



UMBRAL ENERGY CORP.

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UMBRAL ENERGY CORP.

FORM 2A - LISTING STATEMENT

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FORM 2A – LISTING STATEMENT

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2. Corporate Structure

2.1 Corporate Name

UMBRAL ENERGY CORP.
929 Mainland Street
Vancouver, BC, V6C 2B3

2.2 Incorporation

The Company was incorporated on October 25, 2007 under the *Business Corporations Act* (British Columbia) under the name “Trijet Mining Corp.” and is a reporting issuer in British Columbia, Alberta and Ontario. Effective March 8, 2013, the Company’s name was changed to “Umbral Energy Corp.” and consolidated its share capital on a two-old-for-one-new basis.

2.3 Intercorporate Relationships

The Company does not have any subsidiaries.

2.4 Requalification

The Company is not requalifying following a fundamental change and is not proposing an acquisition, amalgamation, merger, reorganization or arrangement.

2.5 Incorporation outside Canada

The Company is not incorporated outside of Canada.

3. General Development of the Business

3.1 General Business

From inception, the Company was primarily an exploration stage company engaged in the acquisition, exploration and, if warranted, development of mineral resource properties of merit and an oil and gas interest in Canada. The Company will begin its plans to diversify the Company with its entry into the medical marijuana business sector by raising venture capital and investing in early stage medical marijuana related businesses throughout Canada and the United States.

The Company has entered into an exclusivity and standstill agreement effective June 18, 2014 with 1005477 BC LTD (“1005477”). 1005477 has the rights to acquire 50% of the common shares of a certain BC Corporation (the “Target”) which is developing a physical location and appurtenant facilities for the production of medical marijuana. The target does not currently have a licence to produce marijuana. While there is no definitive agreement at this time, the company has entered into a standstill and exclusivity period in order to conduct due diligence and review the business plan of the target. The term of the Agreement is currently open, the Company would expect a definitive agreement to be entered into, within the 1st Quarter of 2015.

While the Company is conducting diligence and having exclusive discussions and negotiations with respect to the target, no agreement in principle or otherwise has been entered into with any party and there is no assurance that the Company will acquire any assets, directly or indirectly.

Medical marihuana has been legally available to Canadians upon the advice of a physician since 2001. Previously, medical marijuana was only available to individuals by applying for access to Health Canada's supplies, obtaining a personal-use production license, or designating a third party to cultivate marihuana on their behalf under license. With the introduction of the *Marihuana for Medical Purposes Regulations (MMPR)*, the Government of Canada has enabled the establishment of commercial marihuana production and sale by licensed producers.

Significant Transactions prior to fiscal year ended October 31, 2013:

The Company was incorporated on October 25, 2007 in British Columbia under the Business Corporations Act and commenced operations on November 1, 2007. The Issuer is a listed company and began trading on the TSX Venture Exchange January 6, 2010.

Pursuant to an option agreement dated November 6, 2007, and amended October 20, 2008, July 6, 2009, September 23, 2009, and October 22, 2009, the Company was granted an option to acquire an undivided 100% interest in 30 contiguous mineral claims situated in the Mount Laurier Area of Quebec known as the Ivry DesGrosbois Property. The Company staked an additional 20 mineral claims which were added to the Property.

As consideration for the property, the Company made the following payments and issued the following shares:

	<u>PAYMENTS</u>	<u>COMMON SHARES</u>
On signing of option agreement		
August 30, 2008	\$ 25,000	1,000,000
On or before November 6, 2008	35,000	1,000,000
On or before November 6, 2009	<u>35,000</u>	<u>1,000,000</u>
	<u>\$ 95,000</u>	<u>3,000,000</u>

The property was subject to a net smelter return royalty of 2.5%. The Company had an option to purchase 1% of the 2.5% net smelter return royalty for \$1,000,000 and an additional 0.5% of the 2.5% net smelter return royalty for an additional \$750,000, for a period of five years commencing from the date the property enters into commercial production. During the year ended October 31, 2011, the Company allowed 46 claims to lapse leaving 4 claims in good standing. The Company wrote down the property in the amount of \$558,876 as at October 31, 2012 due to an inability to proceed with the current land owners.

During the year ended October 31, 2008, 1,747,941 common shares were issued to directors at \$0.01 per share for gross proceeds of \$17,479. The fair value of the 1,747,941 shares was determined to be \$174,793. The Company recorded stock-based compensation of \$157,314 and a corresponding increase in share capital. The Company also issued 2,585,000 common shares to shareholders at \$0.05 per share for gross proceeds of \$129,250. The fair value of the 2,585,000 shares was determined to be \$258,500. The Company recorded stock-based compensation of \$129,250 and a corresponding increase in share capital. Pursuant to an escrow agreement dated October 31, 2008, 5,167,941 of the common shares issued and outstanding were held in escrow with 10% to be released on the date the Company's shares are listed on TSX Venture Exchange, and 15% to be release every six months thereafter.

On January 5, 2010, the Company announced the completion of its Initial Public Offering where 2,715,000 common shares and 2,000,000 Flow-Through shares issued at \$0.15 per share for

gross proceeds of \$707,250. Financing costs of \$120,158 and the fair value of Agents' warrants (471,500 agent's warrants exercisable at \$0.15 until January 6, 2013 at a deemed value of \$50,743) were deducted from the total amount raised.

Pursuant to an option agreement dated April 20, 2010, the Company was granted an option to acquire an undivided 75% interest in the Letourneur Gold Property by making cash payments in the amount of \$35,000 (paid) to the vendor and by spending \$250,000 (incurred) on the property over two years. The original agreement consisted of 18 contiguous mineral claims covering approximately 658.23 hectares located in the Abitibi greenstone belt in northwestern Quebec. The Option also provides a "carry along" provision, wherein the Optionor is bound by the same terms and conditions as the Company, should the Company decide to sell, transfer or assign its earned interest in the property once the Company has earned its 75% interest. A total of 63 additional claims or approximately 2,546.49 hectares contiguous to the Property were staked during the years ended October 31, 2010 and 2011 and are subject to the terms of the Option Agreement. On September 8, 2011, the Company acquired the remaining 25% interest in the Letourneur gold project in consideration for granting the vendor a net smelter royalty ("NSR") of 2%. The Company may repurchase up to half (1%) of the NSR for \$1,000,000. The Company, having fulfilled the above criteria, holds a 100% earned interest in the Letourneur Property.

During the year ended October 31, 2011, the Company acquired by staking a rare earth element (REE) property located 200 kilometres east-northeast of the town of Schefferville, Que. The property consisted of 119 mineral claims covering 5,819 hectares (14,380 acres) located within the Mistastin Batholith zone. During the year ended October 31, 2013, the Company was unable to raise financing required to properly explore the property and wrote off its interest in the property in the amount of \$13,012.

During the year ended October 31, 2011, the Company closed private placements of 5,395,000 common shares as non-brokered flow-through and non-flow through financings for gross proceeds of \$845,300. The terms of the private placements are as follows:

- i) Flow-Through Shares: 3,000,000 flow-through units at \$0.17 for proceeds of \$510,000 including a \$0.03 per unit premium. Each unit consists of one flow-through common share and one half share purchase warrant, each full warrant enabling the purchaser to purchase one additional share at \$0.35 within one year of closing and \$0.40 within 2 years of closing of the private placement. A finder's fee of \$50,810 has been paid on the flow-through placement. The flow-through shares were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The flow through premium was calculated to be \$90,000 of which \$75,200 was recognized as other income in the year ended October 31, 2011 based on exploration expenditures incurred and the remaining liability a October 31, 2011 of \$14,800 was recognized as other income in the current year.
- ii) Non Flow-Through Shares: 2,395,000 units at \$0.14 per unit for proceeds of \$335,300, each unit consists of one common share and one half share purchase warrant, each full warrant enabling the purchaser to purchase one additional common share at \$0.20 within one year of closing and \$0.25 within 2 years of closing of the private placement. A finder's fee of \$22,496 has been paid on the non flow-through private placement.

On November 15, 2011, the Company entered into an option agreement to acquire mineral claims covering 3,028 hectares (7,479.16 acres) situated approximately 125 km. north by northeast of Sept Îles, Quebec., known as the Alphonse Property. To earn its 100% interest, the Company:

- a) issued 600,000 common shares as follows: 200,000 within 10 days of TSX Venture Exchange

approval of the agreement (issued); 200,000 upon the first anniversary of the effective date of the Agreement; 200,000 upon the second anniversary of the effective date of the agreement; and

- b) expend \$300,000 on the property on or before the third anniversary of the effective date of the Agreement.

The Company was unable to raise financing required to explore the property and wrote off its property in the amount of \$78,048 during the year ended October 31, 2012.

During the year ended October 31, 2012, the Company completed a non-brokered private placement for a total of 4,380,000 units. Each unit consists of one common share and one non-transferable half common share purchase warrant enabling the placee to purchase one additional share at \$0.15 per share for two years for each two half warrants. The Company raised gross proceeds of \$328,500 by issuing 3,285,000 flow-through units at the price of \$0.075 and 1,095,000 non-flow-through units at the price of \$0.075 each as follows:

- a) Tranche One: The first tranche of the private placement closed on December 20th, 2011 wherein the Company issued 615,000 flow-through units for proceeds of \$46,125 and 205,000 non-flow-through units for proceeds of \$15,375. A finder's fee of \$6,150 was paid. Additionally the Company issued 82,000 broker's warrants at an exercise price of \$0.075 per warrant for a period of 2 years from closing for a fair value of \$2,170.
- b) Tranche Two: The second tranche of the private placement closed on December 28th, 2011 wherein the Company issued 2,670,000 flow-through units for proceeds of \$200,250 and 890,000 non-flow-through units for proceeds of \$66,750. A finder's fee of \$26,700 was paid. Additionally the Company issued 356,000 Broker's Warrants at an exercise price of \$0.075 per warrant for a period of 2 years from closing for a fair value of \$9,430.

On May 17, 2013, the current Board of Directors was elected and the new management team set about revitalizing the Company. The Company's management team and the Board of Directors have many years of public company experience and technical expertise relevant to the Company's business and industry. The new management began to search for a resource property of merit in North America.

February 26, 2013, the Company entered into a farmout agreement with Aroway Energy Inc. ("Aroway") to earn a 25% interest in an exploration test well located in Southern Alberta. Pursuant to the terms of the agreement, Umbral will pay 37.5% of all costs and expenses associated with the test well to earn 25% of all revenue. Further participation in the area of interest will be on the basis of 37.5% to earn 37.5%.

Subsequent to October 31, 2013, the Company completed a non-brokered private placement of a total of 4,925,000 units for gross proceeds of \$246,250. Each unit consists of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one additional share at \$0.06 per share for five years. A cash finder's fee of \$14,375 was paid. The Company also issued 287,500 brokers' warrants exercisable at \$0.06 per warrant for a period of five years from closing. The brokers' warrants were valued at \$6,533, using a Black Scholes option pricing model using the following assumptions: weighted average risk free interest rate of 1.57%, volatility factor of 120%, and an expected life of 5 years.

The Company issued 530,000 common shares for the exercise of 530,000 stock options at \$0.05 share for total proceeds of \$26,500 and a transfer from contributed surplus to share capital of \$14,998.

3.2 Significant Acquisitions and Dispositions

The Company has not completed any significant acquisitions or dispositions, other than discussed above.

3.3 Trends, Commitments, Events or Uncertainties

The Company is a resource exploration enterprise with plans to diversify into the medical marijuana business sector; consequently, there is no production, sales or inventory. There are no current trends in the Company's business that are likely to impact on the Company's performance. Refer to discussions set out in 4. *Narrative Description of the Business*, 6. *Management's Discussion and Analysis* and 17. *Risk Factors*.

4. Narrative Description of the Business

4.1 General

(1) Business of the Issuer

(a) Business Objectives

The principal business carried on and intended to be carried on by the Company is the acquisition, exploration and, if warranted, development of natural resource properties of merit located in Canada. The Company also has plans to diversify into the medical marijuana business sector. The Company's operations and assets are in Canada.

The management team's goal is to make the Company a successful junior resource exploration and development company as well as diversify its business into the medical marijuana sector.

Over the next 12-month period, the Company:

- (i) intends to keep its Letourneur Gold Property in good standing and is currently looking for either a sale or possible joint venture of the mineral claims.
- (ii) will diversify its current business to include entry into the medical marijuana business sector by raising venture capital and investing in early stage marijuana related businesses throughout Canada and the US.
- (iii) will undertake to identify and research medical marijuana related companies seeking funding or investment to advance their business model.

(b) Significant Events or Milestones

See 3.1 above.

(c) Total Funds Available

At the fiscal year ended October 31, 2013, the Company had working capital deficiency amounting to \$220,925 and available cash of \$3,900. The Company has historically relied upon equity financings and loans from directors to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities.

The Company had the following working capital and deficit positions at October 31, 2013 and April 30, 2014.

	October 31, 2013	April 30, 2014
Working Capital Deficiency	\$ 220,925	\$ 147,390
Deficit	\$ 2,350,047	\$ 2,552,342

On August 15, 2014 the company received \$300,280 in connection with the exercise of 3,100,000 warrants and 1,950,500 options. The Working Capital Position as of September 23rd, 2014 is approximately \$210,000.

The Company's ability to continue operations is dependent upon successfully raising the necessary financing to complete future exploration and development, and achieving future profitable production or selling its mineral properties for proceeds in excess of carrying amounts. These pursuits may be delayed given the current challenges faced by exploration stage companies seeking to raise exploration funds through the issuance of shares.

(d) Purpose of Funds

This is not applicable to the Issuer.

(e) Principal Products or Services

This is not applicable to the Issuer.

(f) Production and Sales

This is not applicable to the Issuer.

(g) Competitive Conditions and Position

See 17. *Risk Factors - Competition.*

(h) Lending and Investment Policies and Restrictions

This is not applicable to the Issuer.

(2) Bankruptcy and Receivership

The Issuer has not been the subject of any bankruptcy or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

(3) Material Restructuring

The Company was incorporated on October 25, 2007 under the *Business Corporations Act* of British Columbia. The Company's common shares commenced trading under the new name on the TSX Venture Exchange ("TSXV") on January 5, 2010. Effective March 8, 2013, the Company changed its name from Trijet Mining Corp. to Umbral Energy Corp. to reflect its focus on energy projects in addition to mineral projects. On this same date, a consolidation of the Company's common shares on a two-old-for-one-new basis was effected.

4.2 Asset Backed Securities

The Company does not have asset backed securities.

4.3 Companies with Mineral Projects

Letourneur Gold Property, Quebec

See 6. *Management's Discussion and Analysis*, Exploration and Evaluation Asset, Letourneur Gold Property, for the information required under this section. The Company has a NI 43-101 report for the Letourneur Gold Property dated November 10, 2010.

4.4 Companies with Oil and Gas Operations

Little Bow Oil and Gas Interest, Alberta

See 6. *Management's Discussion and Analysis*, Oil and Gas Interest for the information required under this section.

5. Selected Financial Information

5.1 Annual Information

The following table summarizes financial information of the Company for the last three completed financial years ended October 31, 2013, 2012 and 2011 and the subsequent second quarter ended April 30, 2014. This summary financial information should only be read in conjunction with the Company's audited and interim financial statements, including the notes thereto, included elsewhere in this document.

SELECTED ANNUAL INFORMATION

	For the 2 nd Quarter Ended	For the Year Ended October 31,		
Operating Data:	April 30, 2014	2013	2012	2011
Total revenues	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Total G&A expenses	202,295	419,473	139,731	249,698
Net loss for the period	202,295	478,389	2,213,258	446,546

Basic and diluted loss per share ⁽¹⁾⁽²⁾	(0.01)	(0.02)	(0.07)	(0.01)
Dividends	Nil	Nil	Nil	Nil
Balance Sheet Data:				
Total assets	1,254,194	1,172,603	892,661	1,465,529
Total long-term liabilities	Nil	Nil	Nil	Nil

- (1) Basic and diluted loss per share has been calculated using the weighted average number of shares outstanding.
- (2) Effective March 8, 2013, the common shares of the Company consolidated its share capital on a two-old-for-one-new basis and changed its name to Umbral Energy Corp. All references to common shares, share purchase warrants and stock options are have been adjusted to reflect the share consolidation unless otherwise noted.

SELECTED QUARTERLY INFORMATION (UNAUDITED)

5.2 Quarterly Information

The summary of quarterly results for each of the eight most recently completed quarters ending at the end of the most recently completed financial year has been prepared in accordance with IFRS:

Summary of quarterly results	Q4 2013 \$	Q3 2013 \$	Q2 2013 \$	Q1 2013 \$	Q4 2012 \$	Q3 2012 \$	Q2 2012 \$	Q1 2012 \$
Total assets	1,172,603	1,218,354	1,235,544	1,172,603	892,661	1,542,809	1,570,197	1,614,208
Resource properties and deferred costs	844,636	844,636	857,648	857,648	857,648	1,490,118	1,489,587	1,418,426
Oil and gas property	312,709	312,709	312,709	-	-	-	-	-
Working capital	(220,925)	(160,133)	(173,254)	(192,879)	(156,910)	(83,318)	(67,450)	46,711
Shareholders' equity	(2,350,047)	(2,267,001)	(2,140,613)	(1,944,128)	(1,906,948)	(895,488)	(875,729)	(840,474)
Revenues	Nil							
Net loss and comprehensive loss	(83,046)	(126,388)	(196,485)	(37,180)	(770,719)	(19,759)	(35,255)	(28,122)
Loss per share	(0.00)	(0.01)	(0.01)	(0.00)	(0.07)	(0.00)	(0.00)	(0.00)

(1) Loss per share on a diluted basis is not disclosed as it is anti-dilutive due to losses incurred.

During the third quarter of 2013, the Company granted 1,500,000 stock options to directors, officers and consultants of the Company and wrote off its interest in its Misery Lake REE claims.

During the second quarter of 2013, the Company effected a name change and share consolidation, completed a non-brokered private placement financing and reviewed a number of different projects for acquisition which resulted in the entry of the 25% interest in the farmout agreement on the Little Bow oil and gas exploration test well.

During the fourth quarter of 2012, the Company recognized a \$636,924 charge for the impairment of certain exploration and evaluation assets.

The expenses incurred by the Company are those typical of junior exploration companies that have not established mineral reserves. In some quarters more expenses are incurred than in others as a result of non-recurring activities or events.

5.3 Dividends

Subject to the Securities Act (British Columbia) (the “Act”), the directors may in their discretion from time to time declare and pay dividends wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or a combination of these.

The Company paid no dividends since its inception on October 25, 2007. The Company intends to retain any earnings to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

5.4 Foreign GAAP

The Company is not presenting financial information on the basis of foreign GAAP.

6. Management's Discussion and Analysis

6.1, 6.14 & 6.17 Annual MD&A for the Financial Year Ended October 31, 2013

This management discussion and analysis (“MD&A”), excerpted from the annual MD&A for the financial year ended October 31, 2013, includes a review of activities, results of operations, financial condition and outlook for Umbral Energy Corp. (the “Company” or “Umbral”) for the year ended October 31, 2013, with comparisons to the year ended October 31, 2012. This MD&A is presented as of January 24, 2014 and should be read in conjunction with the Company’s audited annual financial statements for the years ended October 31, 2013 and 2012 and the related notes thereto. The Company’s audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts are in Canadian dollars unless otherwise stated. Additional information on the Company is available on SEDAR at www.sedar.com and on the Company’s website at www.umbralenergy.com.

Forward-looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Current Market Conditions

As a result of the global economic crisis, there was a serious shortage of available capital and significant exploration risk to the resource industry.

General

The Company, a British Columbia company, is a reporting issuer in British Columbia, listed (since January 5, 2010) on the TSX Venture Exchange under the trading symbol “UMB”.

Since inception, Umbral operated in one business segment consisting of the acquisition, exploration for and development of mineral resource properties in Canada. Effective March 11, 2013, the Company entered into the business segment of oil and gas exploration located in Southern Alberta.

Beginning, August 2014, the Company will begin its plans to diversify with its entry into the medicinal marijuana business sector by raising venture capital and investing in early stage marijuana related businesses throughout Canada and the United States.

Subsequent to October 31, 2013, the Company:

- a) completed a non-brokered private placement of a total of 4,925,000 units for gross proceeds of \$246,250. Each unit consists of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one additional share at \$0.06 per share for five years. A cash finder's fee of \$14,375 was paid. The Company also issued 287,500 brokers' warrants exercisable at \$0.06 per warrant for a period of five years from closing. The brokers' warrants were valued at \$6,533, using a Black Scholes option pricing model using the following assumptions: weighted average risk free interest rate of 1.57%, volatility factor of 120% and an expected life of 5 years.
- b) granted 1,150,000 incentive stock options to directors, officers and technical consultants under the Company's Stock Option Plan. 1,050,000 options are exercisable at \$0.05 per share and will expire January 10, 2019 and 100,000 options are exercisable at \$0.05 per share and will expire January 14, 2019.
- c) granted 350,000 incentive stock options exercisable at \$0.05 per share which will expire April 15, 2019 to directors under the Company's Stock Option Plan.
- d) announced that Fraser Campbell has been appointed a director of the company, effective April 15, 2014. Mr. Campbell is a partner and director of First Growth Management (FGM), a private equity company which invests both capital and varied management resources in small to mid-sized businesses with attractive growth potential. Mr. Campbell is chairman of the board for Pacific Safety Products and chairman of the board of the Kelowna Community Food Bank. Mr. Campbell has held a number of executive positions in FGM investee companies including as president of Modu-Loc Fence Rentals Ltd., IFCO Systems Canada and PalEx Canada.
- e) issued 400,000 common shares for the exercise of 400,000 options at \$0.05 for total proceeds of \$20,000 and a transfer from contributed surplus to share capital of \$11,440. There are a total of 2,470,000 options exercisable at \$0.05 per share outstanding which will expire in 2018 and 2019.

EXPLORATION AND EVALUATION ASSET

Letourneur Gold Property

Pursuant to an option agreement dated April 20, 2010, the Company was granted an option to acquire an

undivided 75% interest in the Letourneur gold property by making cash payments in the amount of \$35,000 (paid) to the vendor and by spending \$250,000 (incurred) on the property over two years. The Company had the right of first refusal to meet any offer on the remaining 25% interest. The original agreement consisted of mineral claims covering approximately 658 hectares located in the Abitibi greenstone belt in northwestern Quebec.

The Option also provides a “carry along” provision, wherein the Optionor is bound by the same terms and conditions as the Company, should the Company decide to sell, transfer or assign its earned interest in the property once the Company has earned its 75% interest. There was no Net Smelter Royalty in the original Option Agreement. Additional claims or approximately 2,546.49 hectares contiguous to the Property were staked during the years ended October 31, 2010 and 2011 and are subject to the terms of the Option Agreement. On September 8, 2011, the Company acquired the remaining 25% interest in the Letourneur gold project in consideration for granting the vendor a net smelter royalty (“NSR”) of 2%. The Company may repurchase up to half (1%) of the NSR for \$1,000,000. During the year ended October 31, 2013, the Company allowed certain claims to lapse leaving mineral claims covering approximately 2,633.12 hectares.

Geology

The Letourneur gold property is located 48 kilometers north east of Rouyn-Noranda and is readily accessible by paved and gravel roads. The Letourneur showing consists of a network of gold mineralized quartz veins for which grab and channel samples, collected from 1997 to 2002, returned values of 1.3 to 39.0 g/t Au. (Note: grab and soil samples are selective by nature and are unlikely to be representative of actual grades on the property. These historical results are not NI 43-101 compliant and should not be relied upon.)

The quartz veins are emplaced in sequence of meta-andesite, felsic lapilli tuff and gabbroic sill commonly showing carbonate alteration. The NW-SE oriented Macamic fault runs through the northern end of the property. The structure is also known to host several gold prospects with gold values between 5.1g/t and 96 g/t. An electromagnetic and magnetic survey carried out by the MRNFQ/GSC revealed a slight positive magnetic residual anomaly associated with the Letourneur showing whilst several significant EM anomalies were highlighted at the southern end of the property. In November 2010, the Issuer’s geologist, Michel Boily, Ph D, P. Geo. and a “Qualified Person” authored a NI 43-101 compliant on the Letourneur gold property.

New areas of the property were staked in October 2010 which brought the total land package of the Letourneur Gold Project to 81 claim blocks (polygons). The property was extended to the north to cover an east-west trending regional structure known as the Macamic Fault (this structure is known to host several gold showings and prospects with possible reserves located north-east of the property) as well as to the west to cover gold mineralization known as the Laferte prospect. The Laferte gold prospect was discovered in 1992, it is a mineralized body located approximately 2.5 kilometers northwest of the Letourneur gold target area.

In late January 2011, the Issuer contracted Foramex Drilling to drill up to 4000 meters on the Letourneur Gold Property. Foramex commenced drilling in March, 2011, which was completed in May, 2011. On July 8, 2011 the Issuer reported the completion of the second phase of drilling on the Letourneur gold property. Weather conditions in the Abitibi area were not ideal in April and May and consequently the drill campaign consisted of only 2600 meters of core distributed in 11 diamond drill holes.

2014 Exploration Plan

The Issuer anticipates to finish the 2011 drill campaign by the fall of 2014 by focusing on the area around holes 03, 10 and 11 from the 2010 campaign where the Issuer encountered 16 meters of 1.33 g/t Au (Hole #3) and 1.9 meters of 16.8 g/t Au (including .70 meters of 45.6 g/t Au in Hole #10) subject to closing an acceptable financing. The Issuer is also looking for either a sale or possible joint venture of the Letourneur Gold Project.

OIL AND GAS INTEREST

On February 26, 2013, the Issuer entered into a farmout agreement with Aroway Energy Inc. (“Aroway”) to earn a 25% interest in an exploration test well located in Southern Alberta. Pursuant to the terms of the agreement, Umbral will pay 37.5% of all costs and expenses associated with the test well to earn 25% of all revenue.

Prospect Summary:

- Drill one glauconitic test (1500 m)
- Step-out location to Little Bow Upper Mannville pool
- Step-out pool in process of tertiary recovery
- Bakken and Arc pool potential
- 1600 acres of land (2.5 sections)

On March 13, 2013, Aroway announced it had drilled and cased an exploration test well on its 100% owned and operated property in the Little Bow region of southern Alberta. The 1500 meter light oil exploration test well, targeted and encountered prospective deep horizons as well as a shallower upper Manville target. Aroway will commence production testing when ground and local municipal conditions permit.

Medical Marijuana

The Issuer is conducting due diligence and review of the Medical Marijuana business opportunity. The opportunity is going to be as an investment and the Issuer will not be the operator. While the Issuer is conducting diligence and having exclusive discussions and negotiations with respect to the non-resource project, no agreement in principle or otherwise has been entered into with any party and there is no assurance that the Issuer will acquire any agricultural assets, directly or indirectly.

Medical marijuana has been legally available to Canadians upon the advice of a physician since 2001. Previously, medical marijuana was only available to individuals by applying for access to Health Canada’s supplies, obtaining a personal-use production license, or designating a third party to cultivate marihuana on their behalf under license. With the introduction of the *Marijuana for Medical Purposes Regulations (MMPR)*, the Government of Canada has enabled the establishment of commercial marijuana production and sale by licensed producers.

RESULTS OF OPERATIONS

During the year ended October 31, 2013, the Company reported a loss and comprehensive loss of \$443,099 or \$0.02 per share, as compared to a loss and comprehensive loss of \$853,855 or \$0.07 per share for the year ended October 31, 2012. General and administrative expenses increased by \$279,742 from \$139,731 in 2012 to \$419,473 in the current year. This increase was mainly attributable to:

- a) Consulting fees increased from \$6,400 for the year ended October 31, 2012 to \$74,747 for the year ended October 31, 2013. The increase in consulting fees of \$68,347 was due to the requirement of

professional consultants to assist the Company in exploring its options to raise financing for the further exploration and acquisition of resource properties.

- b) Management fees increased from \$60,000 for the year ended October 31, 2012 to \$115,490 for the year ended October 31, 2013. This increase of \$55,490 was due to fees charged for the consolidation of the Company's share capital, completion of two tranches of the non-brokered private placement financing and the acquisition of the oil and gas interest during the year.
- (a) Professional fees increased from \$34,823 for year ended October 31, 2012 to \$65,257 for the year ended October 31, 2013, an increase of \$30,434. This increase was due to the work required Company's legal counsel to effect the name change and share consolidation which included an annual and extraordinary shareholders' meeting and the review of the farmout agreement the Company entered into with respect to its interest in the Little Bow Project, Alberta.
- (b) Shareholder communications increased from \$nil for the year ended October 31, 2012 to \$49,800 for the year ended October 31, 2013. This increase in fees was due to the Company hiring a marketing firm to provide public relation services whereby current and prospective shareholders were informed of the Company's new corporate objectives.
- (c) Stock-based compensation expense increased from \$nil for the year ended October 31, 2012 to \$60,413 for the year ended October 31, 2013. This is a non-cash expense which was attributable to the number of options granted and vested during the year and the assumptions used for the Black-Scholes option pricing model.
- (d) Loss on debt settlement increased from \$nil for the year ended October 31, 2012 to \$11,423 for the year ended October 31, 2013. This increase is attributable to the settlement of a loan and interest for the receipt of \$7,000 cash received subsequent to October 31, 2013.
- (e) Impairment of exploration and evaluation assets decreased from \$636,924 for the year ended October 31, 2012 to \$13,012 for the year ended October 31, 2013. This decrease is attributable to the write-off the Ivry and Alphonse minerals claims in 2012 and the Misery Lake claims in 2013 as the Company was unable to raise enough financing to properly explore the property.

Overall, the Company's operating expenses increased significantly as compared to the prior period due to the increased activity during the year ended October 31, 2013 which included the share consolidation and name change, two tranches of the non-brokered private placement financing and the acquisition of an oil and gas interest. There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be ally less than the amounts recorded in the financial statements.

FOURTH QUARTER RESULTS

During the three month period ended October 31, 2013, the Company reported a loss and comprehensive loss of \$83,046 or \$0.00 per share, as compared to a loss and comprehensive loss of \$770,719 or \$0.07 per share for the three month period ended October 31, 2013. General and administrative expenses increased from \$41,386 for the three month period ended October 31, 2012 to \$71,623 for the three month period ended October 31, 2013, an increase of \$30,237. This decrease was mainly attributable to:

- a) Consulting fees increased from \$Nil for the three month period ended October 31, 2012 to \$6,502 for the three month period ended October 31, 2013. Consulting fee expenditures during the fourth quarter of 2013 were higher due to the requirement of professional consultants to assist in the review

and analysis of different exploration and evaluation projects under consideration for acquisition by the Company which resulted in the acquisition of the Little Bow oil and gas interest located in southern Alberta.

- b) Management fees increased from \$22,149 for the three month period ended October 31, 2012 to \$27,993 for the three month period ended October 31, 2013. Management fee expenditures for the fourth quarter of 2013 were higher due to the consolidation of the Company's share capital, completion of the first of two tranches of the non-brokered private placement financing and the acquisition of the oil and gas interest during the year.
- c) Impairment of exploration and evaluation assets decreased from \$636,924 for the three month period ended October 31, 2012 to \$13,012 for the three month period ended October 31, 2013. This decrease was attributable to the impairment of its Ivry and Alphonse exploration and evaluation assets recognized during the fourth quarter of 2012. This was a non-cash transaction.
- d) Provision for flow-through liability decreased from \$90,000 for the three month period ended October 31, 2012 to \$Nil for the three month period ended October 31, 2013. This decrease was attributable to the estimation of potential shareholder liabilities for unspent flow-through funds raised during the year ended October 31, 2011. This was a non-cash transaction.

Overall, the Company's operating expenses decreased significantly as compared to the prior period due to the impairment of exploration and evaluation assets during the three month period ended October 31, 2012 and the provision for flow-through liabilities with respect to unspent flow-through funds.

LIQUIDITY

On October 31, 2013, the Company had a cash position of \$3,900 and working capital deficit of \$220,925 compared to \$8,354 cash at October 31, 2012 and a working capital deficit of \$156,910.

During the year ended October 31, 2013 the Company completed a non-brokered private placement of a total of 12,766,000 units for gross proceeds of \$638,300. Each unit consists of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one additional share at \$0.10 per share for five years. Effective October 18, 2013, 11,842,600 of the share purchase warrants were re-priced to \$0.06 each. Cash finder's fees of \$35,645 were paid. The Company also issued 712,900 brokers' warrants exercisable at \$0.10 per warrant for a period of five years from closing. The brokers' warrants were valued at \$39,730, using a Black Scholes option pricing model using the following assumptions: weighted average risk free interest rate of 1.32%, volatility factor of 118% - 121%, and an expected life of 5 years.

Subsequent to October 31, 2013, the Company:

- a) closed a non-brokered private placement of 4,925,000 units at a price of \$0.05 per unit for gross proceeds of \$246,250 on December 20, 2013. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to acquire one additional common share at a price of \$0.06 per share until December 20, 2018. A cash finder's fee of \$14,375 was paid. Additionally the Company issued 287,500 finders' warrants with the same terms as the warrants issued with the units.
- b) issued 530,000 common shares for the exercise of 530,000 options at \$0.05 for total proceeds of \$26,500.

The Company anticipates it will require additional capital in the future to finance ongoing exploration of its properties and general and administrative expenses, such capital to be derived from the exercise of outstanding stock options and warrants and/or the completion of private placements. The Company may also seek short-term loans from directors of the Company or others. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms to the Company.

CAPITAL RESOURCES

The Company does not generate any revenues and no revenues are anticipated until we begin removing and selling minerals or petroleum. Accordingly, we must raise cash continuously from sources other than the sale of minerals/petroleum found on the properties. Umbral has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms to the Company.

As at October 31, 2013, the Company has cash of \$3,900. The current monthly “burn” rate for general and administrative expenses is approximately \$25,000. The Company presently has no other financial commitments.

The Company anticipates it will need additional capital in the future to finance ongoing exploration of its resource properties and general and administrative expenses, such capital to be derived from the exercise of outstanding stock options and warrants and/or the completion of private placements. The Company may also seek short-term loans from directors of the Company or others.

RELATED PARTY TRANSACTIONS

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments.

- a) During the year ended October 31, 2013, the Company incurred \$115,490 (2012 - \$60,000) for management fees to its directors.
- b) During the year ended October 31, 2013, the Company incurred \$3,774 in rent and \$200 in telephone expenses (2012 - \$9,262 and \$1,841 respectively) which were paid and/or accrued as due from a company with former directors in common. As at October 31, 2013, the Company was owed \$nil (2012 - \$7,021) from the related public company. See Note 6 - Due from/to Related Parties and Related Party Transactions, section c).
- c) During the year ended October 31, 2011, the Company loaned \$10,000 to a public company with former directors in common, at an interest rate of 12% per annum and an initial term of three months which was amended to payable on demand. Subsequent to October 31, 2013, the Company agreed to settle \$12,976 in loan and accrued interest and \$5,447 in rent and telephone expenses for a final and full cash payment of \$7,000 resulting in a loss on settlement of debt of \$11,423 which was recorded during the year ended October 31, 2013. As at October 31, 2013, the Company was owed \$7,000 (2012 - \$11,867) by the related public company which was subsequently received.
- d) As of October 31, 2013, directors, former directors and officers were owed a total of \$49,200 (2012 - \$10,517).

Management compensation transactions for the years ended October 31, 2013 and 2012 are summarized as follows:

	Short term employee benefits	Share based payments	Total
October 31, 2013			
Directors and officers	\$ 115,490	\$ 54,371	\$ 169,861
October 31, 2012			
Directors and officers	\$ 60,000	\$ Nil	\$ 60,000

Directors and Officers

Jagdip Bal	Director, Chairman, President and CEO
Brad Culver	Director
Clinto Sharples	Director
Fraser Campbell	Director
Kristina Khershonski	Director, CFO and Secretary

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations and Deficit included in its Audited Financial Statements for the years ended October 31, 2013 and 2012, and which are available on SEDAR at www.sedar.com.

OUTSTANDING SHARE DATA AS AT July22, 2014

	Number issued and outstanding	Exercise Price \$	Expiry Date
Common shares	30,007,972		
Common shares issuable on exercise:			
Warrants	10,766,409	0.06	March 19,2018
Warrants	1,338,491	0.10	March 19, 2018
Warrants	1,076,191	0.06	May 16, 20018
Warrants	297,809	0.10	May 16, 2018
Warrants	5,212,500	0.06	December 20, 2018
Options	1,100,000	0.05	May 29, 2018
Options	1,020,000	0.05	January 29, 2018
Options	100,000	0.05	January 14, 2019
Options	350,000	0.05	April 15, 2019

Private Placements

The Company closed a non-brokered private placement of 4,925,000 units at a price of \$0.05 per unit for gross proceeds of \$246,250 on December 20, 2013. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to acquire one additional common share at a price of \$0.06 per share until December 20, 2018. A cash finder's fee of \$14,375 was paid. Additionally the Company issued 287,500 finders' warrants with the same terms as the warrants issued with the units.

INVESTOR RELATIONS

The Issuer did not engage investor relations activities during the years ended October 31, 2013 and 2012.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and judgments used in the preparation of these consolidated financial statements include, amongst other things, depreciation, determination of net recoverable value of assets, determination of fair value on taxes, and share-based payments. These estimates are reviewed periodically (at least annually), and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements for the year ended October 31, 2013.

FINANCIAL INSTRUMENTS

The Company classifies all financial instruments as either available-for-sale, financial assets or liabilities at fair value through profit or loss ("FVTPL"), loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss. These amounts will be reclassified from shareholders' equity to net income when the investment is sold or when the investment is impaired and the impairment is considered less than temporary. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized on the statement of loss and comprehensive loss.

The Company has designated its cash as FVTPL, which is measured at fair value. Short term and long term investments in other companies are classified as available-for-sale, which is measured at fair value. Trade payables and amounts due to related parties are classified as other financial liabilities which are measured at amortized cost.

Credit risk

The Company does not believe it is subject to any significant credit risk although cash is held in excess of federally insured limits, with major financial institutions.

Liquidity risk

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited.

Currency risk

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

Commodity price risk

The Company is not exposed to commodity price risk as it is still in exploration stage.

MANAGEMENT OF CAPITAL

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements, continue the development and exploration of its mineral properties.

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

OUTLOOK

The Company currently has a working capital deficiency of \$150,751 as at April 30, 2014 and will need to obtain additional equity financing to fund any further resource property project and oil and gas interest.

6.15 & 6.17 Interim MD&A for the 2nd Quarter Ended April 30, 2014

See Section 6.1 – 6.14 above, for a discussion of the Company’s fourth quarter ended October 31, 2013.

The interim MD&A for the 2nd quarter ended April 30, 2014 is incorporated by reference herein and can be found by visiting the Company’s website at www.umbraleenergy.com and by accessing the Company’s public documents filed on SEDAR at www.sedar.com.

7. Market for Securities

The common shares of the Company are listed and posted for trading on the TSX Venture Exchange under symbol “UMB”.

8. Capitalization

The Company’s common shares are consolidated on a two-old-for-one-new share basis on March 8, 2013. There are no other material changes in the share capital of the Company. There are no other material changes in the share and loan capital of the Company that have not been previously disclosed.

9. Options to Purchase Securities

The following table summarizes the options, granted under the Company’s stock option plan, outstanding as of July 22, 2014:

Group	No. of Options	Securities under Option	Grant Date	Expiry Date	Exercise Price per Common Share \$	Market Value of the Common Shares on the Date of Grant \$	Market Value of the Common Shares as of July 22, 2014 \$
Directors (3 persons)	800,000	800,000	May 29, 2013	May 29, 2018	0.05	Nil	Nil
Officer (1 person)	150,000	150,000	May 29, 2013	May 29, 2018	0.05	Nil	Nil
Consultant (1 person)	50,000	50,000	May 29, 2013	May 29, 2018	0.05	Nil	Nil
Directors (3 persons)	720,000	720,000	Jan. 10, 2014	Jan. 10, 2019	0.05	Nil	Nil
Consultants (2 persons)	300,000	300,000	Jan. 10, 2014	Jan. 10, 2019	0.05	Nil	Nil
Consultant (1 person)	100,000	100,000	Jan. 14, 2014	Jan. 14, 2019	0.05	Nil	Nil

Director (13 persons)	250,000	250,000	Apr. 15, 2014	Apr. 15, 2019	0.05	Nil	Nil
Officer (1 person)	100,000	100,000	Apr. 15, 2014	Apr. 15, 2019	0.05	Nil	Nil
TOTAL	2,470,000	2,470,000					

Description of the Stock Option Plan

Stock Option Plan

The Board is responsible for administering compensation policies related to the Company's executive management, including with respect to option-based awards. The Company has in place, a 10% rolling share option plan dated for reference February 22, 2013 (the "Plan") pursuant to which the Board can grant stock options to directors, officers, employees, management and others who provide services to the Company. The Plan provides compensation to participants and an additional incentive to work toward long-term Company performance.

The Plan was implemented to grant stock options in consideration of the level of responsibility as well as optionee impact and/or contribution to the longer-term operating performance of the Company. In determining the number of share options to be granted, the Company's Board takes into account the number of stock options, if any, previously granted, and the exercise price of any outstanding stock options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of the Company's shareholders.

The Board has not proceeded with a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Company's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The Company has not established a policy on whether or not a NEO or director is permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. During the financial years ended October 31, 2012 and October 31, 2013, the Company did not use any financial hedges.

The following is a summary of the material terms of the Plan:

- a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Plan;
- b) options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- c) for options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- d) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;

- e) if an Optionee dies, any vested option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);
- h) vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or any of its affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or any of its affiliates during the vesting period;
- i) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.
- j) vesting of options shall be at the discretion of the Board;
- k) the Plan contains a black-out provision restricting all or any of the Company's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Company's securities until the restriction has been lifted by the Company;
- l) the Board reserves the right in its absolute discretion to amend, modify or terminate the Plan with respect to all common shares in respect of options which have not yet been granted under the Plan. Any amendment to any provision of the Plan will be subject to any necessary Regulatory approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of the Plan to Service Providers.

The Board may, without shareholder approval:

- amend the Plan to correct typographical, grammatical or clerical errors;
- change the vesting provisions of an option granted under the Plan, subject to prior written approval of the TSX Venture Exchange, if applicable;
- change the termination provision of an option granted under the Plan if it does not entail an extension beyond the original expiry date of such option;
- it is desirable to reflect changes to securities laws applicable to the Company;
- make such amendments as may otherwise be permitted by the TSX Venture Exchange Policies, if applicable;
- if the Company becomes listed or quoted on a stock exchange or stock market, make such amendments as may be required by the policies of such stock exchange or stock market; and
- amend the Plan to reduce the benefits that may be granted to Service Providers.

10. Description of the Securities

10.1 General

There are no special rights or restrictions attached to the Company's common shares. The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Corporation. The holders of the common shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

10.2 Debt Securities

- 10.6

Not applicable.

10.7 Prior Sales

For the 12-month period prior to the date of this document, the following securities of the Company were sold:

Non-brokered private placement of 4,925,000 units at a price of \$0.05 per unit for gross proceeds of \$246,250 on December 20, 2013. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to acquire one additional common share at a price of \$0.06 per share until December 20, 2018. A cash finder's fee of \$14,375 was paid. Additionally the Company issued 287,500 finders' warrants with the same terms as the warrants issued with the units.

On January 6, 2010, Umbral Energy Corp.'s (formerly Trijet Mining Corp.) common shares were listed and called for trading under symbol "TJT", on the TSX Venture Exchange.

Effective March 8, 2013, the Company's common shares commenced trading under new symbol, "UMB", after a name change to "Umbral Energy Corp." and consolidated its share capital on a two-old-for-one-new basis. The following table sets out the price ranges and volume traded or quoted on the TSX Venture Exchange for the common shares of the Company for the 12-month period prior to the date of this Listing Application:

Month Ended	High	Low	Close	Volume
Jun. 2014	0.06	0.03	0.05	7,399,500
May 2014	0.05	0.03	0.03	3,525,000
Apr. 2014	0.09	0.04	0.04	13,021,400
Mar. 2014	0.05	0.02	0.05	1,039,900
Feb. 2014	0.04	0.03	0.03	217,700
Jan. 2014	0.05	0.03	0.04	314,400
Dec. 2013	0.04	0.03	0.03	131,300
Nov. 2013	0.05	0.04	0.04	3,217,000
Oct. 2013	0.05	0.04	0.05	1,692,800
Sep. 2013	0.05	0.04	0.04	484,300
Aug. 2013	0.05	0.04	0.05	151,400
Jul. 2013	0.05	0.04	0.05	206,100

11. Escrowed and Pooled Securities

11.1 Escrowed Securities

No common shares of the Company are subject to an Escrow Agreement. The last escrow release pursuant to the Escrow Agreement dated October 31, 2008 was January 6, 2013.

11.2 Pooled Securities

No common shares of the Company are subject to a Voluntary Pooling Agreement .Principal Shareholders.

12. Principal Shareholders

The Company is not aware of any person who beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to common shares except for the following:

13. Directors and Officers

13.1-13.2

The Articles of the Company provide that the number of directors should not be fewer than three directors. Each director holds office until the close of the next annual general meeting of the Company, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Company's Board currently consists of four directors, of whom two can be defined as "unrelated directors" or directors who are independent of management and are free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors' ability to act with a view to the best interests of the Issuer, other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Issuer.

The following table provides the names of the directors and officers, municipalities of residence province and country, respective positions and offices held with the Company, their principal occupations for the past five years and the number and percentage of common shares owned, directly or indirectly, or over which control or direction is exercised, of voting securities of the Company, as of the date hereof:

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Principal Occupation	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled⁽¹⁾
Jagdip Bal ^(2,5) President, Chief Executive Officer and Director British Columbia	Self-Employed Businessman, since November 2003; Peace Officer, Province of British Columbia – February 2000 to November 2003.	Since Dec 14, 2012	1,550,000

Bradley T. Culver PGeo ^(3,5) Director British Columbia	Director of New Play Development, Teine Energy Ltd.; Senior Exploration Geophysicist, Birchcliff Energy Ltd. from 2010 to 2013; Geophysicist, Encana Corporation from 2000 to 2010.	Since March 11, 2013	Nil
Clinton Sharples ^(4,5) Director British Columbia	Partner, First Growth Management Inc. (private venture capital company); Director of the Canadian Pallet Council.	Since May 29, 2013	240,000
Fraser Campbell ⁽⁶⁾ Director British Columbia	Partner, First Growth Management Inc. (private venture capital company); Director of the Canadian Pallet Council.	Since April 15, 2014	Nil
Kristina Khersonski ⁽⁷⁾ Chief Financial Officer and Secretary British Columbia	CPA, CGA Corporate Secretary & CFO -Accountant with 13 years experience providing consulting and financial services to public companies in various industries.	Since May 17, 2013	Nil

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Jagdip Bal owns 220,000 incentive stock options at an exercise price of \$0.05 expiring on January 10, 2019. Mr. Bal also owns a total of 1,400,000 share purchase warrants, 406,307 at an exercise price of \$0.06 and 293,693 at an exercise price of \$0.10 expiring on March 19, 2018 and 700,000 at an exercise price of \$0.06 expiring on December 23, 2018.
- (3) Bradley T. Culver owns 400,000 incentive stock options at an exercise price of \$0.05 expiring on May 29, 2018 and 250,000 incentive stock options at an exercise price of \$0.05 expiring on January 10, 2019.
- (4) Clinton Sharples owns 400,000 incentive stock options at an exercise price of \$0.05 expiring on May 29, 2018 and 250,000 incentive stock options at an exercise price of \$0.05 expiring on January 10, 2019. Mr. Sharples also owns a total of 1,500,000 warrants, 870,711 at an exercise price of \$0.06 and 629,289 with an exercise price of \$0.10 expiring on March 19, 2018.
- (5) Member of Audit Committee.
- (6) Fraser Campbell owns 250,000 incentive stock options at an exercise price of \$0.05 expiring on April 15, 2019.
- (7) Kristina Khersonski owns 150,000 incentive stock options at an exercise price of \$0.05 expiring on May 29, 2018 and 100,000 incentive stock options at an exercise price of \$0.05 expiring on April 15, 2019.

13.3 As of the date of this document, the directors and executive officers of the Company beneficially owned, directly or indirectly, as a group, 1,771,693 common shares of the Company representing approximately 5.9% of all outstanding voting securities of the Company.

13.4 Board Committees

The Company has one committee, the Audit Committee, whose members are:

Jagdip Bal	Chairman and Non-Independent Member
Clinton Sharples	Independent Member
Bradley Culver	Independent Member

13.5 See table above.

13.6 Cease Trade Orders or Bankruptcies

Other than set out below, no current or proposed director is, or has been within the past 10 years, a director or executive officer of any other company that, while such person was acting in that capacity: (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after the current or proposed director ceased to be a director or executive officer of such company, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (c) within a year of the current or proposed director 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.

Bradley Culver was a director of Probe Resources Ltd. (“Probe”) (now known as Rooster Energy Ltd.), a TSX Venture Exchange listed company, at the time Probe Resources Ltd. was issued a cease trade order on January 7, 2011, for failure to file its annual financial statements and management’s discussion and analysis for its financial year ended August 31, 2010 in the required time. Probe Resources Ltd. announced by press release dated November 16, 2010 that the company’s U.S. subsidiaries filed voluntary Chapter 11 petitions in U.S. Bankruptcy Court for the Southern District of Texas in Houston, Texas. Mr. Culver resigned prior to the filing of the Chapter 11 proceeding in November 2012. Probe Resources Ltd. emerged from its Chapter 11 bankruptcy filing on April 15, 2011 and then brought its filings up to date. On February 6, 2012, the cease trade order was lifted.

13.7 Penalties or Sanctions

To the knowledge of the Company, no director, officer or promoter of the Company, or a security holder anticipated to hold sufficient securities of the Company to affect materially the control of the Company is, or within 10 years before the date of this document, has been, a director or officer of any other Issuer that, while that person was acting in that capacity, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Personal Bankruptcies

No director or officer of the Issuer is, or has, within the 10 years prior to the date of this document, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 that individual.

13.9 Conflicts of Interest

Certain of the directors and officers of the Issuer are also directors and officers of other natural resource companies. The directors of the Company are bound by the provisions of the *Business*

Corporations Act (British Columbia) to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

13.10 Management

Jagdip Bal, Mr. Bal is President of Infinity Alliance Corp, a private company that invests in growth companies and provides consulting services for investor relations, corporate finance, business development, mergers and acquisitions for companies listed in Canada. From November 2006 to November 2008, Mr. Bal was President and CEO of Infinity Alliance Ventures Corp. (TSXV IAV.P) a capital pool company which later acquired CBM Asia Development Corp. (TSXV: TCF) a coal-bed methane company with assets in Indonesia. From December 2006 to April 2007, Mr. Bal was president and director of Alma Resources (TSXV: REM), a resource company with assets in Mexico.

Kristina Khersonski, Ms. Khersonski is an CGA, CPA with over 13 years experience providing consulting and financial services to public companies in various industries, including the natural resource sector. From 2004 to 2011 Kristina was a part of Pacific Opportunity Capital team and provided Client services to publicly traded mineral exploration companies in British Columbia. From 2001 to 2004 Kristina served as a Corporate Accountant in client services at Dawn Pacific Management Corporation, an accounting and regulatory maintenance services firm in British Columbia.

14. Capitalization

14.1 Issued Capital

As at July 22, 2014	<u>Number of Securities (non-diluted)</u>	<u>Number of Securities (fully-diluted)</u>	<u>% of Issued (non-diluted)</u>	<u>% of Issued (fully diluted)</u>
<u>Public Float</u>				
Total outstanding (A)	30,007,972	51,169,362	100.00%	100.00%

Held by Related Persons or employees of the Company or Related Person of the Company, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Company (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Company upon exercise or conversion of other securities held) (B)	1,771,693	3,584,307	5.9%	7.0%
Total Public Float (A-B)	28,236,279	47,585,055	94.1%	93.0%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	0	0	0	0
Total Tradable Float (A-C)	30,007,972	51,169,362	100%	100%

Public Security holders (Registered)

The persons enumerated in (B) of the *Issued Capital* table above are not included in the following table.

Class of Security		
Size of Holding	Number of holders	Total number of securities
1 - 99 securities	1	1
100 – 499 securities	1	250
500 – 999 securities	3	1,500
1,000 – 1,999 securities	7	8,097
2,000 – 2,999 securities	31	73,900
3,000 – 3,999 securities	9	37,750
4,000 – 4,999 securities	8	34,750
5,000 or more securities	166	11,235,167
Total	226	11,391,415

Non-Public Security holders (Registered)

For the purposes of this report, “non-public security holders” are persons enumerated in under (B) in the *Issued Capital* table above.

Class of Security		
1 - 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0

1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	2	1,771,693
Total	2	1,771,693

14.2 Convertible/Exchangeable Securities

Description of Security	Date of Expiry	Exercise Price \$	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Options	August 9, 2016	0.38	833,333	833,333
	Sept 7, 2016	0.24	133,333	133,333
Warrants	March 19, 2018	0.06	10,766,409	10,766,409
	March 19, 2018	0.06	1,338,491	1,338,491
	May 16, 2018	0.06	1,076,191	1,076,191
	May 16, 2018	0.10	297,809	297,809
	December 20, 2018	0.06	5,212,500	5,212,500

14.3 Other Listed Securities

There are no other listed securities reserved for issuance that are not included in section 14.2.

15. Executive Compensation

15.1 See “Appendix F” attached hereto.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

No existing or proposed director, executive officer or senior officer of the Company or any associate of any of them, was indebted to the Company as at the financial year ended October 31, 2013, or is currently indebted to the Company.

16.2 Indebtedness under Securities Purchase and Other Programs

Not applicable.

17. Risk Factors

17.1 Resource Exploration Risk Factors

As resource exploration is a speculative business, which is characterized by a number of significant risks including, among other things, unprofitable efforts resulting from the failure to discover mineral deposits. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity

and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. To date, the Company's properties are currently at the exploration stage and are without a known body of commercial ore. As such prospective purchasers of the Company's common shares should consider carefully, among other things, that the Company's exploration of its properties involves significant risks. Our current management, while considerably experienced in managing exploration projects, has limited production experience and as such is dependent upon the production expertise of our joint venture partners.

(i) *Exploration Risks*

Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of mineralization. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, metallurgical processes to extract the metal from the ore and, in the case of new properties, to build the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for further expansion can be obtained on a timely basis. All of the Company's projects are currently in exploration stages. Estimates and mineral projects can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors and unforeseen technical difficulties, as well as unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results.

(ii) *Lack of Cash Flow and Non-Availability of Additional Funds*

The Company's property and oil and gas interest are currently being explored or assessed for commercial production and as a result, the Company has no source of operating cash flow. The Company has limited financial resources and there is no assurance that if additional funding were needed, that it would be available to the Company on terms and conditions acceptable to it. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in current properties.

The exploration of any ore or oil and gas deposits found on the Company's resource properties, depends upon the Company's ability to obtain financing through debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to obtain additional financing on a timely basis could cause the Company to forfeit all or parts of its interests in some or all of its properties or joint ventures and reduce or terminate its operations.

None of the Company's properties has commenced commercial production and the Company has no history of earnings or cash flow from its operations. As a result there can be no

assurance that the Company will be able to develop any of its properties profitably or that its activities will generate positive cash flow. The Company has not declared or paid dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its common shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on any property. While the Company may generate additional working capital through the operation, sale or possible joint venture expansion of its properties, there is no assurance that any such funds will be available for operations.

(iii) *Operating Hazards and Risks*

Resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration of metals, such as unusual or unexpected formations, cave-ins, pollution, all of which could result in work stoppages, damage to property, and possible environmental damage.

(iv) *Title Risks*

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's resource property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on any of the Company's mineral property, therefore, in accordance with the laws of the jurisdiction in which such properties are situated their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

(iv) *Conflicts of Interest*

Certain of the directors of the Company are directors of other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict, will abstain from voting for or against the approval of such a participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participating in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interest of the Company. In determining whether the Company will participate in a particular program and the

interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest. The Company is not aware of the existence of any conflict of interest as described herein.

(v) *Competition and Agreements with Other Parties*

The mineral resources industry is intensely competitive and the Company competes with many companies that have greater financial resources and technical facilities than itself. Significant competition exists for the limited number of mineral acquisition opportunities available in the Company's sphere of operations. As a result of this competition, the Company's ability to acquire additional attractive mining properties on terms it considers acceptable may be adversely affected.

(vi) *Fluctuating Mineral Prices*

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. There is no assurance that commodity prices will remain at current levels; significant price movements over short periods of time may be affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, and speculative activities. The effect of these factors on the price of minerals and therefore the economic viability of any of the Company's exploration projects cannot accurately be predicted. As the Company is in the exploration stage, the above factors have had no material impact on operations or income.

(vii)

(viii) *Environmental Regulations, Permits and Licenses*

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

(ix) *Compliance with Applicable Laws and Regulations*

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various, federal, provincial or territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

(x)

17.2 Medical Marijuana Industry Risk Factors

The commercial medical marijuana industry in Canada is in a nascent stage, which is characterized by a number of significant risks including, among other things, unprofitable efforts resulting from competition in a rapidly changing market. The marketability of medical marijuana may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the number of MMPR licenses granted by Health Canada, and such other factors as government regulations, the combination of which factors may result in the Company not receiving an adequate return of investment capital. The Company intends to pursue investment in early stage medical marijuana related businesses, which may include businesses which have received or are pursuing MMPR licenses to produce medical marijuana. As such, prospective purchasers of the Company's common shares should consider carefully, among other things, that investment in such early stage medical marijuana businesses involves significant risks. Our current management, while considerably experienced in investing, has limited experience in the commercial medical marijuana industry and as such is dependent upon the expertise of such medical marijuana businesses as the Company may invest in with respect to their operations.

(i) *Change in Laws, Regulations and Guidelines*

A medical marijuana business' operations are subject to a variety laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to a medical marijuana business' operations.

On March 21, 2014 the Federal Court of Canada issued an order affecting the repeal of the *Marihuana Mecial Access Regulations (MMAR)* and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals. As of the date of this Listing Statement it is unclear how the Government of Canada will react to this order or how the Federal Court of Canada might ultimately decide the case to which the order relates. The risks to medical marijuana businesses represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licences to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR. This could significantly reduce the addressable medical marijuana market and could materially and adversely affect the business, financial condition and results of operations of medical marijuana businesses and the Company.

While the impact of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on any medical marijuana business' operations that that would be materially different than the effect on similar-sized companies in the same business.

(ii) *Reliance on License*

A medical marijuana business' ability to grow, store and sell medical marijuana in Canada is dependent on an MMPR license from Health Canada. Failure to comply with the requirements of the license or any failure to maintain this license would have a material adverse impact on the business, financial condition and operating results of the medical marijuana business and the Company.

If an early-stage medical marijuana business has not yet submitted an application for an MMPR license to Health Canada, or has submitted an application but has not yet been granted an MMPR license from Health Canada, there is no guarantee that the medical marijuana business will ever be granted such a license. The application process to obtain an MMPR license is rigorous and includes various requirements, including background screening of key management, personnel security clearances, site and physical security proposals, and police, fire and municipal approvals. The failure to submit an application or to be granted an MMPR license would preclude any operation of a medical marijuana business, and have a material adverse impact on such business and the Company.

(iii) *Limited Operating History*

Early-stage medical marijuana businesses will be subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that any medical marijuana business will be successful in achieving a return on shareholders' investment

and the likelihood of success must be considered in light of the early stage of operations.

(iv) *Reliance on Management*

The success of a medical marijuana business is largely dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on a medical marijuana business, operating results or financial condition.

(v) *Additional Financing*

The building and operation of medical marijuana facilities and business are capital intensive. In order to execute any growth strategy, a medical marijuana business will often require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to a medical marijuana business when needed or on terms which are acceptable. A medical marijuana business' inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of current holders. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters.

(vi) *Competition*

There is potential that any medical marijuana business which the Company invests in will face intense competition from other companies, some of which may have longer operating histories and more financial resources and manufacturing and marketing experience. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the medical marijuana business and the Company.

Because of the early stage of the commercial medical marijuana industry, medical marijuana businesses can expect to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and competition may become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, medical marijuana businesses will require a continued high level of investment in research and development, marketing, sales and client support.

(vii) *Risks Inherent in an Agricultural Business*

Medical marijuana businesses which involve the growing of medical marijuana produce an agricultural product. As such, such business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. There can be no assurance that natural elements will not have a material adverse effect on the production of such products.

(viii) *Vulnerability to Rising Energy Costs*

Medical marijuana growing operations can consume considerable energy, making the medical marijuana business vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the medical marijuana business and its ability to operate profitably.

(ix) *Transportation Disruptions*

Due to the perishable nature of medical marijuana, medical marijuana businesses must depend on fast and efficient delivery services to distribute their products. Any prolonged disruption of such services could have an adverse effect on the financial condition and results of operations of a medical marijuana business. Rising costs associated with the courier services used by a medical marijuana business to ship its products may also adversely impact the business and its ability to operate profitably.

(x) *Unfavourable Publicity or Consumer Perception*

The medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of a medical marijuana business and its products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for a medical marijuana business' products and its business, results of operations, financial condition and cash flows. A medical marijuana business' dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the medical marijuana business, the demand for its products, and its business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or an individual medical marijuana business' products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

(xi) *Product Liability*

As a manufacturer and distributor of products designed to be ingested by humans, a medical marijuana business faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of medical marijuana products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of medical marijuana alone or in combination with other medications or substances could occur. A medical marijuana business may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side

effects or interactions with other substances. A product liability claim or regulatory action against a medical marijuana business could result in increased costs, could adversely affect its reputation with its clients and consumers generally, and could have a material adverse effect on its results of operations and financial condition. There can be no assurances that a medical marijuana business will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of a medical marijuana business' potential products.

(xii) *Product Recalls*

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of a medical marijuana business' products are recalled due to an alleged product defect or for any other reason, the medical marijuana business could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The medical marijuana business may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Even if a medical marijuana business has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of a medical marijuana business' significant brands were subject to recall, the image of that brand and the medical marijuana business could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for a medical marijuana business' products and could have a material adverse effect on the results of operations and financial condition of the medical marijuana business. Additionally, product recalls may lead to increased scrutiny of a medical marijuana business operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

(xiii) *Reliance on Key Inputs*

A medical marijuana business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the medical marijuana business. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, a medical marijuana business might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the medical marijuana business in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the medical marijuana business.

(xiv) *Dependence on Suppliers and Skilled Labour*

The ability of a medical marijuana business to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and

components. No assurances can be given that a medical marijuana business will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by a medical marijuana business' capital expenditure program may be significantly greater than anticipated, and may be greater than funds available, in which circumstance a medical marijuana business may need to curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on its financial results.

(xv) *Difficulty to Forecast*

Detailed forecasts are not generally obtainable from sources other than individual medical marijuana businesses at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of a medical marijuana business.

(xvi) *Operating Risk and Insurance Coverage*

Insurance to protect a medical marijuana business' assets, operations and employees is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the medical marijuana business is exposed. In addition, no assurance can be given that such insurance will be adequate to cover a medical marijuana business' liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If a medical marijuana business were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the medical marijuana business were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

(xvii) *Management of Growth*

A medical marijuana business may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of a medical marijuana business to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of a medical marijuana business to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

(xviii) *Environmental and Employee Health and Safety Regulations*

A medical marijuana business' operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The medical marijuana business will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the medical marijuana business' operations or give rise to material liabilities, which could have a material adverse effect on its business, results of operations and financial condition.

17.3 General Risk Factors

(i) *Dilution*

Since the Company does not generate any revenues, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities, or investment in medical marijuana businesses. Operations, acquisitions and investments will continue to be financed primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, which may result in dilution to existing shareholders.

(ii) *Canadian Jurisdictional and Enforceability of Judgments, Risks*

The Company is a Canadian corporation and is governed in its conduct by the Laws of Canada. All of the Company's directors are residents of Canada and all its assets are located in Canada and United States. Consequently, it may be difficult for U.S. investors to effect service of process within the United States upon the Company or upon such persons who are not residents of the United States, or to realize in the United States upon judgments of U.S. courts predicated upon civil liabilities under U.S. securities laws. A judgment of a U.S. court predicated solely upon such civil liabilities may be enforceable in Canada by a Canadian court if the U.S. court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. There is substantial doubt whether an original action could be brought successfully in Canada against any of such persons or the Company predicated solely upon such civil liabilities.

18. Promoters

18.1 Promoters

During the two years immediately preceding the date of this document, the promoters of the Company have been and are as follows:

(a) and (b)

Name of Promoter	Number of shares	Percentage
Jagdip Bal ⁽¹⁾	1,313,693 common shares	4.4%
Paul Shatzko	1,034,238 common shares	3.5%

(1) Mr. Bal may be considered a promoter of the Company in that he took the initiative to obtain financing for the Company subsequent to his election as a director and appointment as President, Chief Executive Officer and Chairman of the Company on May 17, 2013.

(c) There is nothing of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter(s) directly or indirectly from the Company or from a subsidiary of the Company, nor any assets, services or other consideration received or to be received by the Company or a subsidiary of the Company in return.

(d) No asset has been acquired, within the two years before the date of this document, or is to be acquired by the Company or by a subsidiary of the Company, from a promoter.

18.2 Corporate Cease Trade Orders or Bankruptcies

- (1) Except as set forth below in 18.2(3) below, no promoter, while acting in the capacity as director, chief executive officer or chief financial officer of any person or company, within 10 years before the date of this document, was:
 - (a) subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (b) subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer.
- (2) For the purposes of 18.2(1) above, “order” means:
 - (a) a cease trade order,
 - (b) an order similar to a cease trade order, or
 - (c) an order that denied the relevant person or company access to any exemption under securities legislation,
that was in effect for a period of more than 30 consecutive days;
- (3) (a)
 - (b) No promoter referred to in 18.1(1) above, within 10 years before the date of this document, 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 promoter.
- (4) Not applicable Legal Proceedings

19. Legal Proceedings

The Company is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated.

19.1 Regulatory Actions

Not applicable.

20. Interest of Management and Others in Material Transactions

20.0 Interest of Management and Others in Material Transactions

No director or executive officer of the Company or any person or company that is the director or indirect beneficial owners of, or who exercises control or direction over, more than 10 percent of any class of the Company’s outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any proposed transaction, that has materially affected or will materially affect the Company or a

subsidiary of Company within the three years preceding the date of this document.

21. Auditors, Transfer Agents and Registrars

21.0 Auditor

Morgan LLP
1488 700 West Georgia Street
Vancouver, British Columbia Canada V7Y 1A1

21.1 Transfer Agent and Registrar

Computershare Trust Company of Canada
510 Burrard Street, 3rd Floor
Vancouver, British Columbia, Canada V6C 3B9

22. Material Contracts

Except for contracts made in the ordinary course of business, the following are the material contracts entered into by the Company within two years prior to the date hereof and which are currently in effect:

Contract	Details	Date
<u>Little Bow Oil and Gas Interest</u>	The Company entered into a farmout agreement with Aroway Energy Inc. (“Aroway”) to earn a 25% interest in an exploration test well located in Southern Alberta. Pursuant to the terms of the agreement, Umbral will pay 37.5% of all costs and expenses associated with the test well to earn 25% of all revenue. Further participation in the area of interest will be on the basis of 37.5% to earn 37.5%.	February 26, 2013

23. Interest of Experts

No person or company named in this document as having prepared or certified a part of the document or a report described in this document and no responsible solicitor or any partner of a responsible solicitor’s firm, holds any beneficial interest, direct or indirect, in any securities or property of the Company or of an associate or affiliate of the Issuer.

23. Other Material Facts

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to the Company.

25. Financial Statements

The following financial statements are available on SEDAR at www.sedar.com and on the

Company's website at www.umbralenergy.com, and are incorporated herein by reference:

- (i) Annual audited financial statements of the Company including the auditor's report from Morgan LLP, Chartered Accountants, for the financial year ended October 31, 2013, for the financial year ended October 31, 2012 and for the financial year ended October 31, 2011; and
- (ii) Interim unaudited financial statements of the Company for the 2nd quarter ended April 30, 2014 (prepared by management).

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, **UMBRAL ENERGY CORP.**, hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to **UMBRAL ENERGY CORP.** It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 22nd day of July, 2014.

“Jagdip Bal”

Jagdip Bal
Chief Executive Officer

“Jagdip Ball”

Jagdip Bal
Promoter

“Kristina Khersonski”

Kristina Khersonski
Chief Financial Officer

“Brad Culver”

Brad Culver Director

“Clint Sharples”

Clint Sharples
Director

“Fraser Campbell”

Fraser Campbell
Director

APPENDIX 1

STATEMENT OF EXECUTIVE COMPENSATION

Executive Compensation

In this section “Named Executive Officer” means the Chief Executive Officer (the “CEO”), the Chief Financial Officer (“CFO”) and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

Jagdip Bal, President and Chief Executive Officer, Paul Shatzko, former President and Chief Executive Officer, Kristina Khersonski, Chief Financial Officer and Corporate Secretary, Pradeep Varshney, former Chief Financial Officer and Gregory F. Kennedy, former Secretary are each a Named Executive Officer (“NEO”) of the Company for the purposes of the following disclosure.

Compensation Discussion and Analysis

The Company's executive compensation program is comprised of the following components: base salary, discretionary annual incentive and long-term incentives. Together, these components support the Company's long-term growth strategy and the following objectives:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management; and
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results.

The compensation program is designed to reward for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized resource companies involved in the management, exploration and development of aggregate mineral projects in Canada. Generally, the Company targets base salaries at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve comparable total compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk. The design takes into account individual and corporate performance. Compensation practices, including the mix of base salary, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends, and support the Company's long-term growth strategies.

Base salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

Annual incentives, in the form of cash bonus payments, are designed to add a variable component of compensation based on overall corporate performance and the executive's individual performance.

Compensation Review Process

The Company's Compensation Committee was disbanded effective May 24, 2013.

The Board is responsible for the compensation policies and guidelines for the Company and for

implementing and overseeing compensation policies.

This Board reviews on an annual basis the cash compensation, performance and overall compensation package of each executive officer, including the Named Executive Officers. The Board makes decisions with respect to basic salary and participation in share compensation arrangements for each executive officer. In considering executive officers other than the Chief Executive Officer, this Board takes into account the recommendation of the Chief Executive Officer.

The Company does not have a formal compensation program with set benchmarks, however, the Company does have a compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance in connection with the achievement of corporate milestones and objectives is also reviewed for all executive officers.

This Board has not proceeded to a formal evaluation of the implications of risks associated with the Company's compensation policies and practices. The Board intends to review the risks at least once annually, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's share option plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

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

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

At this time NEOs and directors are not allowed to hedge risk of the Company's securities.

Elements of Executive Compensation Program

The Company's compensation program consists of the following elements:

- (a) Base salary or consulting fees;
- (b) Bonus payments; and
- (c) Equity participation through the Company's share option plan.

Base Salary or Consulting Fees

Base salary ranges for executive officers were initially determined upon a review of companies within the mining industry, which were of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

In determining the base salary of an executive officer, the board of directors considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the mining industry which were similar in size as the Company;
- (c) the experience level of the executive officer;
- (d) the amount of time and commitment which the executive officer devotes to the Company; and
- (e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Bonus Payments

Each of the executive officers, as well as all employees, is eligible for an annual bonus, payable in cash or through stock-based compensation. The amount paid is based on the Board's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash flow and share price performance) and operational criteria (such as significant mineral property acquisitions, resource growth and the attainment of corporate milestones).

The Company did not award any bonuses during the last two financial years ended October 31, 2012 and October 31, 2013.

Equity Participation

Equity participation is accomplished through the Company's share option plan. The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's share option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the compensation committee based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

Option-based Awards

The Board is responsible for administering compensation policies related to the Company's executive management, including with respect to option-based awards.

The Company has in place, a 10% rolling share option plan dated for reference February 22, 2013 (the "Plan") pursuant to which the Board can grant stock options to directors, officers, employees, management and others who provide services to the Company. The Plan provides compensation to participants and an additional incentive to work toward long-term Company performance.

The Plan was implemented to grant stock options in consideration of the level of responsibility as well as optionee impact and/or contribution to the longer-term operating performance of the Company. In determining the number of share options to be granted, the Company's Board takes into account the number of stock options, if any, previously granted, and the exercise price of any outstanding stock options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of the Company's shareholders.

The Board has not proceeded with a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Company's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The Company has not established a policy on whether or not a NEO or director is permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. During the financial years ended October 31, 2012 and October 31, 2013, the Company did not use any financial

hedges.

Benefits and Perquisites

The Company does not, as of the date of this Information Circular, offer any benefits or perquisites to its NEOs other than entitlement to incentive stock options as otherwise disclosed and discussed herein.

Summary Compensation Table

As at the year ended October 31, 2013, the Company had two NEOs: (i) Jagdip Bal, the President and CEO of the Company; Paul Shatzko, the former President and CEO of the Company; and (ii) Kristina Khersonski, the CFO of the Company; Pradeep Varshney, former CEO of the Company.

The following table sets forth all compensation for the three most recently completed financial years in respect of the individuals who were NEOs of the Company.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Jagdip Bal President and Chief Executive Officer	2013	45,000	Nil	16,110	Nil	Nil	Nil	55,490	116,600
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kristina Khersonski Chief Financial Officer and Corporate Secretary	2013	Nil	Nil	6,041	Nil	Nil	Nil	Nil	6,041
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paul Shatzko ⁽¹⁾ former President and Chief Executive Officer	2013	5,000	Nil	Nil	Nil	Nil	Nil	5,000	5,000
	2012	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2011	30,000	Nil	Nil	Nil	Nil	Nil	15,000	45,000
	2010	30,000	41,180	Nil	Nil	Nil	Nil	15,000	86,180
Pradeep Varshney former Chief Executive Officer	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	22,000	Nil	12,341	Nil	Nil	Nil	Nil	34,340
Gregory F. Kennedy former Secretary	2013	10,000	Nil	Nil	Nil	Nil	Nil	Nil	10,000
	2012	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2011	30,000	Nil	Nil	Nil	Nil	Nil	15,000	45,000
	2010	30,000	Nil	41,180	Nil	Nil	Nil	15,000	86,180

Narrative Discussion

The Company's general compensation strategy for NEO's is discussed above under "Compensation Review Process".

The Company has no management agreements or employment agreements with the current NEOs. There is no other plan or arrangement in respect of compensation received by the NEOs.

Outstanding Share-Based Awards and Option-Based Awards

See "Securities Authorized for Issuance under Equity Compensation Plans" below for details of the Company's stock option plan. The following table sets forth outstanding stock options held by NEOs as at October 31, 2013. The closing price of the Company's shares on October, 2013 was \$0.01.

Narrative Discussion

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at October 31, 2012, for each NEO:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Jagdip Bal	Nil	N/A	N/A	N/A	N/A	N/A
Kristina Khersonski	Nil	N/A	N/A	N/A	N/A	N/A
Paul Shatzko ⁽¹⁾	112,184	0.30	June 6, 2015	Nil	Nil	Nil
	75,000	0.30	July 20, 2015	Nil	Nil	Nil
Pradeep Varshney ⁽²⁾	56,092	0.30	June 6, 2015	Nil	Nil	Nil
Gregory Kennedy ⁽³⁾	112,184	0.30	June 6, 2015	Nil	Nil	Nil
	75,000	0.30	July 20, 2015	Nil	Nil	Nil

Notes:

- (1) Paul Shatzko ceased to be a Director and Officer of the Company on December 14, 2012. Mr. Shatzko's options expired without having been exercised;
- (2) Pradeep Varshney resigned as Chief Financial Officer of the Company on May 24, 2013. Mr. Varshney's options expired without having been exercised.
- (3) Gregory Kennedy resigned as a Director of the Company on May 20, 2013 and as Secretary of the Company on May 24, 2013. Mr. Kennedy's options expired without having been exercised.

The following table sets out all option-based awards and share-based awards outstanding as at October 31, 2013, for each NEO:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Jagdip Bal	400,000	0.05	May 29, 2018	Nil	Nil	Nil
Kristina Khersonski	150,000	0.05	May 29, 2018	Nil	Nil	Nil
Paul Shatzko ⁽¹⁾	Nil	N/A	N/A	N/A	N/A	N/A

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Pradeep Varshney ⁽²⁾	Nil	N/A	N/A	N/A	N/A	N/A
Gregory Kennedy ⁽³⁾	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Paul Shatzko ceased to be a Director and Officer of the Company on December 14, 2012. Mr. Shatzko's options expired without having been exercised.
- (2) Pradeep Varshney resigned as Chief Financial Officer of the Company on May 24, 2013. Mr. Varshney's options expired without having been exercised.
- (3) Gregory Kennedy resigned as a Director of the Company on May 20, 2013 and as Secretary of the Company on May 24, 2013. Mr. Kennedy's options expired without having been exercised.

Termination and Change of Control Benefits

Other than as set out below, there are no compensatory plans or arrangements, with respect to any of the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of the NEOs responsibilities following a change of control.

Director Compensation

No director receives monthly compensation and no director receives compensation for attending Board meetings or Committee meetings.

Outstanding Option-Based Awards and Share-based Awards

The following table sets forth the options granted to the directors of the Company, not including those directors who are also Named Executive Officers, to purchase or acquire securities of the Company outstanding at fiscal year ending October 31, 2013.

Name	Option –based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (1) (\$)	Option expiration date	Value of unexercised in- the-money options (\$)	Number of share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Brad Culver	400,000	0.05	May 29, 2018	Nil	Nil	Nil
Clint Sharples	400,000	0.05	May 29, 2018	Nil	Nil	Nil

Note:

- (1) The Company completed a share consolidation of 2:1 having been approved at the Shareholders Meeting held on February 22, 2013 and accepted by the TSX Venture Exchange. This chart reflects that consolidation.

There are no arrangements under which directors were compensated by the Company and its subsidiaries during the completed financial year ended October 31, 2012 or during the completed financial year ended October 31, 2013 and for their services in their capacity as directors or consultants, other than the granting of options to purchase Common Shares.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the end of the financial year ended October 31, 2013:

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - the 2012 Plan	1,500,000	\$0.05	955,297
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	1,500,000	\$0.05	955,297

Note:

- (1) The Company completed a share consolidation of 2:1 having been approved at the Shareholders Meeting held on February 22, 2013 and accepted by the TSX Venture Exchange. This chart reflects that consolidation.