CYPRESS HILLS RESOURCE CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 15, 2018

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 2, 2018

CYPRESS HILLS RESOURCE CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Cypress Hills Resource Corp. (the "**Corporation**") will be held at Suite 1703, 595 Burrard Street, Vancouver, British Columbia on Friday, June 15, 2018 at 9:30 a.m. (Vancouver time), for the following:

1. To receive and consider the audited financial statements of the Corporation for the year ended December 31, 2017 together with the auditor's report thereon.

2. To fix the number of directors to be elected at the Meeting at four (4).

3. To elect the board of directors of the Corporation (the "**Board**") for the ensuing year.

4. To appoint Davidson & Company LLP, Chartered Professional Accountants, as auditor's of the Corporation for the ensuing year, at a remuneration to be fixed by the Board.

5. To consider, and if thought advisable, approve, with or without variation, an ordinary resolution approving the Corporation's stock option plan for the ensuing year.

6. To consider, and if thought advisable, approve, with or without variation, a special resolution, the full text of which is set forth in the accompanying management information circular prepared for the purposes of the Meeting (the "**Circular**"), authorizing the change of name of the Corporation to "Tanner Ventures Inc." or such other name as the Board, in their sole discretion and subject to applicable regulatory approval, determines to be appropriate.

7. To consider, and if thought advisable, approve, with or without variation, a special resolution the full text of which is set forth in the Circular approving an amendment to the Corporation's articles of incorporation to consolidate the issued and outstanding Common Shares on the basis of one (1) post- consolidation Common Share for up to every five (5) pre-consolidation Common Shares.

8. To transact such other business as may properly come before the Meeting or any adjournment(s) or postponement thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Circular accompanying this Notice of Annual and Special Meeting.

If you are unable to attend the Meeting in person we request that you date, sign and return the form of proxy to the Corporation's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1Attention: Proxy Department, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment of the Meeting.

If you are a non-registered holder of Common Shares and have received these materials from your broker or another intermediary, please complete and return the voting instruction form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Common Shares not being eligible to be voted at the Meeting.

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Meeting; and (ii) other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice of Annual and Special Meeting. Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Circular carefully before submitting the proxy form.

Notice-and-Access

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Circular. The Corporation has decided to use the notice-and-access model for delivery of meeting materials to its registered and beneficial shareholders. Under notice-and-access, Shareholders still receive a proxy or voting instruction form enabling them to vote at the Meeting. However, instead of a paper copy of the Circular, the Corporation's annual financial statements for the year ended December 31, 2017 ("**Annual Financial Statements**") and associated management's discussion and analysis ("**Annual MD&A**") and additional materials, Shareholders receive this notice with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and also will reduce the cost of printing and mailing materials to shareholders. **SHAREHOLDERS ARE REMINDED TO REVIEW THE CIRCULAR PRIOR TO VOTING.** Shareholders with questions about notice-and-access can call the Corporation at 1-604-689-1428.

Websites Where Materials are Posted

The Circular, Annual Financial Statements, Annual MD&A and additional materials can be viewed online on the Corporation's pages on SEDAR at www.sedar.com and at www.cypresshillsresource.com.

Obtaining Paper Copies of Materials

Shareholders may obtain paper copies of the meeting materials by postal delivery at no cost to them. Requests may be made up to one year from the date the Circular was filed on SEDAR by: (a) calling the Corporation at 1-604-689-1428; (b) mailing a request to the Corporation, Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, Canada Attention: Corporate Secretary; or (c) sending a request to lee@earlston.ca. In order to receive the Circular, Annual Financial Statements and Annual MD&A in sufficient time to allow for review and return of the proxy by the due date, a request for paper copies should be sent so that it is received by no later than the end of business on May 25, 2018.

DATED as of the 2nd, day of May, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Ted J. Fostey*"
Ted J. Fostey
President and Chief Executive Officer

CYPRESS HILLS RESOURCE CORP.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FRIDAY, JUNE 15, 2018

MANAGEMENT INFORMATION CIRCULAR

GENERAL INFORMATION RESPECTING THE MEETING

Solicitation of Proxies

This management information circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management of Cypress Hills Resource Corp. (the "**Corporation**"), to be used at the annual and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation, to be held on June 15, 2018, at 9:30 a.m. (Vancouver time) at the offices of the Corporation located at Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1 or at any adjournment thereof for the purposes set out in the notice of meeting (the "**Notice of Meeting**"). References in this Circular to the Meeting include any adjournment or postponement thereof. It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited by certain officers, directors and regular employees of the Corporation by telephone, electronic mail, telecopier or personally. These individuals will receive no compensation for such solicitation other than their regular fees or salaries, if any. The cost of solicitation by management will be borne directly by the Corporation.

The board of directors of the Corporation (the "**Board**") has fixed the close of business on May 2, 2018 as the record date (the "**Record Date**"), being the date for the determination of the registered holders of Common Shares entitled to receive notice of and vote at the Meeting.

Unless otherwise stated, the information contained in this Information Circular is as of May 2, 2018. Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

Notice-And-Access

The Canadian Securities Administrators have adopted amendments to NI 54-101, which allow for the use of the "notice-and-access" regime for the delivery of meeting materials.

Under the notice-and-access regime, reporting issuers are permitted to deliver the meeting materials by posting them on SEDAR as well as a website other than SEDAR and sending a notice package to each shareholder receiving the meeting materials under this regime. The notice package must include: (i) the relevant form of proxy or voting instruction form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the meeting materials; and (iv) a plain-language explanation of how the notice-and-access system operates and how the meeting materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to shareholders electronically. This notice package must be mailed to shareholders from whom consent to electronic delivery has not been received.

The Corporation has elected to send its meeting materials to Beneficial Shareholders (as defined herein) using the notice-and-access regime. Accordingly, the Corporation will send the above-mentioned notice package to Beneficial Shareholders which includes instructions on how to access the Corporation's meeting materials online and how to request a paper copy of these materials. Distribution of the Corporation's meeting materials pursuant to the notice-and-access regime has the potential to substantially reduce printing and mailing costs.

Notwithstanding the notice-and-access regime, the *Business Corporations Act* (Alberta) ("**ABCA**") requires the Corporation to deliver a paper copy of the meeting materials to a Registered Shareholder unless such shareholder provides written consent to electronic delivery. In order to ensure compliance with the ABCA, Registered Shareholders will be mailed a copy of the meeting materials this year, together with a mail card soliciting a Registered Shareholders consent to electronic delivery in future years.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") are advised that only proxies from Shareholders of record can be recognized and voted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities Limited, which acts as nominee for many Canadian brokerage firms). Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to Registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

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

If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance. All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

Revocability of Proxy

In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by:

(a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered Shareholder or the registered Shareholder's authorized attorney in writing, or, if the registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering such proxy or notice of revocation to Computershare at the address specified above, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia) before the Meeting or the adjournment or postponement thereof, or to the chairman of the Meeting prior to commencement of the Meeting, or

(b) personally attending the Meeting and voting the registered Shareholder's Common Shares.

Exercise of Discretion by Proxy

All Common Shares represented at the Meeting by properly executed proxies will be voted, or withheld from voting as applicable, in accordance with the indicated specifications included therein. **In the absence of any such specifications, the persons named in the instrument of proxy (the "Management Designees"), if named as proxy, will vote in favour of all the matters set out herein.** The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. At the date of this Circular, the Corporation is not aware of any amendments to, or variations of, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees, if named as proxyholder, intend to vote in accordance with their best judgement.

Appointment of Proxy

Registered Shareholders may vote in person at the Meeting or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend and vote in their place. **A shareholder submitting a proxy has the right to appoint a person or company to represent him or her at the meeting other than the persons designated in the form of proxy furnished by the corporation. To exercise this right the shareholder should insert the name of the desired representative in the blank space provided in the form of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the enclosed Instrument of Proxy must be received by Computershare Trust Company of Canada ("**Computershare**"): (a) by mail to Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1; or (b) by Fax at 1-866-249-7775, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment(s) thereof. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution. The instrument of proxy shall be in writing under the hand of the Shareholder or his attorney, or, if such Shareholder is a corporation, under its corporate seal, and executed by a director, officer or attorney thereof duly authorized.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares. As at the date hereof, there are 9,961,965 Common Shares issued and outstanding and no preferred shares are issued and outstanding. Each Common Share entitles the holder thereof to one (1) vote on all matters to be acted upon at the Meeting. The record date for the determination of Shareholders entitled to receive notice of the Meeting has been fixed as the close of business on May 2, 2018. Only Shareholders of record as of the Record Date are entitled either to attend and vote at the Meeting unless, after the Record Date, a registered holder transferred their Common Shares and that transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that they own such shares, requests, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to Vote, in which case such transferee shall be entitled to vote at the Meeting.

The by-laws of the Corporation provide that the quorum for the transaction of business at any meeting of the Shareholders shall consist of at least two (2) persons present in person or by proxy, being Shareholders entitled to vote thereat or a duly appointed proxy holder or representative for a shareholder so entitled and holding or representing by proxy not less than five percent (5%) of the outstanding Common Shares entitled to vote at such meeting.

To the knowledge of the Board and the executive officers of the Corporation, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation except as set forth in the following table:

Name of Shareholder	Number of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly	Percentage of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly[(1)]
Ted J. Fostey Calgary, Alberta	3,411,146	34.24%
Brian E. Bayley Vancouver, British Columbia	1,580,525	15.86%
A. Murray Sinclair Vancouver, British Columbia	1,219,235	12.23%

Note:

(1) Percentage of the Common Shares beneficially owned, controlled or directed is calculated based on an aggregate of 9,961,965 Common Shares outstanding as of the date of this Circular.

As of the date hereof, the current directors and officers of the Corporation as a group own, beneficially, directly and indirectly, or exercise control and direction over 5,029,746 Common Shares representing 50.49% of the issued and outstanding Common Shares.

MATTERS TO BE CONSIDERED AT THE MEETING

At the Meeting, Shareholders will consider the following items of business:

1. Financial Statements

The audited financial statements of the Corporation for the year ended December 31, 2017, the auditor's report thereon and management's discussion and analysis ("**Financial Statements**") will be tabled at the Meeting. A copy of the Financial Statements are available at the request of Shareholders. No vote will be taken at the Meeting in respect of the Financial Statements.

2. Fixing the Number of Directors

At the Meeting, Shareholders will be asked to consider passing an ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the fixing of the number of directors is as follows:

"**BE IT HEREBY RESOLVED** as an ordinary resolution of Cypress Hills Resource Corp. (the "**Corporation**") that:

1. the number of directors to be elected at the Meeting is hereby fixed at four (4); and

2. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

In order to be effective, the foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote proxies IN FAVOUR of the resolution fixing the number of directors to be elected at the Meeting at four (4).

3. Election of Directors

The Corporation currently has four (4) directors, all of whom are being nominated for re-election.

Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by

management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his Instrument of Proxy that his Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the ABCA to which the Corporation is subject.

Unless otherwise directed the Management Designees, if named as proxyholders, intend to vote proxies IN FAVOUR of the election of each nominee identified below as directors of the Corporation.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, their province and country of residence, all positions and offices with the Corporation presently held by their, principal occupation within the preceding five years, their membership on any Board committee, and the number of Common Shares beneficially owned by them, or over which control or direction is exercised, directly or indirectly. The information contained herein is based upon information furnished by the respective nominees.

Name, Province and Country of Residence	Position With the Corporation	Director Since	Principal Occupation for the Past Five Years	Number of Common Shares Beneficially Owned, or over which Control or Directed, Directly or Indirectly[1]
Ted J. Fostey Alberta, Canada	President, Chief Executive Officer and Director	May 1, 2003	President of JDL Capital Canada Ltd. (private holding and consulting company).	3,411,146[3]
Brian E. Bayley[2] British Columbia, Canada	Director	March 21, 1996	President of Earlston Management Corp., a private management company since December 1996 and Executive Chairman of Earlston Investments Corp., a private merchant bank since January 1, 2018.	1,580,525
Timothy Collins[2] Colorado, United States of America	Director	January 19, 1998	Owner/Manager of Collins Land & Cattle Company LLC and Collins Mountain Ranch LLC. Previously, Mr. Collins was the President and CEO of Blacksand Energy Inc., President of Blacksand Energy LLC and President of the General Partner for Blacksand Partners LP.	Nil
Michael A. Thackray, Q.C.[2] Alberta, Canada	Director	July 17, 2003	Barrister & Solicitor, practising primarily in the area of oil and gas law at McMillan LLP (law firm).	37,550

Notes:

(1) Information as to the number of Common Shares beneficially owner or over which they exercise control or direction, has been furnished by the respective nominees.

(2) Member of the Audit Committee.

(3) Includes 2,363,895 Common Shares owned by JDL Capital Canada Ltd., a private company wholly-owned by Mr. Fostey.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, to the knowledge of the Corporation no proposed director of the Corporation is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that was subject to a cease trade order, or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, was subject to a cease trade order, or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any issuer (including the Corporation), that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or has (including with respect to any personal holding companies), within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

<u>American Natural Energy Corp.</u>

Brian E. Bayley was a director of American Natural Energy Corp. (TSX-V listed) from June 15, 2001 to November 30, 2010 which was issued a cease trading order by the British Columbia Securities Commission in July 2007, Autorité des marchés financiers de Québec in August 2007, Ontario Securities Commission in August, 2007, Alberta Securities Commission in November 2007 and Manitoba Securities Commission in March 2008 for failing to file financial statements and MD&A. The orders were rescinded on October 29, 2008 when it filed the financial statements and MD&A.

<u>Piper Resources Ltd. (Non-listed Reporting Issuer)</u>

Michael A. Thackray was a director of Piper Resources Ltd. ("**Piper**") from December 4, 2007 until he resigned effective August 14, 2008. On February 17, 2008, Piper was granted protection under the *Companies Creditors' Arrangement Act* (Canada) (the "**CCAA**") by an order from the Alberta Court of Queen's Bench which stayed its creditors from enforcing their rights until March 17, 2008 (by subsequent Court orders, now June 15, 2008). The CCAA protection was sought and obtained by Piper as a result of the demand by Piper's principal secured creditor for repayment of its loan on or before February 28, 2008. Mr. Thackray agreed to assume a position on Piper's board in full knowledge of the repayment demand and so as to fill a vacancy created upon the resignation of the principal secured creditor's nominee director on Piper's board. Piper is not currently subject to any cease trade order.

The above information has been furnished by the respective nominees.

Penalties or Sanctions

None of those persons who are proposed directors of the Corporation (or any personal holding companies) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

4. Appointment of Auditor

At the Meeting, Shareholders will be asked to consider an ordinary resolution appointing Davidson & Company LLP, Chartered Professional Accountants, Vancouver, British Columbia as the auditor of the Corporation at a remuneration to be approved by the Board and to hold such office until the next annual meeting of the Corporation. Davidson & Company LLP has served as auditor of the Corporation since November 14, 2013.

In order to be effective, the resolution appointing Davidson & Company LLP as auditors of the Corporation must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote IN FAVOUR of the resolution appointing Davidson & Company LLP, Chartered Professional Accountants, as auditor for the Corporation for the next ensuing year at a remuneration to be set by the Board.

5. Approval of Stock Option Plan

Pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"), listed issuers are permitted to have "rolling" stock option plans reserving a maximum of 10% of the issued shares of the Corporation at the time of the stock option grant. Pursuant to the policies of the Exchange, such stock option plans must be approved annually by the shareholders of the listed issuer.

The stock option plan of the Corporation (the "**Stock Option Plan**") is considered to be a "rolling" stock option plan and, pursuant to the policies of the Exchange, the Stock Option Plan must be approved annually by the Shareholders. That approval is being sought at the Meeting and accordingly the Shareholders will be asked to consider and, if thought appropriate, approve an ordinary resolution approving the Stock Option Plan for the ensuing year. A copy of the Stock Option Plan is attached to this Circular as Schedule "A".

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares ("**Options**"), provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Options are exercisable for a period of up to 10 years from the date of grant. The number of Common Shares reserved for issuance to any one person in any twelve month period will not exceed five percent (5%) of the issued and outstanding Common Shares unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements. In addition: (i) the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares; and (ii) the number of Common Shares reserved for issuance to persons providing investor relations activities will not exceed two percent (2%) of the issued and outstanding Common Shares. Options must be exercised within a reasonable period following cessation of the optionee's position with the Corporation, provided that if the cessation was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option.

The exercise price of the Options shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the "Discounted Market Price" (as such term is defined in Exchange policies). Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting or that no vesting restriction shall exist.

The text of the ordinary resolution which management intends to place before the Meeting for approval of the Stock Option Plan is as follows:

"**BE IT RESOLVED** as an ordinary resolution of shareholders of Cypress Hills Resource Corp. (the "**Corporation**") that:

1. the stock option plan (the "**Stock Option Plan**") of the Corporation, substantially in the form attached as Schedule "A" to the management information circular of the Corporation dated May 2, 2017, is hereby approved and adopted as the stock option plan of the Corporation;

2. the Stock Option Plan may be amended by the board of directors, in its sole discretion, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval from the shareholders of the Corporation; and

3. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

In order to be effective the foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote IN FAVOUR of the resolution approving the Stock Option Plan for the ensuing year.

6. Name Change

At the meeting of Shareholders held on June 16, 2017, the Shareholders approved the change of the Corporation's name to "Tanner Ventures Inc." or such other name as the Board may approve and the NEX board of the Exchange may accept. In 2017, the Board determined that a corporate name change may be necessary to more accurately reflect the Corporation's future business, once determined. At the Meeting, Shareholders will be asked to approve a special resolution (being a resolution passed by not less than two-thirds (2/3) of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy at the Meeting) to change the name of the Corporation to "Tanner Ventures Inc." or such other name as the Board determine is appropriate (the "**Name Change**"). As outlined in the resolution below, the new name will be determined by the Board. Even if approved by the Shareholders, the Board may determine not to proceed with the Name Change at its discretion.

The following is the text of the Name Change resolution which will be put forward for approval at the Meeting:

"**BE IT HEREBY RESOLVED** as a special resolution of the shareholders of Cypress Hills Resource Corp. (the "**Corporation**") that:

(a) the Corporation's articles of incorporation be amended to change the name of the Corporation to "Tanner Ventures Inc." or such other name as the Corporation's board of directors in their sole discretion determine is appropriate;

(b) any one director or officer of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all documents and instruments and to take such other actions as such individual may determine to be necessary or desirable to implement this special resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions; and

(c) the Corporation's board of directors are hereby authorized and granted with absolute discretion to abandon the change of the name of the Corporation at any time without further approval ratification or confirmation by the Shareholders of the Corporation."

In order to be effective, the foregoing resolution must be approved by not less than two-thirds (2/3) of the votes cast by Shareholders who vote in person or by proxy at the Meeting.

Unless otherwise directed, the Management Designees, if named as proxyholders intend to vote IN FAVOUR of the special resolution approving the Name Change.

7. Consolidation

At the Meeting, the Shareholders will be asked to approve a special resolution (being a resolution passed by not less than two-thirds (2/3) of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy at the Meeting) approving a consolidation of the outstanding Common Shares of the Corporation on the basis of up to one (1) post-Consolidation Common Share for every five (5) pre-Consolidation Common Shares (the "**Consolidation**") that are outstanding prior to the effective date, pursuant to subsection 173(1)(f) of the ABCA.

As outlined in the resolution below, the final ratio of post-Consolidation Common Shares that are issued in exchange for pre-Consolidation Common Shares will be determined by the Board. Even if approved by the Shareholders, the Board may determine not to proceed with the Consolidation at its discretion.

The text of the special resolution which management intends to place before the Meeting to approve the Consolidation is as follows:

"**BE IT HEREBY RESOLVED** as a special resolution of the shareholders of Cypress Hills Resource Corp. (the "**Corporation**") that:

1. the Corporation be and is hereby authorized to consolidate the issued and outstanding common shares in the share capital of the Corporation ("**Common Shares**") on the basis of one (1) Common Share, for up to a maximum of every five (5) issued and outstanding Common Shares in the capital of the Corporation (the "**Consolidation**"). Such Consolidation may be affected at any time until the next annual meeting of shareholders of the Corporation;

2. no fractional Common Shares shall be issued in connection with the Consolidation. Where the Consolidation would otherwise result in a shareholder of the Corporation being entitled to a fractional Common Share, the number of post-Consolidation Common Shares issued to such Shareholder shall be rounded up to the next greater whole number of Commons Shares if the fractional entitlement is equal to or greater than 0.5 and shall be rounded down to the next lesser whole number of Common Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Common Shares held by a beneficial holder shall be aggregated.

3. any officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute, deliver and file all such documents and to take all such other action(s) as may be deemed necessary or desirable for the implementation of this resolution and any matters contemplated thereby; and

4. the directors of the Corporation are hereby authorized and granted with absolute discretion and without further approval of the shareholders, to revoke and rescind the foregoing resolution before it is acted upon."

The requisite regulatory approvals for the Consolidation will not be sought by the Corporation until after the Board decides to implement the Consolidation resolution. There can be no assurance that the applicable regulatory approvals will be obtained.

In order to be effective, the foregoing special resolution must be approved by at least two thirds of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

Unless otherwise directed to the contrary, it is the intention of the Management Designees, if named as proxyholder, to vote proxies IN FAVOUR of the special resolution approving the Consolidation.

Effect of Consolidation

The Consolidation will not materially affect any Shareholders' percentage ownership in the Corporation, although such ownership will be represented by a smaller number of post-Consolidation Common Shares. If the Consolidation is approved and given effect, the number of Common Shares outstanding will be a minimum of 1,992,393 Common Shares, or such amount depending on the final Consolidation ratio agreed to by the Board. The Consolidation will lead to an increase in the number of Shareholders who will hold "odd lots"; that is, a number of shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the shares). As a general rule, the cost to Shareholders transferring an odd lot of Common Shares is somewhat higher than the cost of transferring a "board lot". Nonetheless, the Board believes the Consolidation is in the best interest of all Shareholders despite the potential increased cost to Shareholders in transferring odd lots of post-Consolidation Common Shares.

Fractional Shares

If the Consolidation is implemented, fractional post-Consolidation Common Shares will not be issued to Shareholders. Where the Consolidation would otherwise result in a Shareholder being entitled to a fractional Common Share, the number of post-Consolidation Common Shares issued to such holder of Common Shares shall be rounded up to the next greater whole number of Common Share if the fractional entitlement is equal to or greater than 0.5 and shall be rounded down to the next lesser whole number of Common Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Common Shares held by a beneficial holder shall be aggregated.

Implementation of Consolidation

The Consolidation is conditional upon the Corporation obtaining final approval the applicable regulatory authorities. The Corporation expects to meet such regulatory requirements but, in the event that it does not receive final approval from an applicable regulatory authority, the Corporation would not proceed with the Consolidation. The Consolidation resolution authorizes the Board not to proceed with the Consolidation, without further approval of the Shareholders, at any time.

As soon as practicable after the Consolidation becomes effective, Shareholders will be notified that the Consolidation has been effected. The Corporation expects that Computershare will act as exchange agent for purposes of implementing the exchange of share certificates.

Following the filing by the Corporation of articles of amendment implementing the Name Change and Consolidation (assuming that the special resolutions approving the Name Change and Consolidation are passed at the Meeting), all Common Shares held by Shareholders will be consolidated without any further action required by Shareholders. Upon completion of the Name Change and Consolidation, the number of Common Shares outstanding will be so adjusted on the Corporation's register of Common Shares maintained by Computershare, and registered Shareholders will receive a share certificate or a statement prepared by Computershare pursuant to its direct registration system (a "**DRS Advice Statement**") evidencing the post-Consolidation Common Shares to which such Shareholder is entitled. Beneficial Shareholders holding their Common Shares through an Intermediary should note that such banks, brokers or other nominees may have various procedures for processing the Name Change and Consolidation. Beneficial Shareholders will not receive a share certificate or DRS Advice Statement from Computershare upon completion from the Name Change and Consolidation. If a Beneficial Shareholder has any questions in this regard, the Beneficial Shareholder is encouraged to contact its nominee.

OTHER MATTERS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the Instrument of Proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Compensation Objectives and Process

The Board is responsible for reviewing and setting executive and director compensation. The Board, in arriving at its compensation decisions, considers the long term interest of the Corporation and its stakeholders, and its historical and current stage of development.

The Corporation is actively seeking opportunities to acquire or participate in new assets or businesses, and the Board has decided that until the Corporation completes an acquisition (an "**Acquisition**"), no compensation will be provided to the Corporation's directors or officers, other than by way of stock options issued pursuant to the Stock Option Plan. The objective and purpose of any stock option reward is to encourage the Corporation's officers and directors to find an Acquisition that is in the best interests of the Corporation and the shareholders. However, in the future, the Board may decide that, prior to completing an Acquisition, the Corporation should pay compensation to its directors or executive officers other than solely by way of stock options.

No compensation whatsoever was paid or granted to the directors and officers of the Corporation during the most recently completed financial year.

Risks of Compensation Policies and Practices

The Corporation's compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Board noted the following facts that discourage the Corporation's executives from taking unnecessary or excessive risk:

- the Corporation's operating strategy and related compensation philosophy; and
- the Corporation's approach to performance evaluation and compensation provides greater rewards to an executive officer achieving both near-term and long-term agreed upon objectives.

Based on this review, and given that no compensation whatsoever was paid or granted to the directors and officers of the Corporation during the most recently completed financial year, the Board believes that the Corporation's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

Role of Executive Officers in Compensation Decisions

With respect to the grant of Options, the Chief Executive Officer recommends to the Board the individual equity incentive awards for each executive officer and director. The Board then takes these recommendations into consideration when making final decisions on compensation for those executive officers. The Board does not use formulas for each grant, but is restricted by the policies of the Exchange and the Stock Option Plan in how many Options it may grant. Options under the Stock Option Plan are awarded based upon the level of responsibility and contribution of the individuals towards the Corporation's goals and objectives. See *"Incentive Plan Awards – The Stock Option Plan*" below, for a detailed description of the Stock Option Plan. Previous grants of Options to a particular individual will be taken into account when considering future grants of Options to that particular individual. At this time, none of the directors or executive officers of the Corporation have been awarded any Options.

Financial Instruments

The Corporation has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including 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 executive officer or director.

Elements of Compensation

The executive compensation program is comprised of three principal components: base salaries, a bonus plan and a stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives.

Base Salaries

The Corporation completed a re-organization and financing in 2013 and continues to look for a new investment opportunities. In May 2014, the Corporation was transferred to the NEX board of the TSX Venture Exchange. Until such time as a new investment opportunity is identified and a transaction completed, it was decided that it was in the best interest of the Corporation to discontinue the payment of salaries.

Historically, executive officers were paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The payment of base salaries is an important component of the Corporation's compensation program and serves to attract and retain qualified individuals. The base salaries for the executive officers are reviewed annually by the Board and are determined by considering the contributions made by the executive officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities and publicly available salary data. Salaries of the executive officers are not determined based on benchmarks or a specific formula.

Bonus Plan

The Board approves bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. Bonuses also serve as a retention incentive for executive officers so that they remain in the employ of the Corporation. The payment of bonuses is consistent with the overall objective of the Corporation to reward performance. Bonuses were not awarded for 2017.

Compensation Governance

The policies and practices adopted by the Board to determine the compensation of the Corporation's executive officers and directors is described under "*Compensation of Executive Officers and Directors – Compensation Discussion and Analysis*".

The Board has determined that due to the size and stage of development of the Corporation, all compensation matters would be reviewed by the Board and the Board has the authority to retain independent advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities.

The Board reviews succession plans for key management positions within the Corporation, human resources policies and plans and the performance and development of the Chief Executive Officer. The Board reviews and recommends the compensation philosophy, guidelines and plans for the Corporation's employees and executives. In consultation with the Chief Executive Officer, the Board also approves the Corporation's compensation plans, including stock options, incentives, bonuses and benefit plans, for the executive team including the Chief Executive Officer.

Pension Disclosure

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers (as defined below) or directors of the Corporation.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

Securities legislation requires the disclosure of compensation received by each "Named Executive Officer" of the Corporation for the two most recently completed financial years. The following table sets forth information concerning the compensation by the Corporation's directors and the Named Executive Officer, namely Ted J. Fostey, President and Chief Executive Officer and John Downes, Chief Financial Officer.

The following table provides compensation information for the past two financial years in accordance with Form 51-102F6V in respect of Ted J. Fostey, President and Chief Executive Officer and John Downes, current Chief Financial Officer, being the Named Executive Officers of the Corporation, and the directors. As at the date hereof, Mr. Fostey and Mr. Downes have not received any salary, share-based awards, non-equity incentive plan compensation, pension value or other compensation other than option-based awards.

TABLE OF COMPENSATION, EXCLUDING COMPENSATION SECURITIES							
Name and Position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Ted J. Fostey President, CEO and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
John Downes Chief Financial Officer	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Brian E. Bayley Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Timothy Collins Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Michael Thackray Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any Named Executive Officers or directors by the Corporation in the financial year ended December 31, 2017 for services provided or to be provided, directly or indirectly, to the Corporation.

No compensation securities were exercised by the Named Executive Officers and the directors during the financial year ended December 31, 2017.

Incentive Plan Awards

The Stock Option Plan

The Corporation established the Stock Option Plan for its directors, officers, employees, and consultants, a copy of which is attached hereto as Schedule "A." The number of authorized but unissued Common Shares that may be subject to options granted to optionees under the Stock Option Plan shall not exceed 10% of the Common Shares issued and outstanding at the date of grant. Rolling 10% stock option plans such as the Stock Option Plan require annual shareholder approval.

The purpose of the Stock Option Plan is to provide directors, officers, employees and consultants of the Corporation with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation provides an incentive to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all Shareholders and increasing the ability of the Corporation to attract and retain persons of experience by aligning the interests of executives and employees with the growth and profitability of the Corporation. The longer-term focus of the Stock Option Plan complements and balances the short-term elements of the compensation program of the Corporation.

The Stock Option Plan is administered by the Board and all decisions and interpretations of the Board respecting the Stock Option Plan or stock options granted thereunder shall be conclusive and binding on the Corporation and on the optionees. The Board may, at any time and from time to time, grant options under the Stock Option Plan on terms and conditions to be determined by the Board from time to time, subject to the conditions contained in the Stock Option Plan and subject to the policies of the Exchange.

The exercise price of the stock options shall be fixed by the Board at the date of grant, provided that such price shall not be less than that permitted by any stock exchange upon which the Common Shares are then listed and posted for trading. The maximum for which stock options may be exercisable is five years, but such term may be shortened by the Board in any stock option agreement, and all stock options will be subject to early termination in accordance with the provisions of the Plan relating to the cessation of the optionee as a director, officer, employee or consultant, either due to termination of employment or due to death or permanent disability. The aggregate number of Common Shares reserved for issuance pursuant to stock options granted to any one individual in any 12 month period may not exceed five percent of the issued and outstanding Common Shares at the date of grant. The aggregate number of Common Shares reserved for issuance pursuant to stock options granted to any one consultant or granted to employees conducting investor relations activities in any 12 month period may not exceed two percent of the issued and outstanding Common Shares at the date of grant. In addition, the issuance to any one insider and such insider's associates pursuant to the Stock Option Plan and other share compensation arrangements within a 12 month period may not exceed five percent of the outstanding Common Shares at the date of grant.

During the year ended December 31, 2016, the Corporation did not grant any options under the Stock Option Plan pursuant to which Common Shares are issuable; and (ii) there remains for issuance 996,196 Common Shares under the Stock Option Plan, representing 10% of the currently outstanding Common Shares.

Option-Based Awards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Chief Executive Officer from time to time. Option awards are determined based on the factors described above under the heading "Stock Option Plan".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Corporation's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected herein)
Equity Compensation plans approved by securityholders	Nil	N/A	996,196
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil	NA	996,196

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or proposed director of the Corporation or any associate of the foregoing is, or at any time since the beginning of the Corporation's most recently completed financial year has been, indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting. The directors and officers of the Corporation hold options to acquire Common Shares pursuant to the Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, the Corporation is not aware of any material transaction involving any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any of informed person or proposed director.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations, and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

For the purposes of the above, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the company other than voting securities held by the person or Corporation as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

CORPORATE SERVICES AGREEMENT

The Corporation has entered into a corporate services agreement dated effective June 1, 2013 (the "**Corporate Services Agreement**") with Earlston Management Corp. ("**Earlston Management**"), whereby Earlston Management provides to the Corporation various administrative and related corporate services.

Earlston Management is a private company owned by Earlston Investments Corp., a British Columbia corporation. None of the persons who were directors or executive officers of the Corporation or a subsidiary of the Corporation at any time during the Corporation's last financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in Earlston Management or Earlston Investments Corp., other than Brian E. Bayley, a director of the Corporation, who is also a director and officer of Earlston Management and a director and shareholder of Earlston Investments Corp. and John Downes, Chief Financial Officer of the Corporation, who is also an officer of Earlston Management and Earlston Investments Corp.

The term of the Corporate Services Agreement commenced on June 1, 2013 and will be in force for two years from the date thereof, with automatic renewal on an annual basis, unless notice is given by either party prior to sixty days of the annual anniversary date of the Corporate Services Agreement, and is subject to earlier termination in certain circumstances, which include: (i) written notice to the other party of termination if the other party (the "Defaulting Party") is in default of any covenant, condition or requirement under the Corporate Services Agreement and the Defaulting Party has not remedied such default within ten business days of receipt of notice of such default; (ii) by written notice to the other party if the other party becomes insolvent, is unable to discharge its obligations as they become due, makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed against it; or (iii) by two months' written notice to the other party.

Under the terms of the Corporate Services Agreement, the Corporation paid to Earlston Management a fee of $1,500 per month. The Corporate Services Agreement provides a mechanism for Earlston Management to change its fee in the event that services required by the Corporation differ than those provided for currently under the Corporate Services Agreement. Pursuant to the Corporate Services Agreement, Earlston Management is reimbursed for all reasonable expenses incurred in the performance of its services.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), sets out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers).*

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSX-V for effective corporate governance, including National Policy 58-201 – *Corporate Governance Guidelines*. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Board of Directors

The Board is currently composed of four members of which Brian E. Bayley, Timothy Collins and Michael Thackray are considered independent as such term is defined by National Instrument 52-110 Audit Committees ("**NI 52-110**"). Ted J. Fostey, President and Chief Executive Officer, is not independent as he is an executive officer of the Corporation. The Board approves all significant decisions that affect the Corporation before they are implemented and the Board supervises their implementation and reviews the results.

The Board is actively involved in the Corporation's strategic planning process. The Board discusses and reviews all materials relating to strategic and operating plans with management. The Board is responsible for reviewing and approving strategic and operating plans and budgets. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board is also responsible for selecting the President and appointing senior management and for monitoring their performance. The Board delegates to management responsibility for, among other things, meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation's business, evaluating new business opportunities and complying with applicable regulatory requirements.

The Board periodically reviews the Corporation's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems. The Board also monitors the Corporation's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

Other Public Company Directorships

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

Name of Director	Name of Reporting Issuer	Exchange
Brian E. Bayley	Monitor Ventures Inc. (formerly American Vanadium Corp.)	TSXV
	EMX Royalty Corp.	TSXV
	Kramer Capital Corp.	NEX
	TransAlantic Petroleum Corp.	TSX

Orientation and Continuing Education of Board Members

The Corporation does not currently have any formal orientation and education programs for new directors as the changes in Board membership have been limited. The Board briefs all new directors on the corporate policies of the Corporation and other relevant corporate and business information. Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars. If there is a change in the number of directors required by the Corporation, this policy will be reviewed. Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board consults regularly with legal, accounting and auditing advisors to ensure compliance with all applicable legal, accounting and other applicable regulatory requirements. The Board has an Audit Committee Charter regarding the collection and dissemination of accounting information, and a Whistleblower Policy with respect to reporting accounting and auditing irregularities. The Board believes that the Corporation has in place corporate governance practices that are both effective and appropriate to the Corporation's size and its business operations. Because of its size and composition, the Board does not find it necessary to appoint many committees or to have in place many formal processes in order to ensure effective corporate governance. For these reasons the Board has not adopted a formal Code of Conduct.

Nomination of Directors

The Board as a whole remains responsible for nominating new members of the Board and assessing members of the Board on an on-going basis. If it becomes necessary, a nomination committee will be created which in turn will develop relevant criteria for suitable candidates including the independence of the individual, financial acumen and availability to devote sufficient time to the duties of the Board. The Board encourages all directors to participate in considering the need for and in identifying and recruiting new candidates for the Board.

Compensation of Directors and Officers

The Board has the responsibility to review compensation matters and review appropriate levels of compensation for all of the directors and all officers of the Corporation, including the Chief Executive Officer. To determine compensation payable, the Board reviews compensation paid to directors and Chief Executive Officers of companies of similar size and stage of development and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the independent Directors review the performance of the Chief Executive Officer in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives. See the discussions under the headings *"Compensation of Executive Officers and Directors – Compensation Discussion and Analysis"*, *"– Compensation Governance"* and *"Director and Named Executive Officer Compensation, Excluding Compensation Securities"*, which sections are incorporated by reference herein

Other Board Committees

Other than the Audit Committee, the Board does not have any other committees. For further information regarding the Audit Committee, see the description under the heading "*Audit Committee Disclosure*".

Assessments

To date, given the small size of the Board, the Board has not found it necessary to institute any formal process in order to satisfy itself that the Board, its committees and its individual directors are performing effectively.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Charter

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting processes of the Corporation and annual external audits of the consolidated financial statements. The Audit Committee has formally set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures. See Schedule "B" hereto for a copy of the Audit Committee Charter of the Corporation.

Composition of the Audit Committee

The Audit Committee currently consists of Brian E. Bayley, Timothy Collins and Michael A. Thackray, Q.C. Brian E. Bayley is the Chair of the Audit Committee. All members of the Audit Committee are considered independent and financially literate.

Relevant Education and Experience of Audit Committee Members

Brian E. Bayley

Mr. Bayley serves as the President and a director of Earlston Management Corp., a private management company and Executive Chairman of Earlston Investments Corp., a private merchant bank. Previously, Mr. Bayley was a director and Resource Lending Advisor for Sprott Resource Lending Corp. (formerly Quest Capital Corp.), a TSX and NYSE Amex listed resource lending corporation. He has held active senior management positions in both private and public natural resource companies and has over 30 years of public issuer experience, both as an officer and a director. Mr. Bayley holds an MBA from Queen's University. He is also a director and officer of several other public companies (see "*Corporate Governance Disclosure*").

Timothy Collins

Mr. Collins is currently owner/manager of Collins Land & Cattle Company LLC and Collins Mountain Ranch LLC. Mr. Collins was previously the President and Chief Executive Officer of Blacksand Energy Inc., President of Blacksand Energy LLC and President of the General Partner for Blacksand Partners LP. He has held senior management positions in both private and public oil and gas companies for over 40 years and has over 10 years of public issuer experience, both as an officer and a director.

Michael A. Thackray, QC

Mr. Thackray is a senior partner with McMillan LLP, a law firm in which his practice includes representing public and private companies, all aspects of oil and gas law and corporate, commercial and securities transactions. He also has over 15 years of public issuer experience.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee will review and pre-approve any engagements for non-audit services to be provided by the external auditor, together with estimated fees. The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The following table discloses the approximate aggregate fees paid by the Corporation to the external auditors of the Corporation in each of the last two financial years of the Corporation for audit fees.

Financial Year Ended	Audit fees[1]	Audit related fees[2]	Tax fees[3]	All other fees[4]
December 31, 2017	$18,870	Nil	$2,000	Nil
December 31, 2016	$18,870	Nil	$2,000	Nil

Notes:

(1) The aggregate fees billed for audit services.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the 'Audit Fees' column.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.

(4) The aggregate fees billed for professional services other than those listed in the other three columns.

Exemption

As a "venture issuer" (as such term is defined under NI 51-102 – *Continuous Disclosure Obligations*), the Corporation is relying upon the exemption provided for in section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com under the Corporation's profile. Additional financial information is provided in the Corporation's audited consolidated financial statements for the financial year ended December 31, 2017, a copy of which, together with MD&A thereon, can be found on SEDAR and the Corporation's website at www.cypresshillsresource.com. To request copies of the Corporation's financial statements, MD&A, Circular and any document to be approved at the Meeting, Shareholders may contact the Corporate Secretary of the Corporation as follows:

E-mail:	Telecopier:	Telephone:
lee@earlston.ca	(+1) 604-681-4692	(+1) 604-689-1428 (collect calls accepted)

Mail: Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, Canada

SCHEDULE "A"

STOCK OPTION PLAN
CYPRESS HILLS RESOURCE CORP.

I. INTERPRETATION

1. Definitions In this Plan the following words and phrases shall have the following meanings, namely:

(a) "**Board**" means the board of directors of the Company or, if the Board so elects, a committee (which may consist of only one person) appointed by the Board from its members to administer the Plan**.**

(b) "**Company**" means Cypress Hills Resource Corp**.**

(c) "**Consultant**" means an individual (or a Company or partnership (a "**Consultant Company**") of which the individual is an employee, shareholder or partner) who:

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

(ii) provides the services under a written contract between the Consultant or Consultant Company and the Company or subsidiary;

(iii) in the Company's reasonable opinion, spends or will spend a significant amount of time and attention on the business and affairs of the Company or a subsidiary of the Company; and

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

(d) "**Director**" means a director, senior officer or Management Company Employee of an Issuer, or of an unlisted Company seeking a listing on the Exchange, or a director, senior officer or Management Company Employees of an Issuer's or an unlisted Company's subsidiaries.

(e) "**Disinterested Shareholder**" means a holder of Shares that is not an Insider nor an associate (as defined in the *Securities Act* (British Columbia)) of an Insider.

(f) "**Employee**" means:

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

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

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

(g) "**Exchange**" means the TSX Venture Exchange or any other stock exchange on which the Shares are listed for trading.

(h) "**Insider**" means an insider of the Company as defined in the *Securities Act* (British Columbia).

(i) "**Market Price**" means the price at which the last recorded sale of a board lot of Shares took place on the Exchange during the trading day immediately preceding the date of granting the option or, if there was no such sale, on the preceding trading day during which there was such a sale. It is the intention of this Plan that Market Price is the Company's best estimate made in good faith of the fair market value of the Shares at the time of granting of the option.

(j) "**Management Company Employee**" means an individual employed by a Company providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a person engaged in investor relations activities.

(k) "**Officer**" means a senior officer of the Company (as defined in the *Securities Act* (British Columbia)) or any of its subsidiaries.

(l) "**Plan**" means this stock option plan as from time to time amended.

(m) "**Shares**" means common shares of the Company.

2. Gender Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

II. PURPOSE OF PLAN

1. Purpose The purpose of this Plan is to attract and retain Employees, Consultants, Officers and Directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

III. GRANTING OF OPTIONS

1. Administration This Plan shall be administered by the Board.

2. Grant by Resolution The Board may determine by resolution those Employees, Consultants, Officers and Directors to whom options should be granted under the Plan and grant to them such options as the Board determines to be appropriate. As a condition precedent to the grant of an option, the Company and optionee must be able to represent to the Exchange as of the date of grant that the optionee is a bona fide Executive, Employee or Consultant of the Company or any Subsidiary.

3. Terms of Option The Board shall determine and specify in its resolution the number of Shares that should be placed under option to each such Employee, Consultant, Officer or Director, the price per Share to be paid for such Shares upon the exercise of each such option, and the period during which such option may be exercised.

4. Written Agreement Every option granted under this Plan shall be evidenced by a written agreement between the Company and the optionee and where not expressly set out in the agreement the provisions of such agreement shall conform to and be governed by this Plan. If there is any inconsistency between the terms of the agreement and this Plan the terms of this Plan shall govern.

IV. CONDITIONS GOVERNING THE GRANTING & EXERCISING OF OPTIONS

1. Different Exercise Periods, Prices and Number In granting an option under this Plan the Board may specify, in its absolute discretion, a particular time period or periods during which the option may be exercised and designate the exercise price and number of Shares in respect of which the option may be exercised during each such time period.

2. Exercise Price The exercise price of an option granted under this Plan shall not be less than the Market Price at the time of granting the option. If the optionee is subject to the tax laws of the United States of America and owns (as determined in accordance with such laws) greater than 10% of the Shares at the time of granting of the option the exercise price shall be at least 110% of the Market Price. In any event, no options shall be granted which are exercisable at a price of less than Cdn$ 0.10 per Share.

3. Number of Shares The number of Shares reserved for issuance to an optionee pursuant to an option granted under this Plan, together with all other options granted to the optionee in a 12 month period, shall not exceed, at the time of granting of the option, 5% of the outstanding Shares (2% of the issued Shares if the optionee is a Consultant) but if the optionee is engaged in providing investor relations services to the Company the aggregate number of Shares reserved for issuance to all such optionees providing such investor relations services shall not exceed 2% of the issued Shares in any 12 month period.

4. Vesting of Options if Optionee is Providing Investor Relations Services If the optionee is a Consultant providing investor relations services to the Company the option must vest in stages over of not less than 12 months with no more than one quarter of the option vesting in any three month period.

5. Vesting of Options if Plan Exceeds 10% Not Applicable.

6. Exercise of Options if Specified Value Exceeds US$ 100,000 If the optionee is an Employee subject to the tax laws of the United States of America that part of any option entitling the optionee to purchase Shares having a value of US$ 100,000 or less shall be treated as an "Incentive Stock Option" under United States Internal Revenue Code so that the optionee may defer the payment of tax on such Shares until the year in which such Shares are disposed of by the optionee. For the purposes hereof value is determined by multiplying the number of shares which are subject to the option times the Market Price (at the time of granting of the options). That part of any option on Shares having a value in excess of US$ 100,000 shall be treated as a non-qualifying option for the purposes of the Code and shall not entitle the optionee to such tax deferral.

7. Expiry Date Unless sooner terminated, the duration of an option shall not exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX Venture Exchange, the maximum term may not exceed 10 years if the Company is classified as a "Tier 1" issuer by the TSX Venture Exchange, and the maximum term may not exceed 5 years if the Company is classified as a "Tier 2" issuer by the TSX Venture Exchange.

8. Extension of Expiry of Time During Blackout Periods Notwithstanding the provisions contained herein for the expiry of options, and subject to the rules of the Exchange, in the event that the expiry date of an option occurs during a blackout period that is formally self-imposed by the Company pursuant to its policies ("**Blackout Period**"), the expiry date of such option shall be automatically extended for a period of 10 business days following the end of the Blackout Period provided that the Blackout period was imposed as a result of the bona fide existence of undisclosed Material Information and the Blackout Period expires upon the general disclosure of the undisclosed Material information..

9. Death of Optionee In the event of the death of an optionee, the option previously granted to him or her shall be exercisable only within one (1) year after such death and then only:

   (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and

   (b) if and to the extent that such Participant was entitled to exercise the option at the date of his death.

10. Termination of Optionee (Voluntary) If an optionee voluntarily ceases to be a Director, Officer, Consultant, Employee or Management Company Employee any option granted under this Plan to the optionee must terminate:

    (a) within one (1) year after the optionee ceased to be the last of a Director, Officer, Consultant, Employee or Management Company Employee;

(b) on the 30th day after the optionee ceased to be an Employee or Consultant if the optionee was engaged in providing investor relations services for the Company; or

(c) on the earlier of the 90th day and the third month after the optionee ceased to be an Employee or Officer if the optionee is subject to the tax laws of the United States of America.

11. Termination of Optionee (Involuntary or for Cause) If an optionee ceases to be any of a Director, Officer, Consultant, Employee or Management Company Employee whether through removal as a director, dismissal as an employee or officer for cause or termination as consultant for breach of their consulting agreement then, notwithstanding the optionee continuing to fall within another of such categories, any option granted under this Plan to the optionee shall terminate immediately on such removal, dismissal or termination and shall not be exercisable by the optionee.

12. Vesting on Change of Control If there is a Change of Control of the Company while any stock options granted under this Plan are outstanding such options, subject to the Exchange's approval, shall vest immediately and be fully exercisable notwithstanding the terms thereof. For the purposes hereof "Change of Control" shall mean:

(a) any transaction or series of related transactions as a result of which any person, entity or group acquires ownership, before or after the date of the Plan, of at least 20% of the voting shares of the Company and they or their representatives become a majority of the Board of Directors or assume control or direction over the management or day-to-day operations of the Company; or

(b) an amalgamation, merger, consolidation or other reorganization of the Company with another entity as a result of which the Company ceases to exist or be publicly traded and the management or Board of Directors of the Company do not comprise substantially all of the management or a majority of the board of directors, respectively, of the resulting entity.

13. Assignment No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to them under this Plan to a Company wholly-owned by them.

14. Restriction on Resale of Shares Issued All Shares issued upon the exercise of an option shall be subject to a four month hold period from the time the option was granted during which period they cannot be sold and, in accordance with the Exchange's policies, the certificates representing such Shares shall be legended accordingly.

15. Notice Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company.

16. Payment Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an optionee on exercise of an option shall be fully paid for in cash at the time of their purchase.

V. RESERVATION OF SHARES FOR OPTIONS

1. Sufficient Authorized Shares to be Reserved Whenever the constating documents of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

2. Maximum Number of Shares to be Reserved Under Plan The aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall be 10% of the outstanding Shares less any Shares subject to issuance pursuant to outstanding options granted before the establishment of this Plan.

3. Maximum Number of Shares Reserved for Insiders Unless the Disinterested Shareholders have approved this Plan at a meeting of holders of Shares, under no circumstances shall options granted under this Plan, together with all of the Company's other previously granted stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result, at any time, in:

   (a) the number of Shares reserved for issuance pursuant to stock options granted to Insiders exceeding 10% of the Shares outstanding at the time of granting; or

   (b) the issuance to Insiders, within a one year period, of Shares totalling in excess of 10% of the Shares outstanding at the time of granting.

VI. CHANGES IN SHARES

1. Share Consolidation or Subdivision If the Shares are at any time subdivided or consolidated, the number of Shares reserved for option under this Plan shall be similarly increased or decreased and the price payable for any Shares that are then subject to option shall be decreased or increased proportionately, as the case may require, so that upon exercising each option the same proportionate shareholdings at the same aggregate purchase price shall be acquired after such subdivision or consolidation as would have been acquired before.

2. Stock Dividend If the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.

VII. EXCHANGE'S RULES & POLICIES APPLY

1. Exchange's Rules and Policies Apply This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having authority and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. If there is an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

VIII. AMENDMENT OF PLAN & OPTIONS

1. Board May Amend Plan or Options The Board, by resolution, may amend or terminate this Plan or options granted under this Plan, but no such amendment or termination, except with the written consent of the optionees concerned, shall affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.

2. Shareholder Approval of Reduction of Exercise Price Any reduction of the exercise price of options granted under this Plan to Insiders shall be subject to approval of Disinterested Shareholders at a meeting of holders of Shares.

3. Exchange Approval Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such amendments have been accepted by the Exchange.

IX. EFFECT OF PLAN ON OTHER COMPENSATION PLANS

1. Other Plans Not Affected This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Consultants and Employees.

X. OPTIONEE'S RIGHTS AS A SHAREHOLDER

1. No Rights Until Option Exercised An optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to him upon exercise of an option.

XI. EFFECTIVE DATE & TERMINATION OF PLAN

1. Effective Date This Plan shall become effective upon the later of the acceptance for filing of this Plan by the Exchange and the approval of this Plan at a meeting of the holders of Shares. Options may be granted under this Plan, but not exercised, prior to the receipt of such approvals. Thereafter this Plan shall be approved annually by the holders of the Shares. If such annual approval is not obtained options may no longer be granted under this Plan.

Termination This Plan shall terminate only upon a resolution to that effect being passed by the Board. Any options granted under this Plan shall continue to be exercisable according to their terms after the termination of this Plan.

SCHEUDLE "B"

CHARTER FOR
THE AUDIT COMMITTEE
OFTHE BOARD OF DIRECTORS
OF CYPRESS HILLS RESOURCE CORP.

The Audit Committee Charter

I. MANDATE

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Cypress Hills Resource Corp. (the "**Company**") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company's financial statements and other financial information;

2. The compliance of such statements and information with legal and regulatory requirements;

3. The qualifications and independence of the Company's independent external auditor (the "**Auditor**"); and

4. The performance of the Company's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the By-Laws of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

1. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section 1 of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with Independence Standards Board Standard 1.

2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.

3. Require the Auditor to report directly to the Committee.

4. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor.

7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor unless such non-audit services:

   (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;

   (b) were not recognized by the Company at the time of the engagement to be non-audit services; and

   (c) are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Company

8. Establish procedures for:

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

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

Preparation of Financial Statements

9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

12. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

    (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.

    (b) The management inquiry letter provided by the Auditor and the Company's response to that letter.

    (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

14. Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

15. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

16. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

17. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

18. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

19. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.

20. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.

21. Make regular reports to the Board.

22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

23. Annually review the Committee's own performance.

24. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.

25. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.