external and internal risks of bribery being committed on its behalf by persons associated with it. The assessment is periodic and documented.

Due Diligence

The Company applies appropriate due diligence in respect of persons who perform or will perform services for or on behalf of the Company in order to mitigate identified bribery risks.

Communication

Through internal and external communication, including training, the organisation seeks to ensure that its bribery prevention policies are embedded and understood throughout the Company.

Monitoring and Review

The Company monitors and reviews procedures designed to prevent bribery by persons associated with it.

The Company conducted extensive training on the Company's Anti-Bribery Policy on its initial rollout in 2012 and further training is undertaken periodically. The Company engaged an international legal firm in 2014 to assist the Company to review and update its Anti-Bribery and Corruption policies and procedures.

Nomination of Directors and Compensation

The Compensation Committee is composed entirely of independent directors and is responsible for identifying new candidates to join the Board of Directors. The Committee is responsible for identifying qualified candidates, recommending nominees for election as directors and appointing directors to committees. The Compensation Committee is requested to objectively consider, among other things, a candidate's independence, financial and technical acumen, skills, ethical standards, career experience, financial responsibilities and risk profile, understanding of fiduciary duty and available time to devote to the duties of the Board of Directors in making their recommendations for nomination to the Board of Directors. The Committee reviews the composition and size of the Board of Directors and tenure of directors in advance of annual general meetings, as well as when individual directors indicate that their terms may end or that their status may change. The Compensation Committee encourages all directors to participate in considering the need for and in identifying and recruiting new nominees for the Board of Directors. In doing so, the directors are requested by the Compensation Committee to have regard to the skill sets which are deemed, from time to time, to be most desired in proposed nominees for the Board of Directors.

With respect to compensation, the Compensation Committee reviews and approves corporate goals and objectives relevant to the directors and executive officers' compensation, evaluates the Directors and Executive Officers' performance in the light of those corporate goals and objectives and determines or makes recommendations to the Board of Directors with respect to the directors and executive officers' compensation level based on this evaluation. This committee also considers and, if deemed appropriate, reviews and approves proposed changes to compensation for the executive officers of the Company and incentive compensation plans of the Company. This includes the review of the Company's executive compensation and other human resource philosophies and policies, the review and administration of the Company's bonuses, stock options and share purchase plan and the preparation and submission of a report for inclusion in annual continuous disclosure documents, as required.

The Compensation Committee is comprised of non-management members of the Board of Directors and is required to convene at least two times each year.

Other Board Committees

The Company's three standing committees are the Audit Committee, the Compensation Committee and the Reserves Committee. The function of the Compensation Committee is set out above under "*Nomination of Directors and Compensation*" and "*Compensation Discussion and Analysis*" and the function of the Audit Committee is set out in detail in the Company's annual information form (available at www.sedar.com). The functions of the Reserves Committee are set out or referred to below.

Reserves Committee

The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually (or when deemed necessary) assess the work of the reserves evaluator and approve the Corporation's annual reserve report (and resource reports if appropriate) and consent forms of management and the reserves evaluator thereto. The Reserves Committee will act in a like manner should other external subsurface studies, beyond the annual reserves report, be required by the Company during the course of the year.

Assessments

Currently the Board, its Committees and individual directors are not regularly assessed with respect to their effectiveness and contribution. However, the Chairman of the Board meets at least annually with the individual Directors to discuss any concerns they may have on the operation of the Board and its Committees as well as individual Board members. These are informal discussions and, if any points are highlighted, they are brought to the attention of the appropriate Committee Chairman or Director.

In 2012, the Board undertook an assessment of its effectiveness by undertaking a Board Governance Analysis through the Institute of Directors of the United Kingdom. This assessment reviewed the Board's effectiveness in key areas including strategy, business principles, internal controls, risk management, performance management, boardroom activity and the Company's five standing committees and the role of the board members, including the Chairman. The results of the assessment showed that the Board was working effectively.

The Board regularly reviews the performance of the officers of the Company and, should any issues arise, the Chairman would then discuss any issues with the Compensation Committee.

One component of good corporate governance, for example to identify gaps between a company's strategy and the skillset of the Board of Directors to deliver the strategy, is to periodically hold a board review, facilitated by external nomination consultants. The Compensation Committee believes that such an exercise would add value to the Company beyond mere compliance with corporate governance practice, and may instigate a review at an appropriate juncture.

Director Term Limits and Other Mechanisms of Board Renewal

Tethys does not impose director term limits or other mechanisms of Board renewal. The Company has not adopted term limits because it is committed to developing and retaining the expertise on its Board required to provide effective oversight. Moreover, the Board has experienced recent changes to its composition without the need for term limits or other mechanisms of board renewal.

Policies Regarding the Representation of Women on the Board

Tethys has not adopted written policies relating to the identification and nomination of women to the Board. While committed to diversity, the Company is of the view that the identification and nomination of individuals to the Board should be made on the basis of the knowledge and experience of candidates and that the imposition of other requirements would complicate this objective.

Consideration of the Representation of Women in the Director Identification and Selection Process

Tethys does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election. The Company remains committed to diversity but is of the view that director identification and selection should focus on the knowledge and experience of candidates.

Consideration Given to the Representation of Women in Executive Office Appointments

Tethys does not consider the level of representation of women in executive officer positions when making executive officer appointments. The Company is of the view that executive officer appointments should be made on the basis of the knowledge and experience of candidates.

Issuer’s Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

Tethys has not adopted targets regarding the representation of women on the Board or in executive officer positions. The Company believes that targets are unnecessary and would detract from a focus on the knowledge and experience of candidates.

Number of Women on the Board and in Executive Officer Position

The Company currently has no women on its Board and no woman in executive officer positions.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of them is or was indebted to the Company at any time since the beginning of the last completed financial year of the Company except for “routine indebtedness” (as defined under Canadian securities laws).

AUDIT COMMITTEE

Under Canadian securities laws, the Company is required to include in its annual information form for the year ended December 31, 2016 (the “AIF”) prescribed disclosure with respect to its audit committee, including the text of its audit committee charter, the composition of the audit committee and the fees paid to the external auditor. The Company’s disclosure with respect to the foregoing is contained in the AIF under the heading “Audit Committee”, a copy of which is available on SEDAR.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides details as at December 31, 2016 with respect to all compensation plans of the Company under which equity securities of the Company are authorised for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)
Equity compensation plans approved by security holders ⁽¹⁾	Options: 19,354,500	Options: US\$0.11	Options: 41,621,831

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)
Equity compensation plans not approved by security holders ⁽²⁾	2017 Warrants: 2,090,000	2017 Warrants: US\$2.50	2017 Warrants: Nil
Total	Options: 19,354,500 2017 Warrants: 2,090,000	Options: US\$0.11 2017 Warrants: US\$2.50	Options: 41,621,831 2017 Warrants: Nil

Notes:

- (1) In addition, 10 million Ordinary Shares have been reserved for issuance pursuant to the Company's Employee Share Purchase Plan, which received shareholder approval in 2013. The Company has deferred the implementation of the ESPP for the foreseeable future.
- (2) On June 8, 2007 the Company issued the 2017 Warrants in connection with a private placement completed in January 2007 prior to the Company's initial public offering.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of the Company is not aware of any material interest, direct or indirect, of any director or executive officer of the Company, any shareholder of the Company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting securities of the Company or any associate or affiliate of such persons, in any transaction within the most recently completed financial year or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS

The auditors of the Company are PricewaterhouseCoopers LLP, who were appointed as auditors of the Company on November 25, 2014.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com. Financial information relating to Tethys is provided in the Company's financial statements and management's discussion and analysis ("MD&A") for the financial year ended December 31, 2016. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007, Cayman Islands or (iii) email to info@tethyspetroleum.com.

APPROVAL OF DIRECTORS

The contents of this Circular and the sending, communication or delivery thereof to the shareholders of the Company entitled to receive the Notice of the Meeting, to each director of the Company, to the auditors of the Company and to the appropriate governmental agencies have been approved and authorised by the directors of the Company.

DATED May 18, 2017

ON BEHALF OF THE BOARD OF DIRECTORS

William P. Wells, Chairman

