#408-150-24th Street, West Vancouver, BC, V7V 4G8

MANAGEMENT INFORMATION CIRCULAR

(as at and dated August 20, 2019, unless indicated otherwise)

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies and voting instructions forms ("VIFs") by the management of Rosehearty Energy Inc. (the "Company") for use at the 2018 annual and special meeting (the "Meeting") of shareholders of the Company (the "Shareholders") (and any adjournment thereof) to be held on September 30, 2019 at the time and place and for the purposes set forth in the accompanying notice of meeting (the "Notice").

In this Circular, references to "the Company", "RHX", "we" and "our" refer to Rosehearty Energy Inc. "Common Shares" means common shares without par value in the capital of the Company.

"Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "Intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation will be primarily by mail, but some proxies and VIFs may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company. We have arranged for Intermediaries to forward the Meeting materials to Beneficial Shareholders held of record by those Intermediaries and we may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

NOTICE-AND-ACCESS

The Company has elected to use the "notice-and-access" process under National Instrument 54-101 Communications with Beneficial Owners of Securities of a Reporting Issuer ("NI 54-101") and National Instrument 51-102 Continuous Disclosure Obligations, for distribution of this Circular and other meeting materials to registered shareholders of the Company and non-registered shareholders of the Company as set out in the "Advice to Non-Registered Shareholders" section below.

Notice-and-access allows issuers to post electronic versions of meeting materials, including circulars, annual financial statements and management discussion and analysis, online, via SEDAR and one other website, rather than mailing paper copies of such meeting materials to shareholders. The Company anticipates that utilizing the notice-and-access process will substantially reduce both postage and printing costs.

The Company has filed a management information circular (the "Circular"), the Company's audited

financial statements for the years ended December 31, 2016, 2017 and 2018 (the "Annual Financial Statements") together with the Company's management discussion and analysis for the years ended December 31, 2016, 2017 and 2018 (the "Annual MD&A") (collectively the "Meeting Materials") with respect to the Meeting scheduled to be held on September 30, 2019. The Meeting Materials are posted and accessible online at http://capitaltransferagency.ca/. Although the Meeting Materials will be posted electronically online, as noted above, the registered and non-registered shareholders (subject to the provisions set out below under the heading "Advice to Non-Registered Shareholders") (collectively the "Notice-and-Access Shareholders") will receive a "notice package" (the "Notice-and-Access Notification"), by prepaid mail, which includes the information prescribed by NI 54-101, and a proxy form or voting instruction form from their respective intermediaries. Notice-and-Access shareholders should follow the instructions for completion and delivery contained in the proxy or voting instruction form. Notice-and-Access shareholders are reminded to review the Circular before voting.

Notice-and-Access shareholders who are registered shareholders will not receive a paper copy of the Meeting Materials unless they contact Capital Transfer Agency ULC ("Capital Transfer") in which case Capital will mail the requested materials within three business days of any request provided the request is made prior to the Meeting, or any adjournment thereof. Notice-and-Access shareholders who are registered shareholders can request a copy of the Meeting Materials without charge by contacting Capital at 1-844-499-4482 in North America or 416-350-5007 (outside North America). Requests for paper copies of the Meeting Materials must be received at least six (6) business days in advance of the proxy deposit date and time set out below, being 10:00 a.m. September 18, 2019, in order to receive the Meeting Materials in advance of the proxy deposit date and Meeting.

CURRENCY EXCHANGE RATES

Financial information contained in this Circular is in Canadian Dollars unless otherwise indicated.

COMPLETION AND VOTING OF PROXIES AND VIFS

Voting

Voting at the Meeting will be by a show of hands, each registered shareholder (a "Registered Shareholder") and each person representing a Registered or Beneficial Shareholder through a Proxy or VIF (a "Proxyholder") having one vote, unless a poll is required (if the number of Common Shares represented by Proxies and VIFs that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each such shareholder and Proxyholder is entitled to one vote for each Share held or represented, respectively.

Appointment of Proxyholders

The persons named in the accompanying form of proxy (the "Proxy") are directors and/or officers of the Company. **If you are a Registered Shareholder, you have the right to attend the Meeting or vote by Proxy and to appoint a person or company other than either of the persons designated in the Proxy, who need not be a Shareholder, to attend and vote on the Shareholder's behalf at the Meeting. To exercise this right, the Registered Shareholder may insert the name of the Shareholder's nominee in the space provided or, by completing and delivering another suitable form of Proxy.**

Voting by Proxyholder

A Registered Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Registered Shareholder if a poll is held by marking an "X" in the appropriate space of the Proxy. **If both**

spaces are left blank, the Proxy will be voted as recommended by management for any matter requiring a "For" or "Against" vote, and in favour of the matter for any matter requiring a "For" or "Withhold" vote.

The Proxy must be dated and signed by the Registered Shareholder or the Registered Shareholder's attorney authorized in writing. In the case of a corporation, the Proxy must be dated and executed under its corporate seal or signed by a duly authorized officer of, or attorney for, the corporation.

The Proxy when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice. The Company's management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies and VIFs hereby solicited will be voted as recommended by management.

Shareholders may vote their completed Proxies in accordance with the instructions set out on the Proxy. If voting by mail, Shareholders must return their completed Proxies, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, in accordance with the instructions set out on the Proxy. Proxies and VIFs received after the time set out in the Proxy or VIF for delivery thereof may be accepted or rejected by the Chairman of the Meeting in the Chairman's discretion.

Registered Shareholders

The persons named in the form of proxy or voting instruction form are officers or directors of the Company (the "Management Designees"). A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO by inserting such other person's name in the blank space provided in the form of proxy and depositing the completed proxy with the transfer agent of the Company, Capital Transfer Agency ULC., 390 Bay St., Suite 920, Toronto, ON M5H 2Y2. A proxy can be executed by the shareholder or his attorney duly authorized in writing, or, if the shareholder is a Company, under its corporate seal by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a valid proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the second last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting and upon either such occurrence, the proxy is revoked.

Beneficial Shareholders (Unregistered Shareholders)

Beneficial Shareholders holding their Common Shares through Intermediaries will not be recognized nor may they make motions or vote at the Meeting except as described below.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary those Common Shares are probably not registered in the Shareholder's name. Such Common Shares will probably be registered in the name of the Intermediary or its nominee and can only be voted through a duly completed Proxy given by the Intermediary. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

NI 54-101 requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Intermediaries may have their own mailing procedures and provide their own form of VIF to clients which should be carefully followed by Beneficial Shareholders to ensure their Common Shares are voted at the Meeting.

There are two kinds of Beneficial owners – those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Company does not intend to pay for an Intermediary to deliver to OBOs, the proxy-related materials and Form 54-101F7 - Request for Voting Instructions Made by Intermediary. As a result, an OBO will not receive the materials unless the OBO's Intermediary assumes the cost of delivery.

The VIF supplied to you by Intermediaries is substantially similar to the Proxy provided by the Company directly to Registered Shareholders. It is limited, however, to instructing the Intermediary (as the Registered Shareholder) how to vote on your behalf.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a Beneficial Owner and the Company 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 securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the Intermediary holding securities 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 your request for voting instructions.

The form of Proxy supplied to you by your broker will be similar to the proxy provided to Registered Shareholders by the Company. Its purpose, however, is limited to instructing the Intermediary on how to vote your Common Shares on your behalf. Most Intermediaries in Canada and the United States of America ("USA") delegate responsibility for obtaining instructions from clients to a third party corporation such as Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting and to vote your Common Shares at the Meeting.**

Beneficial Shareholders with questions respecting the voting of Common Shares held through an Intermediary should contact that Intermediary for assistance.

United States Shareholders

This solicitation of Proxies and VIFs involve securities of a corporation located in Canada and is being effected in accordance with the corporate and securities laws of the province of British Columbia, Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of British Columbia, Canada differ from the disclosure and proxy solicitation requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) (the "Act"), its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States.

Shareholders may not be able to sue a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

REVOCATION OF PROXIES

Revocation of Proxies

Shareholders have the power to revoke Proxies and VIFs previously given by them. Revocation of Proxies can be effected by a Registered Shareholder by:

(a) an instrument in writing (which includes executing a Proxy) bearing a later date or by executing a valid notice or revocation, either of the foregoing to be signed by the Registered Shareholder or the Registered Shareholder's attorney authorized in writing and, for a corporation, executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation and by delivering the proxy bearing a later date to Capital Transfer or at the address of the registered office of the Company at #408-150-24th Street, West Vancouver, BC, V7V 4G8, at any time up to and including the last business day before the day set for the holding of the Meeting, or if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any manner provided by law, or at which the Proxy is to be used, or

(b) personally attending Meeting and voting the Registered Shareholder's Common Shares. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

Beneficial Shareholders who wish to revoke a VIF or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instructions.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

RECORD DATE AND QUORUM

The articles of the Company (the "**Articles**") provide that a quorum for the transaction of business at a meeting of Shareholders is two persons who are, or represent by Proxy, Shareholders holding in the aggregate, at least five (5%) percent of the issued Common Shares entitled to be voted at the Meeting. Unless otherwise noted, a simple majority of the votes cast at the Meeting (in person or by Proxy) is required in order to pass the resolutions referred to in the accompanying Notice. The resolution to approve an advance notice provision to its Articles, and the resolution to approve the amendment with respect to the authority to alter the Company's authorized share structure must be approved by two-thirds of the votes cast by the Company's Shareholders, present in person or by Proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company has an authorized capital of an unlimited number of Common Shares without par value. As at the date of this Circular, 21,090,552 Common Shares without par value were issued and outstanding, each such Common Share carrying the right to one (1) vote at the Meeting. The record date has been fixed in advance by the directors of the Company at **August 16, 2019** for the purpose of determining those Shareholders entitled to receive notice of, and to vote at the Meeting.

To the knowledge of the directors and officers of the Company, as at the Effective Date, no person or Company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares, other than:

Name	Number of Common Shares Held	Percentage of Common Shares Held
CDS & CO [(1)]	8,705,776	41.278%
Roger Dent	4,400,000	20.862%
Robin Dow	3,439,961	16.310%

Notes:
(1) The Company is not aware of the beneficial owners of the shares held by this financial intermediary.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

1. NUMBER AND ELECTION OF DIRECTORS

The board of directors (the "**Board**") presently consists of four directors. It is proposed that the number of directors to be elected at the Meeting for the ensuing year be fixed at five (5). Management is nominating five (5) individuals to stand for election as directors at the Meeting.

The term of office of each of the present directors expires at the Meeting. Management of the Company proposes to nominate the persons named below for election as directors of the Company at the Meeting. In accordance with the Articles, each director elected will hold office until the next annual general meeting of the members of the Company or until their successor is duly elected or appointed, unless such office is earlier vacated in accordance with the Articles or such director becomes disqualified to act as a director pursuant to the Act.

Except where authority to vote on the Election of Directors is withheld, unless otherwise indicated, the named Proxyholders will vote "FOR" the election of each of the proposed nominees set forth above as directors of the Company.

The following table and notes thereto sets forth the name of each person proposed to be nominated by management for election as a director, the municipality in which he/she is ordinarily resident, all offices

of the Company now held by him/her, the period of time for which he/she has been a director of the Company, and the number of Common Shares beneficially owned by him/her, directly or indirectly, or over which he/she exercises control or direction, as at the date hereof:

Name, Province or State and Country of Residence	Principal Occupation	Date First Became Director	Number of RHX Common Shares held (2)
ROBIN DOW(1) **British Columbia, Canada**	CEO and Director of the Dow Group of Companies	2000	3,439,961
EDWIN BEAMAN(1) **Alberta, Canada**	Retired independent geologist	2017	17,000
PATRICIA PURDY **British Columbia, Canada**	Independent Paralegal and Corporate Consultant.	2012	250,000
KRISTINE DORWARD(1) **Quebec, Canada**	Senior Director, Marketing and Market Access at Prometic Life Sciences.	2019	202,500
MICHAEL NEWMAN **Ontario, Canada**	Independent Consultant	Nominated	202,500

Notes:
(1) Proposed member of the audit committee.
(2) Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.

Management is not presently aware that any of the nominees will be unwilling to serve as a director if elected but in the event that, prior to the Meeting, any vacancies occur in the slate of nominees submitted herewith, the enclosed Proxy confers discretionary authority upon the persons named therein to vote for the election of any other eligible person designated by the Board, unless instructions have been given to refrain from voting with respect to the election of directors.

Corporate Cease Trade Orders, Bankruptcies, Penalties, Sanctions or Individual Bankruptcies

To the knowledge of the Company, other than as disclosed below, no proposed director:

(a) is at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:

(i) was subject, to a cease trade or similar order or an order that denied the relevant company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order"); when such Order was issued while the person was acting in the capacity of a director, CEO or CFO of the relevant company; or

(ii) was subject to an Order that was issued after such person ceased to be a director, CEO or CFO of the relevant company, and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO of the relevant company; or

(b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including RHX) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver

manager or trustee appointed to hold its assets; or

(c) 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; or

(d) 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

(e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

On May 14, 2010, the Ontario Securities Commission issued a temporary management cease trade order against Mr. Dow in his capacity of Chief Executive Officer of Diamond International Exploration Inc. ("DIX"). The order was imposed due to the failure of DIX to file its annual audited financial statements, management discussion and analysis and related certifications for the year ended December 31, 2009 within the prescribed time for filing. The required filings were completed and filed on SEDAR on June 30, 2010 and the order was subsequently lifted.

Mr. Dow was the Chief Executive Officer of Galahad Metals Inc. ("Galahad") (now Rosehearty Energy Inc.) when the Ontario Securities Commission, the Autorité des marchés financiers and the British Columbia Securities Commission issued temporary cease trade orders and/or cease trade orders against Galahad. On May 3, 2013, the Ontario Securities Commission issued a temporary cease trade order against Galahad, which was extended on May 15, 2013. On May 6, 2013, the Autorité des marchés financiers issued a temporary cease trade order against Galahad, which was extended on May 21, 2013. On May 8, 2013, the British Columbia Securities Commission issued a cease trade order against Galahad. The cease trade orders were imposed due to the failure of Galahad to file its annual audited financial statements, its management discussion and analysis and related certifications for the year ended December 31, 2012 within the prescribed time (collectively, the "2012 Annual Filings"). On August 2, 2013, Galahad filed its 2012 Annual Filings and its interim financial statements, its management discussion and analysis and related certifications for the 3 month period ending March 31, 2013. On October 31, 2013, each of the Ontario Securities Commission, the Autorité des marchés financiers and the British Columbia Securities Commission revoked their cease trade orders.

Robin Dow Doug Wallis, CFO, and Patricia Purdy were directors and/or officers of Rosehearty Energy Inc. (formerly Galahad Metals Inc.) ("Rosehearty") when the British Columbia Securities Commission, the Ontario Securities Commission, the Autorité des marchés financiers and the Alberta Securities Commission issued cease trade orders against Rosehearty. On May 8, 2015, the British Columbia Securities Commission issued a cease trade order against Rosehearty. On May 25, 2015, the Ontario Securities Commission issued a cease trade order against Rosehearty. On May 28, 2016, the Autorité des marchés financiers issued a cease trade order and on August 7, 2015, the Alberta Securities Commission issued a cease trade order against Rosehearty. The cease trade orders were imposed due to the failure of Rosehearty to file its annual audited financial statements, its management discussion and analysis and related certifications for the year ended December 31, 2014 (collectively, the "Required Annual Filings"). The Company filed all Required Annual Filings, and its annual audited financial statements, its management discussion and analysis and related certificates for the subsequent years and the Cease Trade Orders were revoked on January 30, 2019.

Robin Dow and Patricia Purdy were directors and/or officers of Red Ore Gold Inc. ("Red Ore") (now called Osoyoos Cannabis Inc. ("OSO")) when the British Columbia Securities Commission, the Ontario Securities Commission, and the Alberta Securities Commission issued cease trade orders against OSO. On September 8, 2014, the British Columbia Securities Commission issued a cease trade order against Red Ore. On September 11, 2014, the Ontario Securities Commission issued a temporary cease trade order against Red Ore and extended it on September 24, 2014. On December 9, 2014, the Alberta Securities Commission issued a cease trade order against Red Ore. The cease trade orders were imposed due to the failure of Red Ore to file its annual audited financial statements, its management discussion and analysis and related certifications for the year ended April 30, 2014 (collectively, the "Required Annual Filings"). On May 3, 2016 the Company filed its 2014 and 2015 Annual audited financial statements, its management discussion and analysis and related certifications for the years ended April 30, 2014 and April 30, 2015 (collectively the "Annual Filings") together with the quarterly financial statements and management discussion and analysis to the period ending January 31, 2016. The Cease Trade Orders issued by the Ontario, British Columbia and Alberta Securities Commissions were revoked on May 12, 2016 in Ontario, and on May 16, 2016 in British Columbia and Alberta. On October 4, 2017 the British Columbia Securities Commission commenced a review into the Company's continuous disclosure and upon completion of the continuous disclosure review by the B.C. Securities Commission, the Company was removed from the Default list on September 17, 2018.

2. APPOINTMENT OF AUDITOR

The auditor of the Company is presently Buckley Dodds LLP, Chartered Professional Accountants, of 1185 W Georgia St #1140, Vancouver, BC V6E 4E6. Buckley Dodds LLP has been the auditor of the Company since October 31, 2018.

Prior to that date, and for the Company's year ended December 31, 2017, the auditor of the Company was James Stafford, Chartered Professional Accountants, of Vancouver, B.C.

The Company's decision to change the auditor subsequent to its year ended December 31, 2017 was not as a result of any "reportable event", as that term is defined in section 4.11 of National Instrument 51-102, Continuous Disclosure Obligations ("NI 51-102"). In accordance with section 4.11 of NI 51-102, the reporting package (as that term is defined in section 4.11 of NI 51-102), which is comprised of a notice of change of auditor of the Company and the response letter of each of James Stafford, Chartered Professional Accountants, and Buckley Dodds LLP, is available under the Company's profile on the SEDAR website at www.sedar.com. As required by applicable legislation, a copy of the Notice of Change of Auditors and related reporting package is attached to this Circular as Schedule "D".

Unless instructions are given to abstain from voting with regard to the appointment of the Auditor, it is the intention of management nominees to vote "FOR" the appointment of Buckley Dodds LLP as auditor of the Company for the ensuing year.

3. APPROVAL OF ADVANCE NOTICE PROVISION

Background

The Board is proposing that the Articles be altered to include an advance notice provision (the "**Advance Notice Provision**"), which will provide Shareholders, directors and management of the Company with direction on the procedure for Shareholder nomination of directors.

Purpose of the Advance Notice Provision

The Board is committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all Shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of the Advance Notice Provision is to provide Shareholders, directors and management of the Company with a clear framework for nominating directors. The Advance Notice Policy fixes a deadline by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of Shareholders.

Summary of the Advance Notice Provision

The following information is intended as a brief description of the Advance Notice Policy and is qualified in its entirety by the full text of the Advance Notice Policy, a copy of which is attached as Schedule "A" to this Circular. The terms of the Advance Notice Policy are summarized below.

The Advance Notice Provision provides that advance notice to the Company must be made in circumstances where nominations of persons for election to the Board are made by Shareholders of the Company other than pursuant to: (i) a "proposal" made in accordance with Part 5, Division 7 of the Act; or (ii) a requisition of the shareholders made in accordance with Section 167 of the Act.

Among other things, the Advance Notice Provision fixes a deadline by which holders of record of Common Shares of the Company must submit director nominations to the corporate secretary of the Company prior to any annual or special meeting of Shareholders and sets forth the specific information that a Shareholder must include in the written notice to the corporate secretary of the Company for an effective nomination to occur.

No person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Policy.

In the case of an annual meeting of Shareholders, notice to the Company must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 40 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Policy.

Confirmation and Approval of Advance Notice Provision by Shareholders

The addition of the Advance Notice Provision to the Company's Articles requires the affirmative vote of not less than two-thirds of the votes cast at the Meeting by the Shareholders, in person or by Proxy.

If the addition of the Advance Notice Provision is not approved by Shareholders at the Meeting, then the Company's Articles will not include the Advance Notice Provision.

At the Meeting, the Shareholders will be asked to approve the following by special resolution (the "**Advance Notice Provision Resolution**"):

Shareholder Approval of Advance Notice Provision Resolution

"BE IT RESOLVED, as a special resolution of the Shareholders of the Company, that:

(i) the addition of the Advance Notice Provision to the Company's Articles, as more particulars set out in Schedule **"A"** to this Circular, be approved;

(ii) the alterations to the Company's Articles to include the Advance Notice Provision do not take effect until the date and time that these resolutions are received for deposit at the records office of the Company;

(iii) any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions; and

(iv) notwithstanding the foregoing resolution has been approved by the shareholders of the Corporation, the directors of the Company are authorized without further notice to, or approval of, the shareholders of the Company not to proceed with the actions contemplated by the foregoing resolutions."

The Board recommends that the Shareholders approve an alteration of the Articles by voting "FOR" the resolution adopting the Advance Notice Provision at the Meeting. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed Proxy intend to vote FOR the approval of the Advance Notice Provision.

4. APPROVAL OF ALTERATION OF AUTHORIZED SHARE STRUCTURE

Background

The Board is proposing that the Articles be amended with respect to the authority to alter the Company's authorized share structure (the "**Authorized Share Structure**"), i.e. Sections 6.1 and 6.2, by way of an ordinary resolution or, in certain cases, by way of a directors' resolution.

The full text of the proposed amendment to the Articles with respect to the authority to alter the Authorized Share Structure is set out in Schedule **"B"** to this Circular.

The amendment to the Articles with respect to the authority to alter the Authorized Share Structure requires the affirmative vote of not less than two-thirds of the votes cast at the Meeting by the Shareholders, in person or by Proxy.

If the proposed amendment to the Articles with respect to the authority to alter the Authorized Share Structure is not approved by Shareholders at the Meeting, then the Company's Articles will not proceed with any changes in sections 6.1 and 6.2 of the existing Articles.

At the Meeting, the Shareholders will be asked to approve the following by special resolution:

"BE IT RESOLVED, as a special resolution of the Shareholders of the Company, that:

(i) the alterations to the Company's Articles with respect to the authority to alter the Authorized Share Structure (i.e. sections 6.1 and 6.2), as more particulars set out in Schedule "B" to this Circular be approved;

(ii) the alterations to the Company's Articles with respect to the authority to alter the Authorized Share Structure do not take effect until the date and time that these resolutions are received for deposit at the records office of the Company;

(iii) any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions; and

(iv) notwithstanding the foregoing resolution has been approved by the shareholders of the Corporation, the directors of the Company are authorized without further notice to, or approval of, the shareholders of the Company not to proceed with the actions contemplated by the foregoing resolutions."

The Board recommends that the Shareholders approve an alteration of the Articles by voting "FOR" the resolution adopting the Authorized Share Structure at the Meeting. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed Proxy intend to vote FOR the approval of the Authorized Share Structure.

5. APPROVAL OF A SHARE CONSOLIDATION

Shareholders will be asked to consider and, if thought appropriate, to approve a consolidation of the issued and outstanding common shares of the Company on the basis of one (1) consolidated common share for each outstanding three (3) common shares.

The complete text of the resolution which management intends to place before the Meeting authorizing the consolidation of the Common Shares is as follows:

"BE IT HEREBY RESOLVED that:

(i) the Company consolidate all its fully paid and issued Class "A" common shares, on the basis of 3 old common shares for 1 new common share.

(ii) No fractional common shares of the Company shall be issued in connection with the consolidation and the number of common shares to be received by a shareholder shall be rounded up or down to the nearest whole number of common shares in the event that such shareholder would otherwise be entitled to receive upon such consolidation."

If this resolution is approved by shareholders, the directors of the Company will immediately effect a consolidation of the issued and outstanding common shares of the Company on the basis of one (1) consolidated common share for each outstanding three (3) common shares.

The Board recommends that the Shareholders approve the proposed share consolidation by voting "FOR" the resolution at the Meeting. In the absence of a contrary instruction, the persons designated by

management of the Company in the enclosed Proxy intend to vote FOR the approval of the proposed share consolidation.

6. APPROVAL OF CORPORATE NAME CHANGE

Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution authorizing the Board, in its sole discretion, to approve a name change of the Company from ROSEHEARTY ENERGY INC. to ROSEHEARTY CBD INC. or such other name as the Directors in their absolute discretion may determine and regulatory authorities may permit and to make such other changes to the form of Notice of Articles and Articles as they deem appropriate and as may be required by the Registrar of Companies and that the Notice of Articles and Articles of the Company be altered accordingly.

The complete text of the resolution which management intends to place before the Meeting authorizing the Name change is as follows:

"BE IT HEREBY RESOLVED that:

(i) the name of the Company be changed to "Rosehearty CBD Inc." or such other name as the board of directors, in its sole discretion, deems appropriate and the Director appointed under the British Columbia Business Company Act may permit; and

(ii) notwithstanding approval of the Shareholders of the Company as herein provided, the Board may, in its sole discretion, revoke this resolution before it is acted upon without further approval of the Shareholders of the Company."

(the "Name Change Resolution").

The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Name Change Resolution.

7. APPROVAL OF THE STOCK OPTION PLAN

The Shareholders will be asked to consider, and, if deemed appropriate, to pass, with or without variation, an ordinary resolution approving and confirming the stock option plan of the Company (attached as Schedule "C" to the Management Information Circular), which was initially approved at the Shareholders' Meeting held on May 28, 2014, as more fully described in the Management Information Circular.

Accordingly, shareholders will be asked to approve the following resolution:

"BE IT RESOLVED as an Ordinary Resolution that:

(i) the Company's Stock Option Plan, originally approved at the Company's May 28, 2014 Annual and Special Meeting, be and it is hereby re-approved; and

(ii) any director or officer of the Company be and is hereby authorized to execute (whether under the corporate seal of the Company or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions."

The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the approval of the Company's Stock Option Plan.

8. APPROVAL OF ALL ACTS AND PROCEEDINGS OF THE DIRECTORS AND OFFICERS

Shareholders of the Company are being asked to pass a resolution to ratify, confirm and approve all the acts and proceedings of the directors and officers of the Company made since the last annual meeting of shareholders on May 28, 2014 to date including those disclosed or referred to in the Company's Minute Books, records and other documentation, in the financial statements for the Company and in information disseminated to the shareholders by the Company.

"BE IT RESOLVED THAT:

1. Notwithstanding (i) any failure to properly convene, proceed with, or record any meeting of the Board of Directors of shareholders of the Company for any reason whatsoever, including, without limitation, the failure properly to waive or give notice of a meeting, hold a meeting in accordance with a notice of a meeting, have a quorum present at a meeting, sign the minutes of a meeting or sign a ballot electing a slate of Directors; or (ii) any failure to pass any resolution of the directors or shareholders of the Company or any by-law of the Company for any reason whatsoever, all by-laws, approvals, appointments, elections, resolution, contracts, acts and proceedings enacted, passed, made, done or taken since the last annual meeting of the shareholders held on May 28, 2014 (the "Annual Meeting") as set forth in the minutes of the meetings, or resolutions of the Board of Directors or shareholders of the Company or other documents contained in the minute book and record book of the Company, or in the financial statements of the Company, and all action heretofore taken in reliance upon the validity of such minutes, documents and financial statements, are hereby sanctioned, ratified, confirmed and approved.

2. Without limiting the generality of the paragraph 1 above, all by-laws, resolutions, contracts, acts and proceedings of the Board of Directors of the Company enacted, made, done or taken since the Annual Meeting as set forth or referred to in the minute and record book of the Company or in the financial statements of the Company are hereby approved, ratified and confirmed."

The affirmative vote of a majority of the votes cast in respect thereof is required in order to pass such resolution. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed Proxy intend to vote FOR the approval of the resolution ratifying, confirming and approving the acts and proceedings of the directors and officers of the Company.

OTHER BUSINESS

The Company knows of no matter to come before the annual and special meeting of shareholders other than the matters referred to in the notice of meeting.

STATEMENT OF EXECUTIVE COMPENSATION

The information contained below is provided as required under Form 51-102F6V for Venture Issuers, as such term is defined in National Instrument 51-102.

For the purpose of this Statement of Executive Compensation:

"**Company**" means Rosehearty Energy Inc.;

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and

similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

"**NEO**" or "**named executive officer**" means:

(a) each individual who served as chief executive officer ("**CEO**") of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,

(b) each individual who served as chief financial officer ("**CFO**") of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,

(c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year, and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries (if any), nor acting in a similar capacity, at the end of that financial year;

"**plan**" includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

"**underlying securities**" means any securities issuable on conversion, exchange or exercise of compensation securities.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company for each of the two most recently completed financial years:

Name and Position	Fiscal Year Ended December 31	Salary, Consulting Fee, Retainer or Commission ($)	Bonus ($)	Committee or Meeting Fees ($)	Value of Perquisites ($)	Value of all other Compensation ($)	Total Compensation ($)
Robin Dow [(1)] CEO	2018 2017	0 0	10,000 0	0 0	0 0	0 0	10,000
Douglas Wallis [(2)] CFO	2018 2017	0 0	0 0	0 0	0 0	0 0	0 0

Stock Options and Other Compensation Securities

Neither the Company, nor any subsidiary thereof, granted or issued any compensation securities to any director or NEO in the year ended December 31, 2018. As at December 31, 2018 no director or NEO held any compensation securities.

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a director or NEO during the fiscal year ended December 31, 2018.

Stock Option Plans and Other Incentive Plans

The Company has in effect a 10% rolling stock option plan (the "**Option Plan**") in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders. Under the terms of the Option Plan, the aggregate number of Shares reserved for issuance, together with any other Shares reserved for issuance under any other plan or agreement of the Company, shall not exceed 10% percent of the total number of issued Shares (calculated on a non-diluted basis) at the time an option is granted. As at the date hereof, there are no options outstanding under the Option Plan.

A copy of the Option Plan is attached as schedule to the Company's Management Information Circular dated August 20, 2019 and filed on SEDAR at www.sedar.com.

Employment, Consulting and Management Agreements

As of the date hereof, the Company does not have any employment, consulting or management agreements or arrangements with any of the Company's current NEOs or directors except as follows:

the Company has a three year management/consulting agreement (the RDMA") with Robin Dow (the Chairman and CEO) whereby he is to be granted 1,000,000 ($20,000) post consolidation common shares for services rendered to the Company as CEO prior to and during the term of the RDMA, and $5,000 per month, when and if the funds are available, and to be accrued otherwise, plus travel and other reasonable expense reimbursement. The RDMA also stated that, should Mr. Dow be terminated as the result of a reverse takeover, then a severance equal to three (3) months fees would be immediately payable.

Tthe Company has a three year management/consulting agreement (the DWMA") with Doug Wallis (the CFO) whereby he is to be granted 250,000 ($5,000) post consolidation common shares for services rendered to the Company as CFO prior to and during the term of the DWMA, and $150.00 per hour. The DWMA also stated that, should Mr. Wallis be terminated as the result of a reverse takeover, then a severance equal to three (3) months fees would be immediately payable.

The Company has a three year management/consulting agreement (the PPMA") with Patricia Purdy (the Corporate Secretary) whereby she is to be granted 250,000 ($5,000) post consolidation common shares for services rendered to the Company as Corporate Secretary prior to and during the term of the PPMA, and $100.00 per hour for her services.The PPMA also stated that, should Ms. Purdy be terminated as the result of a reverse takeover, then a severance equal to three (3) months fees would be immediately payable.

The Company has a three year consulting agreement (the KDCA") with Kristine Dorward whereby she is

to be granted 250,000 ($5,000) post consolidation common shares for services rendered to the Company as a consultant prior to and during the term of the KDCA.

The Company has a three year consulting agreement (the MNCA") with Michael Newman whereby he is to be granted 250,000 ($5,000) post consolidation common shares for services rendered to the Company as a consultant prior to and during the term of the MNCA.

The Company has a three year consulting agreement (the JWCA") with John Weatherall whereby he is to be granted 100,000 ($2,000) post consolidation common shares for services rendered to the Company as a consultant prior to and during the term of the KDCA.

The Company has a three year consulting agreement (the TVCA") with Toni De Vris Stadelaar whereby she is to be granted 150,000 ($3,000) post consolidation common shares for services rendered to the Company as a consultant prior to and during the term of the KDCA.

Oversight and Description of Director and NEO Compensation

The Company's compensation program is intended to attract, motivate, reward and retain the management talent needed to achieve the Company's business objectives of improving overall corporate performance and creating long- term value for the Company's shareholders. The compensation program is intended to reward executive officers on the basis of individual performance and achievement of corporate objectives, including the advancement of the exploration and development goals of the Company. The Company's current compensation program is comprised of base salary or fees, short term incentives such as discretionary bonuses and long term incentives such as stock options.

The Company's board of directors (the "**Board**") has not created or appointed a compensation committee given the Company's current size and stage of development. All tasks related to developing and monitoring the Company's approach to the compensation of the Company's NEOs and directors are performed by the members of the Board. The compensation of the NEOs, directors and the Company's employees or consultants, if any, is reviewed, recommended and approved by the Board without reference to any specific formula or criteria. NEOs that are also directors of the Company are involved in discussion relating to compensation, and disclose their interest in and abstain from voting on compensation decisions relating to them, as applicable, in accordance with applicable corporate legislation.

In making compensation decisions, the Board strives to find a balance between short- term and long-term compensation and cash versus equity incentive compensation. Base salaries or fees and discretionary cash bonuses primarily reward recent performance, and incentive stock options encourage NEOs and directors to continue to deliver results over a longer period of time and serve as a retention tool. The annual salary or fee for each NEO, as applicable, is determined by the Board based on the level of responsibility and experience of the individual, the relative importance of the position to the Company, the professional qualifications of the individual and the performance of the individual over time. The NEOs' performances and salaries or fees are reviewed periodically. Increases in salary or fees are to be evaluated on an individual basis and are performance and market based. The amount and award of cash bonuses to key executives and senior management is discretionary, depending on, among other factors, the financial performance of the Company and the position of a participant.

During the financial years ended December 31, 2016, 2017, and 2018, the Company did not accrue management fees as set out above under the heading "Director and Named Executive Officer Compensation, excluding Compensation Securities".

Pension Plan Benefits

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

Securities Authorized For Issuance Under Equity Compensation Plans

The Option Plan is the Company's only equity compensation plan. There were no outstanding options as at December 31, 2018 and there are no outstanding options as at the date of this circular. A copy of the Option Plan is attached as schedule to the Company's Management Information Circular dated August 20, 2019 and filed on SEDAR at www.sedar.com. The Option Plan is also available for review at the registered office of the Company, #408-150-24th Street, West Vancouver, BC, V7V 4G8, during normal business hours up to and including the date of the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, and employees, proposed nominees for election as directors or their associates has been indebted to the Company or to any of its subsidiaries nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries for the financial years ended December 31, 2018.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, no informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since financial year ended December 31, 2018 or in any proposed transaction which in either such case has materially affected or would materially affect the Company.

INFORMATION ON CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices as follows:

Board of Directors

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Edwin Beaman and Kristine Dorward are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from shareholders. Robin Dow, President and CEO of the Company and Patricia Purdy, Director and Corporate Secretary of the Company, are therefore not independent.

Directorships

Name of Current or Proposed Director	Names of Other Reporting Issuers
Robin Dow	Focus Graphite Inc. Stria Lithium Inc.
Patricia Purdy	n/a

Name of Current or Proposed Director	Names of Other Reporting Issuers
Edwin Beaman	n/a
Kristine Dorward	n/a
Michael Newman	Leo Acquisitions Inc.

Orientation and Continuing Education

The Board briefs all new directors with respect to the policies of the board of directors and other relevant corporate and business information. The Board does not provide any continuing education.

Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations and the small number of officers and employees allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the implementation of a formal Code of Business Conduct and Ethics will become necessary.

Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board evaluates its own effectiveness on an ad hoc basis. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed directors' credentials are reviewed in advance of a Board Meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current limited operations.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the mineral resource and business sectors. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the Company's successor Board.

Compensation

The Board conducts reviews with regard to the compensation of the directors and Chief Executive Officer once a year. To make its recommendations on such compensation, the Board takes into account the types of compensation and the amounts paid to directors and officers of comparable publicly traded Canadian companies.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

The Board regularly monitors the adequacy of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and its committees.

AUDIT COMMITTEE

Under National Instrument 52-110 - Audit Committees ("**NI 52-110**"), the Company is required to include in this Management Information Circular the disclosure required under Form 52-110F2 with respect to the audit committee (the "**Audit Committee**") of the Board, including the composition of the Audit Committee, the text of the Audit Committee Charter (attached hereto as Schedule "E"), and the fees paid to the external auditor.

NI 52-110 requires that the audit committee be comprised of at least three directors, the majority of which must be "independent" and, subject to certain limited exceptions, "financially literate". The Company's audit committee at present is comprised of, Robin Dow (Chairman), Edwin Beaman and Kristine Dorward. As defined in NI 52-110 all of the audit committee members are "financially literate" and Edwin Beaman and Kristine Dorward are independent as required under NI 52-110.

Since the commencement of the Company's most recently completed financial year, the Company's board of directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on exemptions in sections 2.4 or 8 of NI 52-110.

The Company is relying on the exemption provided in Section 6.1 of NI 52-110 as the Company is a "**venture issuer**". As a result, the Company is exempt from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

External Auditor Service Fees (By Category)

Nature of Services	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Audit Fees [(1)]	$15,750	$12,360	$25,000 [(5)]
Audit-Related Fees [(2)]		Nil	Nil
Tax Fees [(3)]		Nil	Nil
All Other Fees [(4)]		Nil	Nil
Total	$15,750	$12,360	$25,000

Notes:

(1) "Audit Fees" are the aggregate fees billed by our independent auditor for the audit of our annual consolidated financial statements, reviews of interim consolidated financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

(5) This refers to a combined invoice which relates to the audits completed for years ending December 31, 2015 and 2016, audit related, tax and other fees.

Pre-Approval Policies and Procedures

As at the date of this Circular, the audit committee has not adopted any specific policies or procedures for the engagement for non-audit services.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Company is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com.

Comparative financial information on the Company for the years ended December 31, 2016 and December 31, 2017 and December 31, 2018, together with the auditor's reports thereon and management discussion and analysis of the Company will be presented at the Meeting and which can also be accessed at www.sedar.com. Shareholders may request copies of the Company's financial statements and MD&A by contacting the Company at #408-150-24th Street, West Vancouver, BC, V7V 4G8.

BOARD APPROVAL

The undersigned hereby certifies that the Board has approved this Circular.

DATED at West Vancouver, British Columbia, this 20th day of August, 2019.

BY THE ORDER OF THE BOARD

"Robin Dow"

Robin Dow
Chairman and Chief Executive Officer

SCHEDULE "A"

ALTERATION OF ARTICLES TO INCLUDE ADVANCE NOTICE PROVISION

11.19 Nomination of Directors

(a) Subject only to the *Business Corporations Act*, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual Meeting of Shareholders, or at any special Meeting of Shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):

(i) by or at the direction of the Board or an authorized officer of the Company, including pursuant to a notice of meeting;

(ii) by or at the direction or request of one or more shareholders pursuant to a proposal or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or (iii) by any person (a "Nominating Shareholder") (A) who, at the close of business on the date of the giving of the notice provided for below in this Section 11.19 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (B) who complies with the notice procedures set forth below in this Section 11.19.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given:

(i) timely notice thereof in proper written form to the Chief Executive Officer of the Company at the principal executive offices of the Company in accordance with this Section 11.19; and

(ii) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in Section 11.19(e).

(c) To be timely under Section 11.19(b)(i), a Nominating Shareholder's notice to the Chief Executive Officer of the Company must be made:

(i) in the case of an annual Meeting of Shareholders, not less than 30 nor more than 65 days prior to the date of the annual Meeting of Shareholders; provided, however, that in the event that the annual Meeting of Shareholders is called for a date that is less than 40 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and

(ii) in the case of a special Meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special Meeting of Shareholders was made.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section 11.19(c).

(d) To be in proper written form, a Nominating Shareholder's notice to the Chief Executive Officer of the Company, under Section 11.19(b)(i) must set forth:

(i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (D) a statement as to whether such person would be "independent" of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and Applicable Securities Laws; and

(ii) as to the Nominating Shareholder giving the notice, (A) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws, and (B) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

(e) To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this Section 11.19 and the candidate for nomination, whether nominated by the Board or otherwise, must have previously delivered to the Chief Executive Officer of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Chief Executive Officer of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Section 11.19; provided, however, that nothing in this Section 11.19 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a Meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(g) For purposes of this Section 11.19:

(i) "Affiliate", when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(ii) "Applicable Securities Laws" means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;

(iii) "Associate", when used to indicate a relationship with a specified person, shall mean (A) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (B) any partner of that person, (C) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (D) a spouse of such specified person, (E) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (F) any relative of such specified person or of a person mentioned in clauses (D) or (E) of this definition if that relative has the same residence as the specified person;

(iv) "Board" means the board of directors of the Company;

(v) "Business Corporations Act" means the *Business Corporations Act* (British Columbia);

(vi) "Derivatives Contract" shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

(vii) "Meeting of Shareholders" shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;

(viii) "owned beneficially" or "owns beneficially" means, in connection with the ownership of shares in the capital of the Company by a person, (A) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in

writing; (B) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (C) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (C) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (D) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and

(ix) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

(h) Notwithstanding any other provision to this Section 11.19, notice or any delivery given to the Chief Executive Officer of the Company pursuant to this Section 11.19 may only be given by personal delivery, facsimile transmission or by email (provided that the Chief Executive Officer of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Chief Executive Officer at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(i) In no event shall any adjournment or postponement of a Meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in Section 11.19(c) or the delivery of a representation and agreement as described in Section 11.19(e).

SCHEDULE “B”

ALTERATION OF ARTICLES TO AMEND THE AUTHORITY TO ALTER THE COMPANY'S AUTHORIZED SHARE STRUCTURE

Sections 6.1 and 6.2 of the Articles are hereby deleted in its entirety and replaced with the following:

6.1 Alteration of Authorized Share Structure

Subject to section 6.2 and the Act, the Company may by ordinary resolution (or a resolution of the directors in the case of section 6.1(c) or section 6.1(f)):

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares; or

(g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act where it does not specify by a special resolution;

and, if applicable, alter its Notice of Articles and Articles accordingly.

6.2 Special Rights and Restrictions

Subject to the Act and in particular those provisions of the Act relating to the rights of holders of outstanding shares to vote if their rights are prejudiced or interfered with, the Company may by ordinary resolution:

(a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued, and alter its Notice of Articles and Articles accordingly.

SCHEDULE "C"

ROSEHEARTY ENERGY INC.
STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

The Company hereby establishes a stock option plan for directors, Employees, Management Company Employees and Consultants (as such terms are defined below) of the Company and its subsidiaries (collectively "Eligible Persons"), to be known as the "Rosehearty Stock Option Plan" (the "Plan"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of time as determined by the board of directors of the Company, to buy shares of the Company at a price that is equal to the greater of the closing market price on the day prior to the granting of the option and the closing market Price prevailing on the date the option is granted.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

"Associate" means an "Associate" as defined in National Instrument 45-106, Division 4 s.2:22.

"Board" means the Board of Directors of the Company.

"Change of Control" means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Company.

"Company" means Rosehearty Energy Inc. and its successors.

"Consultant" means an individual or Consultant Company, other than an Employee, a Senior Officer, a Management Company Employee or a Director of the Company, that:

(a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company other than services provided in relation to a distribution of securities;

(b) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;

(c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the

Company; and

(d) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

“Consultant Company” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.

“Directors” means directors, senior officers and Management Company Employees of an Issuer, or of an unlisted Company seeking a listing on the Exchange, or directors, senior officers and Management Company Employees of an Issuer’s or an unlisted Company’s subsidiaries to whom stock options can be granted in reliance on a Prospectus exemption under applicable Securities Laws.

"Disability" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

(a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or

(b) acting as a director or officer of the Company or its subsidiaries.

“Discounted Market Price” has the meaning ascribed thereto in the Policies of the Exchange.

“Distribution” means a "Distribution" as defined in the Securities Act.

“Eligible Persons” has the meaning given to that term in paragraph 1 hereof.

“Employee”.

(a) an individual who is considered an employee of the Issuer or its subsidiary under the Income Tax Act (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);

(b) an individual who works full-time for an Issuer or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source; or

(c) an individual who works for an Issuer or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source.

"Exchange" means the Canadian Stock Exchange, and if applicable, any other stock exchange on which the Shares are listed.

"Expiry Date" means the date set by the Board under section 3.1 of the Plan, as the last date on which an Option may be exercised.

"Grant Date" means the date specified in an Option Agreement as the date on which an Option is granted.

"Insider" “Insider” if used in relation to an Issuer means:

(i) a Director or Officer of the Issuer;

(ii) a Person who performs functions similar to those normally performed by a Director or Officer;

(iii) a Director or Officer of a Company that is an Insider or subsidiary of the Issuer;

(iv) A Person that beneficially owns or control, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or

(v) the Issuer itself, if it holds any of its own securities.

“Investor Relations Activities” means “Investor Relations Activities” as defined in TSXV Policy 1.1.

“Joint Actor” means a person acting “jointly or in concert with” another person as that phrase is interpreted in the Securities Act.

“Management Company Employee” means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a Person engaged in Investor Relations Activities.

"Market Price" of Shares at any Grant Date means the last closing price per Share on the trading day immediately preceding the day on which the Company announces the grant of the option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, “Market Price” of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.

“NI 45-106” means National Instrument 45-106 Prospectus and Registration Exemptions, in effect on the date hereof and as may be amended from time to time.

"Option" means an option to purchase Shares granted pursuant to this Plan.

"Option Agreement" means an agreement, in the form attached hereto as Schedule “A” together with such amendments and variations as may be approved by the Board at the Date of Grant, whereby the Company grants to an Optionee an Option.

"Optionee" means each of the Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.

"Option Price" means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.

"Option Shares" means the aggregate number of Shares which an Optionee may purchase under an Option.

"Plan" means this Stock Option Plan.

“Policies of the TSXV” means the policies of the Exchange published by the Exchange in its Corporate Finance Manual, as may be amended from time to time.

“Related Person” of an entity, as set out in MI61-101 means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the entity or a director or senior officer of the entity to be:

(a) a control person of the entity,

(b) a person of which a person referred to in paragraph (a) is a control person,

(c) a person of which the entity is a control person,

(d) a person that has

(i) beneficial ownership of, or control or direction over, directly or indirectly, or

(ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly.

securities of the entity carrying more than 10% of the voting rights attached to all the entity’s outstanding voting securities,

(e) a director or senior officer of

(i) the entity, or

(ii) a person described in any other paragraph of this definition.

(f) a person that manages or directs, to any substantial degree, the affairs or operations of the entity under an agreement, arrangement or understanding between the person and the entity, including the general partner of an entity that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,

(g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of equity securities, or

(h) an affiliated entity of any person described in any other paragraph of this definition;

“Security Holder Approval” has the meaning set out in NI 45-106, Division 4.

“Securities Act” means the Securities Act, (British Columbia) as amended, as at the date hereof.

"Shares" means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.

“Share Compensation Arrangement” means any stock option, stock option plan, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.

"Un-issued Option Shares" means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.

“Vested” means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1 Option Terms

The Board may from time to time authorize the issue of Options to Eligible Persons of the Company and its subsidiaries. The minimum exercise price of an incentive stock option, whether granted by a Tier 1 or Tier 2 Issuer, must not be less than the Discounted Market Price. If, pursuant to section 2.12 of Exchange Policy 4.4, the Issuer does not issue a news release to fix the price, the Discounted Market Price is the last closing price of the Listed Shares before the date of the stock option grant (less the applicable discount).

The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than 10 years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee.

3.2 Limits on Shares Issuable on Exercise of Options

The maximum number of Common Shares which may be reserved for issuance for all purposes under the Plan shall be 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of Common Shares reserved for issuance to such person under any other Share Compensation Arrangement (the “Reserve”).

Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for grant under the Plan. No fractional shares shall be issued and the Board may determine the manner in which fractional share values

shall be treated.

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a 12 month period (from the date of issuance) unless the Company has obtained Security Holder approval in accordance with NI 45-106; Division 4:

(a) to any one Optionee who is a Related Person, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;

(b) to Related Persons as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and

(c) to a Related Person and his Associates, calculated on a fully diluted basis, issued within 12 months, shall not exceed 5% of the issued and outstanding shares.

3.3 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement between the Optionee and the Company. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Companies or Management Company Employees, the Company is representing herein and in the applicable Stock Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

3.4 Effective Date

The Plan shall be subject to the approval of any relevant regulatory authority whose approval is required and shall be subject to the approval of shareholders of the Company. Any Options granted prior to such approvals shall be conditional upon such approvals and acceptances being given and no such Options may be exercised unless such approval and acceptance is given.

4. EXERCISE OF OPTION

4.1 When Options May be Exercised

Subject to sections 4.3 and 4.4, an Option may be exercised to purchase any number of Shares up to the number of Vested Un-issued Option Shares at any time after the Grant Date up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

4.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company the originally signed Option Agreement, together with a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share in cash

or by bank draft or certified cheque. Upon notice and payment in full, there will be a binding contract for the issuance of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan.

Notwithstanding any of the provisions contained in the Plan or in any Option, the Company's obligation to issue Common Shares to an Optionee pursuant to an exercise of Options shall be subject to:

(a) completion of such registration or other qualification of such Common Shares or obtaining approval of such governmental or regulatory authority as counsel to the Company shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(b) the admission of such Common Shares to listing on any stock exchange on which the Common Shares may then be listed; and

(c) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as counsel to the Company reasonably determines to be necessary or advisable in order to safeguard against the violation of the laws of any jurisdiction.

4.3 Vesting of Option Shares

The Board of Directors may, subject to Exchange Policy 4.4 (S.2.3(b)), grant Options with no vesting provisions and have the ability to grant stock options without a hold period, provided the grant is made at the Market Price rather than the Discounted Market Price

The Board of Directors may prescribe, at the time of grant of a particular Option, that such Option is subject to such vesting provisions as they may deem appropriate and are in compliance with Exchange policies, which provisions shall be set forth in that Optionee's Option Agreement.

For greater certainty, in the case of an Optionee performing Investor Relations activities, any options issued to Consultants performing Investor Relations Activities must vest in stages over 12 months with no more than ¼ of the options vesting in any three month period.

4.4 Termination of Employment

If an Optionee ceases to be a director, Employee or Consultant of the Company or one of the Company's subsidiaries, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Un-issued Option Shares at any time up to but not after the earlier of:

(i) 365 days after the date of death or Disability; and

(ii) the Expiry Date.

(b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, any options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within a reasonable period following the date the Optionee ceases to be in that role.

For greater certainty, an Option that had not become Vested in respect of certain Un-issued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become vested or exercisable in respect of such Un-issued Option Shares and shall be cancelled.

4.5 Effect of a Take-Over Bid

Subject to the prior approval of the Exchange, if a bona fide offer (an "Offer") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

(a) the Offer is not completed within the time specified therein; or

(b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the

Company and reinstated as authorized but Un-issued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to paragraph 4.3 shall be reinstated. If any Option Shares are returned to the Company under this paragraph 4.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

4.6 Acceleration of Expiry Date

Subject to the prior approval of the Exchange, if at any time when an Option granted under the Plan remains unexercised with respect to any Un-issued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan as vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more that 35 days notice is required.

4.7 Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee.

4.8 Exclusion from Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

4.9 Shares Not Acquired

Any Un-issued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

4.10 Hold Periods and Legends

Any Common Shares issuable upon exercise of an Option shall be subject to such hold period as may be applicable under the Securities Act (Ontario) and any other applicable securities legislation ("Applicable Securities Legislation") and, where such hold period is applicable on the date of issuance of such Common Shares, shall be endorsed with a legend, as set out below:

"Unless permitted under securities legislation the holder of this security must not trade the security before [insert date which is the day following the fourth month after the date of grant or

the date the Issuer becomes a reporting issuer in any jurisdiction].”

4.11 US Restrictions

The Options granted under this Plan may not be exercised within the United States except in accordance with such restrictions and requirements as the Company, on advice of its legal counsel, may specify from time to time.

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "Share Reorganization") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

(a) the Option Price will be adjusted to a price per Share which is the product of:

  (i) the Option Price in effect immediately before that effective date or record date; and

  (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization.

(b) the number of Un-issued Option Shares will be adjusted by multiplying (i) the number of Un-issued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subsection (a)(ii).

5.2 Special Distribution

Subject to any required prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

(a) shares of the Company, other than the Shares;

(b) evidences of indebtedness;

(c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Company has determined to be outside the normal course); or

(d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization

(any of such non-excluded events being herein called a "Special Distribution"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Un-issued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization

Whenever there is:

(a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in sections 5.1 or 5.2;

(b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or

(c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a "Corporate Reorganization") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Un-issued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Un-issued Option Shares or if appropriate, as otherwise determined by the Directors.

5.4 Determination of Option Price and Number of Un-issued Option Shares

If any questions arise at any time with respect to the Option Price or number of Un-issued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company’s auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5 Regulatory Approval

Any adjustment to the Option Price or the number of Un-issued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the Exchange and any other governmental authority having jurisdiction.

6. MISCELLANEOUS

6.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2 Necessary Approvals

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval.

The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

6.3 Administration of the Plan

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in section 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

6.4 Income Taxes

As a condition of and prior to participation in the Plan any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan.

6.5 Amendments to the Plan and Options

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

6.6 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

6.7 No representation or Warranty

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

6.8 Compliance with Applicable Law

The Plan, the grant and the exercise of Options hereunder and the Company's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange(s) on which the Common Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Common Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Common Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are then listed for trading. Common Shares issued and sold to Optionees pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

6.9 No Assignment

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

6.10 Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Un-issued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

6.11 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.12 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

6.13 Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.14 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

SCHEDULE "A"
STOCK OPTION PLAN
OPTION AGREEMENT

ISSUER NAME.
ISSUER ADDRESS

Date: _____

FROM: ISSUER NAME & ADDRESS

TO: «Optionee» «OptioneeAddress1» «OptioneeAddress2»,
«OptioneeCityProv», «OptioneePostal»

Re: Option Agreement

You have been designated as an Eligible Person under the **ROSEHEARTY** Stock Option Plan, a copy of which is enclosed with this letter (the "Plan"). All capitalised terms in this Agreement defined in the Plan shall have the same meaning herein as therein. Assuming that you become a Participant by signing this letter, the details of the Options which have been granted to you under the Plan are as follows:

Designated Number (the number of Common Shares available to purchase under the Option: «NumberShares»

Option Price (price per Common Share):
$«ExercisePrice»

Expiry Date: «ExpiryDate»

Vesting Date and Designated Quantity

«NumberShares» options shall vest immediately upon grant of options.

HOLD PERIOD

THE SECURITIES DELIVERABLE UPON EXERCISE OF THESE OPTIONS, may be subject to certain resale restrictions under the Securities Act, including a requirement that the Optionee hold the Securities for a period of four months plus one day from the grant date. The certificates representing the Shares which may be issued upon conversion of the Options will contain a legend denoting the restrictions on transfer imposed by the Act;

"Unless permitted under securities legislation the holder of this security must not trade the security before [insert date which is the day following the fourth month after the date of grant]."

If you accept the Options and agree to participate in the Plan and be bound by and comply with the terms and conditions of the Plan which are hereby specifically incorporated by reference into this Agreement and the terms and conditions set out herein, please sign one copy of this letter and return it to **ISSUER NAME**.

By signing and returning this letter to **ROSEHEARTY ENERGY INC.** you hereby covenant, represent, warrant and agree that:

i. you shall not, directly or indirectly in any manner whatsoever, sell, transfer, assign, mortgage, charge, pledge, grant a security interest in or otherwise dispose of or encumber all or any part of the Options granted to you by this Option Agreement;

ii. you are an individual which is an Eligible Person with respect to the Corporation or a Subsidiary at the date hereof;

iii. if you are a U.S. Person, you have prepared, executed and delivered herewith a supplemental Acknowledgment and Agreement for US Optionees substantially in the form provided by the Corporation, which is true and correct in every material respect.

This Option Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

ISSUER NAME
BY ITS AUTHORIZED SIGNATORY

_____

I have read the **ISSUER NAME** Stock Option Plan and agree to comply with, and agree that my participation is subject in all respect to, its terms and conditions:
SIGNED in the presence of:

Signature of Witness	Signature of Optionee
Print Name	Print Name
Address	Address
Date	Date

SCHEDULE "B"
NOTICE AND AGREEMENT
OF EXERCISE OF OPTION (CASH TRANSACTION)

I, the undersigned, hereby exercise the Stock Option granted to me pursuant to an agreement dated as of between **ISSUER NAME** and myself (the "Stock Option Agreement") as to _____ Common Shares of **ISSUER NAME**(collectively, the "Option Shares").

Enclosed is the full payment specified in the Stock Option Agreement.

I hereby agree to assist the Company in the filing of, and will timely file, all reports that I may be required to file under applicable securities laws.

The number of Option Shares specified above is to be issued in the following registration:

Print Optionee's Name

Optionee Signature

Address

Date:

SCHEDULE "C"
NOTICE AND AGREEMENT
OF EXERCISE OF OPTION (CASHLESS TRANSACTION)

I, the undersigned, hereby exercise the Stock Option granted to me pursuant to an agreement dated as of «EffectiveDate» between **ISSUER NAME** and myself (the "Stock Option Agreement") as to «NumberShares» Common Shares of **ISSUER NAME**(collectively, the "Option Shares").

Upon receipt of a cheque from my broker for full payment as specified in the Stock Option Agreement, I request the issuance of shares in my name and instruct the transfer agent to deliver the share certificate to my broker, at the address listed below, representing the common shares as soon as reasonably practical after receipt of the cash consideration:

Name: _____
Address: _____
_____
_____
Tel: _____
Fax: _____

I hereby agree to assist the Company in the filing of, and will timely file, all reports that I may be required to file under applicable securities laws.

_____
Print Optionee's Name

_____
Optionee Signature
Date:
Address

Additional Covenants, Representations and Acknowledgements
US Optionee

«ISSUER» (the "Corporation")

Application and Effect of Appendix

This Appendix is incorporated by reference and forms a part of the agreement (the "Option Agreement") granting an incentive stock option (the "Option") to the undersigned optionee (the "Optionee") pursuant to the Stock Option Plan of the Corporation in effect as of the date of grant of the Option (the "Plan")

The Optionee acknowledges that:

a) This Appendix is delivered together with and forms part of the Option Agreement and each subscription for Option Shares made upon subsequent exercise of the Option;
b) A copy of this Appendix is required to be signed and delivered to the Corporation together with the exercise form ("Option Exercise Form") provided for under the Plan at the time of each exercise of the Option; and
c) The representations, warranties and covenants of the Optionee contained herein shall be true and correct at the Date of Grant of the Option and upon each exercise thereof.

Definitions and Interpretation of Appendix
Where used herein,
"1933 Act" means the United States Securities Act of 1933, as amended;
"Accredited Investor" has the meaning set out in Regulation D promulgated by the SEC;
"Common Shares" means the common shares of the Company as constituted on the date hereof;
"Date of Grant" means «EffectiveDate», being the effective date the Option is granted;
"Exchange" means the Canadian National Stock Exchange and any other stock exchange(s) where the Company is listed;
"Option Shares" means Common Shares issued upon exercise of the Option;
"SEC" means the United States Securities and Exchange Commission;
"State Act" means the applicable securities legislation of any political subdivision of the United States;
Any capitalized term herein which is defined in the Plan and is not otherwise expressly defined herein shall have the meaning set out in the Plan.

Where any provision herein conflicts with the terms of the Plan, the Plan shall prevail

Covenants, Representations and Warranties of Optionee
The Optionee covenants, represents and warrants that:
the Option Shares set out in any Option Exercise Form delivered herewith are being purchased as an investment and not with a view to distribution
the Optionee is either:

a) an Accredited Investor by virtue of the fact that the Optionee meets one or more of the items selected on the Accredited Investor Questionnaire, a duly completed and executed copy of which is delivered herewith, which is true and correct in all respects; or
b) a person who, by virtue of the Optionee's relationship with the Corporation, and access to information pertaining to an investment in Common Shares, would not be considered to be a member of the public within the meaning of section 4(2) of the 1933 Act with respect to the offer and sale of Common Shares to the Optionee contemplated herein; or
c) has provided herewith a letter from legal counsel acceptable to the Corporation confirming that, upon issuance, the Option Shares set out in the Option Exercise Form delivered herewith will either be registered or be exempt from registration under the 1933 Act and any applicable State Act.

Restrictions on Resale

The Optionee acknowledges and agrees as follows:

a) The Option has been granted on the condition that any Option Shares which may be issued are subject to transfer restrictions may be imposed by the Corporation should the Corporation deem it necessary or appropriate to do so in order to comply with the requirements of applicable law or of any regulatory authorities having jurisdiction over the securities of the Corporation;
b) the Optionee is a U.S. Person and accordingly the granting and exercise of this Option may be subject to certain regulatory requirements of the SEC;
c) this Option has not been registered under the 1933 Act nor does the Corporation does not intend to so register it or any of the Common Shares and any Optioned Shares issuable upon exercise of the Option may only be re sold in the absence of such registration in the United States in compliance with Rule 144 and any applicable State Act or outside the United States in compliance with Regulation S promulgated by the SEC or by compliance with other applicable exemptions from the registration requirements of the 1933 Act and any applicable State Act; and
d) a legend may (if so directed by legal counsel for the Corporation) be placed on the certificates evidencing any Optioned Shares issued upon exercise of this Option in the form attaches as schedule "A" or such other form as legal counsel for the Corporation may require, having regard to the requirements of the 1933 Act and any applicable State Act.

the Optioneee covenants and agrees that he:

i. will refrain from selling any Optioned Shares issuable upon exercise of this Option except pursuant to and in full compliance with the requirements of Regulation S unless the Optionee has first delivered to the Corporation a written opinion of legal counsel in form and substance acceptable to the Corporation that such transaction is exempt from the registration requirements of the 1933 Act and any applicable State Act;
ii. will not, upon exercise of this Option, sell any of the Optioned Shares to or purchase any of them for the account of any U.S. Person other than the Optionee;
iii. will, if he sells or intends to sell any Optioned Shares in reliance on Regulation S:
    a. comply fully with the requirements Regulation S;
    b. sell or offer to sell the Optioned Shares only outside of the United States to purchasers who are not a US Person; or

c. through the facilities of the Exchange in a regular brokerage transaction; and

IV. will, with respect to any Optioned Shares sold through the Exchange, deliver to the Corporation a copy of a broker's representation letter, substantially in the form set out in Schedule "B" or such other form as may be required by legal counsel for the Corporation, duly executed by or on behalf of the broker dealer through whom the trade will be effected on the Exchange prior to any such sale.

Acknowledged and Agreed to as of _____, 20____.

OPTIONEE SIGNATURE:

SIGNED, SEALED AND DELIVERED by **«OPTIONEE» «CORPOPTIONEE»** in the presence of:	**«CORPOPTIONEE»**
_____	**_____(s)** **«OPTIONEE»**
Name of Witness	**Signature**
Address of Witness	
_____ Occupation of Witness	

SCHEDULE "A"

Incentive Stock Options
(US Optionee)

«ISSUER»
FORM OF LEGEND

To be placed on Share Certificates

“These securities have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and may not be offered for sale, sold or otherwise transferred, directly or indirectly, in the United States or be delivered to or for the benefit of a U.S. person (as defined in Rule 9.02 of Regulation S under the 1933 Act) unless:

(i) such securities are duly registered under the 1933 Act and sold in accordance with the securities law of any applicable political subdivision of the United States (a "State Act"); or

(ii) an exemption from registration under the 1933 Act is available and the requirements of any applicable State Act are met and the Company has received an opinion of legal counsel reasonably satisfactory to it to the effect such registration is not required and the sale will be in compliance with any applicable State Act; or

(iii) the holder of such securities is not a “distributor” or an "affiliate" of either the Company or a “distributor” (as defined in the 1933 Act and Regulation S thereunder) and such securities are sold through the facilities of the TSX Venture Exchange in one or more brokerage transactions conducted in accordance with the approved procedures of the TSX Venture Exchange and without directed selling efforts or solicitations of purchasers in the United States in compliance with Rule 904 of Regulation S under the 1933 Act.

This legend may be removed upon delivery to the Company and its registrar and transfer agent of this certificate and a declaration in form satisfactory to the Company that the sale of the securities represented hereby is being made in compliance with Rule 904 of Regulation S under the 1933 Act.”

Schedule "B"
[To be completed by Broker/Dealer]
TO: **«ISSUER»**

Dear Sirs:

Re: Proposed Sale of _____ common shares of «ISSUER»by «OPTIONEE» «CORPOPTIONEE»

In connection with the proposed sale of _____ common shares (the "Shares") of **«ISSUER»**by **«OPTIONEE» «CORPOPTIONEE»** (the "Shareholder"), the undersigned hereby confirms that the Shares will be sold only in regular brokerage transactions on the TSX Venture Exchange (the "Exchange") in accordance with the procedures of the Exchange, the rules and regulations of the Exchange regarding the sale and resale of securities issued under transactions of the type under which the Shares were issued and subject to any required holding period in British Columbia.

The undersigned further confirms that in connection with such proposed sale it:

(i) will do no more than execute the order to sell the Shares as agent for the Shareholder in transactions directly with a member of the Exchange and in connection therewith will not receive any more than the usual and customary broker's commission;

(ii) will neither solicit nor arrange for the solicitation of orders from any "U.S. Person" or in the "United States" (each as defined below) to buy such shares in anticipation of or in connection with the transaction;

(iii) will conduct such diligent inquiry as is required in connection with the proposed sale of the Shares including:

(a) The length of time the Shares have been held by the Shareholder for whose account they are to be sold;
(b) The nature of the transaction in which the Shares were acquired by the Shareholder;
(c) Whether the Shareholder intends to sell additional securities of the same class through any other means;
(d) Whether the Shareholder has solicited or made any arrangement for the solicitation of buy orders in connection with the proposed sale of the Shares; and
(e) Whether the Shareholder has made any payment to any other person in connection with the proposed sale of the Shares;

to confirm that the restrictions, rules, regulations and requirements of the Exchange regarding the Shares and the sale thereof have been fulfilled, and that it is not aware of circumstances indicating that the Shareholder is engaged in a transaction which is part of a distribution of such Shares in the United States or to U.S. Persons; and

(iv) will otherwise comply with the provisions of the Exchange with respect to the sale of the Shares.

As used herein, "United States" means the United States of America, its territories and possessions, and any area subject to the jurisdiction of the United States, and "U.S. Person" means any citizen, national or resident of the United States or any corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision

thereof or any estate or trust that is subject to United States federal income taxation regardless of source of income.

DATED at _____ the __ day of _____, 20_.

_____
Name of Broker/Dealer

By:_____

Its:_____

SCHEDULE "D-1"

CHANGE OF AUDITOR

JAMES STAFFORD

James Stafford, Inc.
Chartered Accountants

Suite 350 – 1111 Melville Street
Vancouver, British Columbia
Canada V6E 3V6
Telephone +1 604 669 0711
Facsimile +1 604 669 0754
www.JamesStafford.ca

JBS/ks

PRIVATE AND CONFIDENTIAL

Rosehearty Energy Inc.
(formerly Galahad Metals Inc.)
P.O. Box 915
Kemptville, ON K0G 1J0
Attention: Mr. Robin Dow and Mr. Doug Wallis

1 April 2015

Subject: Rosehearty Energy Inc.

Dear Sirs:

Further to our discussion with Mr. Doug Wallis in Fall 2014, whereby Rosehearty Energy Inc. (the "Company") intended to appoint Smythe Ratcliffe LLP as the new auditors of the Company, we confirm that we will not be forwarding our engagement letter related to the audit of the financial statements of the Company for the year ended 31 December 2014.

We hereby give notice of our resignation as auditors for the Company effective immediately and ask that you forward a draft copy of the Company's regulatory filing related to the change of auditor to our office as soon as it has been prepared.

Should you have any questions in regard to these matters we ask that you not hesitate to contact the undersigned at +1 604 669 0711.

Yours truly,
"James Stafford"

Chartered Accountants

SCHEDULE "D-2"

NOTICE OF CHANGE OF AUDITOR

ROSEHEARTY ENERGY INC.
(formerly Galahad Metals Inc.)
P.O. Box 915
Kemptville, ON K0G 1J0

NOTICE OF CHANGE OF AUDITOR
NATIONAL INSTRUMENT 51-102

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority (Saskatchewan)
Ontario Securities Commission
Autorité des marchés financiers (Québec)
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission

AND: James Stafford Chartered Accountants

The Auditors of Rosehearty Energy Inc. (formerly Galahad Metals Inc., the "Company") have been the firm of James Stafford Chartered Accountants. James Stafford Chartered Accountants, the former auditors of the Company resigned as the auditors of the Company on their own initiative and did so effective 1 April 2015.

The resignation of James Stafford Chartered Accountants has been approved by the Audit Committee of the Company and, subsequently, by its Board of Directors.

There have been no reservations contained in the former auditors' reports on any of the financial statements of the Company commencing at the beginning of the two most recently completed fiscal years and ending on 31 December 2013, and there have been no reportable events.

DATED 14 May 2015 at Kemptville, ON.

BY ORDER OF THE BOARD
"Robin Dow"
Robin Dow, President and CEO

SCHEDULE "D-3"

LETTER FROM SUCCESSOR AUDITOR

BUCKLEY DODDS LLP
Chartered Professional Accountants

Suite 1140 - 1185 West Georgia Street
Vancouver, B.C. Canada V6E 4E6
Telephone: (604) 688-7227
Fax: (604) 681-7716

November 1, 2018

British Columbia Securities Commission
701 West Georgia Street,
PO Box 10142, Pacific Centre,
Vancouver, British Columbia, V7Y 1L2

Alberta Securities Commission
Suite 600 – 250 – 5th Street, SW,
Calgary, Alberta, T2P 0R4

Ontario Securities Commission
20 Queen Street West, 22nd. Floor,
Toronto, Ontario, M5H 3S4

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick, Canada
E2L 2J2

Nova Scotia Securities Commission
Suite 400, Duke Tower
5251 Duke Street
Halifax, Nova Scotia, Canada
B3J 1P3

Autorité des marchés financiers
Place de la Cité, Tour Cominar
2640, boulevard Laurier, bureau 400, 4e étage
Sainte-Foy, Québec, Canada
G1V 5C1

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan, Canada
S4P 4H2

Dear Sirs and Mesdames:

RE: ROSEHEARTY ENERGY INC. (the "Company")

Please be advised that, in connection with National Instrument 51-102, we hereby notify you that we have reviewed the Company's Notice of Change of Auditor dated October 31, 2018 and, based on our knowledge at this time, are in agreement with the statements contained in this Notice.

We understand that the Notice of Change of Auditor, this letter, and a letter from the former auditor will be disclosed in the Information Circular to be mailed to all shareholders of the Company for the Company's next Annual General Meeting at which action is to be taken concerning the appointment of auditors.

Yours truly,

Buckley Dodds LLP

Buckley Dodds LLP

SCHEDULE “E”

AUDIT COMMITTEE’S CHARTER

ROSEHEARTY ENERGY INC.
(the “Company”)

(Implemented pursuant to National Instrument 52-110 (the “Instrument”))

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Company. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART I

Purpose

The purpose of the Committee is to manage and maintain the effectiveness of the financial aspects of the governance structure of the Company.

1.1 Definitions

In this Charter,

"**accounting principles**" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“**Affiliate**” means a company that is a subsidiary of another company or companies that are controlled by the same entity;

"**audit services**" means the professional services rendered by the Company's external auditor for the audit and review of the Company's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“**Board**” means the board of directors of the Company;

“**Charter**” means this audit committee charter;

“**Company**” means **ROSEHEARTY ENERGY INC.**

"**Committee**" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;

“**Control Person**” means any person that holds or is one of a combination persons that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20% of the outstanding voting shares of the Company, except where there is evidence showing that the holder of those securities does not materially affect control of the Company;

"**executive officer**" means an individual who is:

(i) the chair of the Company;

(ii) the vice-chair of the Company;

(iii) the President of the Company;
(iv) the vice-president in charge of a principal business unit, division or function including sales, finance or production;
(v) an officer of the Company or any of its subsidiary entities who performs a policy-making function in respect of the Company; or
(vi) any other individual who performs a policy-making function in respect of the Company;

"**financially literate**" has the meaning set forth in Section 1.3;

"**immediate family membe**r" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"**independent**" has the meaning set forth in Section 1.2;

"**Instrument**" means National Instrument 52-110;

"**MD&A**" has the meaning ascribed to it in National Instrument 51-102;

"**Member**" means a member of the Committee;

"**National Instrument 51-10**2" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"**non-audit services**" means services other than audit services;

1.2 Meaning of Independence

A Member is independent if the Member has no direct or indirect material relationship with the Company.

For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgement.

Despite subsection 2 and without limitation, the following individuals are considered to have a material relationship with the Company:

(i) a Control Person of the Company;
(ii) an Affiliate of the Company; and
(iii) an employee of the Company.

1.3 Meaning of Financial Literacy

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

PART 2

2.1 Audit Committee

The Board has hereby established the Committee for, among other purposes, compliance with the

requirements of the Instrument.

2.2 Relationship with External Auditors

The Company will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

(i) The Committee shall be responsible for making the following recommendations to the Board:

(a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(b) the compensation of the external auditor.

(ii) The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

(a) reviewing the audit plan with management and the external auditor;

(b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;

(c) reviewing audit progress, findings, recommendations, responses and follow up actions;

(d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtain an explanation from management of all significant variances between comparative reporting periods;

(f) reviewing the evaluation of internal controls by the external auditor, together with management's response;

(g) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable; and

(h) annual approval of audit mandate.

(iii) The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the issuer's external auditor.

(iv) The Committee shall review the Company’s financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

(v) The Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.

(vi) When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.

(vii) The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Policy 31, on a routine basis, whether or not there is to be a change of auditor.

(viii) The Committee shall, as applicable, establish procedures for:

(a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

(ix) As applicable, the Committee shall establish, periodically review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

(x) The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

(i) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;

(ii) the Company or the subsidiary of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(iii) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

(i) The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

(ii) The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting

following such pre-approval.

PART 3

3.1 Composition

(i) The Committee shall be composed of a minimum of three Members.

(ii) Every Member shall be a director of the issuer.

(iii) The majority of Members shall be independent.

(iv) Every audit committee member shall be financially literate.

PART 4

4.1 Authority

Until the replacement of this Charter, the Committee shall have the authority to:

(i) to engage independent counsel and other advisors as it determines necessary to carry out its duties,

(ii) to set and pay the compensation for any advisors employed by the Committee,

(iii) to communicate directly with the internal and external auditors; and

(iv) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular

If management of the Company solicits proxies from the security holders of the Company for the purpose of electing directors to the Board, the Company shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers)*.

PART 6

6.1 Meetings

(i) The Committee shall meet at such times during each year as it deems appropriate.

(ii) Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.

(iii) Minutes shall be kept of all meetings of the Committee.