

## **BLUE WATER PETROLEUM CORP.**

### **CORPORATE GOVERNANCE PRINCIPLES**

(Adopted December 20, 2012 and amended April 25, 2017)

These principles have been adopted by the Board of Directors (the “**Board**”) of Blue Water Petroleum Corp. (the “**Company**”) for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company in accordance with its fiduciary responsibilities.

#### **ROLE OF THE BOARD**

The role of the Board at the Company is to oversee the performance of the Chief Executive Officer (“**CEO**”) and other senior management and to assure that the best interests of stockholders are being served. To satisfy this responsibility, the directors are expected to take a proactive approach to their duties and function as active monitors of corporate management. Accordingly, directors provide oversight in the formulation of the long term strategic, financial and organizational goals of the Company and of the plans designed to achieve those goals. In addition, the Board reviews and approves standards and policies to ensure that the Company is committed to achieving its objectives through the maintenance of the highest standards of responsible conduct and ethics and to assure that management carries out their day-to-day operational duties in a competent and ethical manner.

The day-to-day business of the Company is carried out by its employees, managers and officers, under the direction of the CEO and the oversight of the Board, to enhance the long term value of the Company for the benefit of stockholders. The Board and management also recognize that creating long term enterprise value is advanced by considering the interests and concerns of other stakeholders, including the Company’s employees, customers, creditors and suppliers as well as the community generally.

The Board understands that effective directors act on an informed basis after thorough inquiry and careful review, appropriate in scope to the magnitude of the matter being considered. The directors know their position requires them to ask probing questions of management and outside advisors. The directors also rely on the advice, reports and opinions of management, counsel and expert advisers. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice and also looks to the processes used by managers and advisors in reaching their recommendations. In addition, the Board has the authority to hire outside advisors at the Company’s expense if they feel it is appropriate.

#### **SELECTION OF CHAIRMAN OF THE BOARD AND CEO**

The Board shall fill the Chairman of the Board and CEO positions based upon the Board’s view of what is in the best interests of the Company at any point in time. The CEO and Chairman may, but need not be, the same person.

#### **LEAD INDEPENDENT DIRECTOR**

In order to facilitate communication between management and the outside directors, if the Chairman of the Board is not an independent Director, the Board should elect a “Lead Independent Director,” who will

have the responsibility to schedule and prepare agendas for meetings of outside Directors. The Lead Independent Director will communicate with the Chairman and the CEO, disseminate information to the rest of the Board in a timely manner and raise issues with management on behalf of the outside Directors when appropriate. All members of the Board are encouraged to communicate with the Chairman and the CEO. As long as the Chairman of the Board is an independent, non-employee director, the “Lead Independent Director” responsibility will be part of the Chairman’s role.

## **COMMITTEES**

The Board has three committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. The Board will delegate substantial responsibilities to each committee, and each committee should consist solely of independent directors, as defined by the applicable rules of the OTC Markets, Nasdaq Stock Market Global Market or New York Stock Exchange, if the Company’s Common Stock is listed for trading on either of such exchanges (“**Exchange Rules**”), and in the case of the Audit Committee as defined by the rules and regulations of the Securities and Exchange Commission (“**SEC Rules**”); provided, however, that the Company may avail itself of any phase-in rules applicable to newly-listed companies in connection with an initial public offering. The Board should appoint a member of each committee as committee chairperson. The members of these committees shall also meet the other membership criteria specified in the respective charters for these committees. New committees may be formed as determined from time to time by the Board.

## **ASSIGNMENT AND ROTATION OF COMMITTEE MEMBERS**

Committees should be appointed (or re-appointed), and chairpersons of each committee designated, by the full Board, upon recommendation by the Nominating and Corporate Governance Committee, annually. While the composition of the committees of the Board should be looked at each year in making certain that these committees are not stagnant or without fair representation, it is the Board’s belief that continuity of experience in the specific functions of these committees provides a significant benefit to the stockholders and to management.

## **FREQUENCY AND LENGTH OF COMMITTEE MEETINGS**

Each committee chairperson, in consultation with committee members, will determine the frequency and length of meetings of his or her committee, considering all relevant factors such as the committee’s mandate, nature of current committee business to be discussed and the like. Moreover, the committee chairperson should feel free to call additional committee meetings at times other than the scheduled meetings of the full Board.

## **COMMITTEE CHARTERS AND AGENDAS**

Each committee shall have its own charter, which sets forth the purpose, membership requirements, authority and responsibilities of the committee. Annually, the Nominating and Corporate Governance Committee should review the existing committee charters and deliver to the applicable committee recommendations with respect to amendments. Each committee will review and assess the Nominating and Corporate Governance Committee’s recommended changes (if any) and, in such committee’s discretion, make recommendations to the Board for consideration. Committee charters should be within the scope of authority granted by the Board and should be approved by the Board. The chairperson of the committee, in consultation with appropriate members of management and staff, should develop the overall annual agenda to the extent it

can be foreseen. In addition, each committee chairperson should prepare an agenda prior to each committee meeting and should consult with appropriate members of management for additional items which should be included in the agenda. Any committee of the Board is authorized to engage its own outside advisors at the Company's expense, including legal counsel or other consultants, as required, provided that the committee shall promptly advise the full Board of such engagement.

## **CODE OF BUSINESS CONDUCT AND ETHICS, CONFLICTS OF INTERESTS, RELATED PERSON TRANSACTIONS POLICIES AND COMPLAINT PROCEDURES**

The Nominating and Corporate Governance Committee shall periodically review and approve the Company's Code of Business Conduct and Ethics, which is applicable to directors, officers and employees; consider questions of possible conflicts of interest of Board members and corporate officers; review actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers; and approve or prohibit any involvement of such persons in matters that may involve a conflict of interest or corporate opportunity. Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or another organization in which the director is a director or officer) has a financial or other interest.

The Audit Committee shall review and approve any proposed related party transactions in compliance with Exchange Rules and the Company's Related Person Transactions Policy; review the Code of Business Conduct and Ethics and monitor compliance with the Company's Code of Business Conduct and Ethics with respect to senior financial personnel and review and approve the Company's Complaint Procedures for Accounting and Auditing Matters.

## **BOARD MEETINGS AND AGENDA ITEMS**

The Board shall have no less than four regularly scheduled meetings each year at which it reviews and discusses leadership continuity, management development, management reports on the performance of the Company, its plans and prospects, as well as more immediate issues facing the Company. The Chairman of the Board (in consultation with the CEO if not the same person and the Lead Independent Director (if applicable)) will set the agenda for each Board meeting. Each Board member is free to suggest inclusion of items on the agenda. The Board will review the Company's long-term strategic plans during at least one Board meeting per year.

## **BOARD MATERIALS DISTRIBUTED IN ADVANCE**

To the extent possible, information and data that is important to the Board's understanding of matters to be discussed at the meeting and the current status of the Company's business should be distributed in writing to the Board a sufficient number of days before the meeting to enable the directors to read and prepare for the meeting.

## **BOARD PRESENTATIONS AND DISCUSSIONS**

Directors are expected to prepare for, attend, and actively participate in all Board and applicable committee meetings. As a general rule, preparation material on specific subjects should be sent to the Board members in advance so that at the Board meeting time may focused on discussion and answering questions that the Board has about the material. On those occasions when the subject matter is too sensitive to be distributed,

the related materials will have to be introduced at the meeting. The Company encourages, but does not require, directors to attend the annual meeting of stockholders.

### **REGULAR ATTENDANCE OF NON-DIRECTORS AT BOARD MEETINGS**

It is anticipated that certain members of management (e.g., the Chief Financial Officer, the Senior Vice President for Operations and Administration and such other members of the executive staff as the Chairman or CEO may from time to time designate) will attend Board meetings on a regular basis. Other members of management and staff will attend meetings and present reports from time to time. Specifically, the Board encourages management to schedule managers to be present at Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas. It is understood that Company personnel and others attending Board meetings may be asked to leave the meeting in order for the Board to meet in executive session.

### **MEETINGS OF INDEPENDENT DIRECTORS**

It is the policy of the Board to have separate meeting times for independent directors to meet without management present. Such meetings should be held as a part of every Board meeting and at such other times as requested by an independent director. The Chairman or the Lead Independent Director shall (as appropriate) preside at executive sessions.

In addition, the Audit Committee of the Board should meet periodically with the Company's outside auditors without management present at such times as it deems appropriate.

### **BOARD ACCESS TO COMPANY EMPLOYEES**

Board members should have full access to members of senior management, either as a group or individually, and to Company information that they believe is necessary to fulfill their obligations as Board members. The directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Company.

### **BOARD COMPENSATION REVIEW**

The Nominating and Corporate Governance Committee should conduct from time to time a review of non-employee director compensation. This review will include input from the Company's human resources department and such sources as the Nominating and Corporate Governance Committee may deem appropriate in order to evaluate non-employee director compensation compared to other companies similar to us based on operational area, size, business model, industry and such other companies' respective businesses. Any change in Board compensation should be approved by the full Board. Ownership of stock by the directors is encouraged.

### **SIZE OF THE BOARD**

The size of the Board is determined by the Board in accordance with the Company's Bylaws. The size of the Board may vary based upon the size of the business and the availability of qualified candidates. Board size should facilitate active interaction and participation by all Board members. The Board will review from time to time the appropriateness of its size.

## **COMPOSITION OF BOARD**

The Board believes that, so long as the Company does not qualify as a “Controlled Company” under the Exchange Rules, there should be a majority of independent directors on the Board as a matter of policy. Within that policy, the mix of Board members should provide a range of expertise and perspective in areas relevant to the Company’s business.

## **BOARD DEFINITION OF “INDEPENDENCE” FOR DIRECTORS**

A director shall be considered “independent” for purposes of serving on the Board if he or she meets the criteria for independence established by the Exchange Rules. A director shall be considered “independent” for purposes of serving on a Board committee based on the definition of independence used in that committee’s charter, which shall conform to any requirements established for such a committee by the Exchange Rules and any applicable SEC Rules.

## **BOARD MEMBERSHIP CRITERIA AND SELECTION**

The Nominating and Corporate Governance Committee should review on an annual basis, in the context of recommending a slate of directors for stockholder approval, the composition of the Board, including issues of character, judgment, diversity, age, independence, expertise, corporate experience, length of service, understanding of the Company’s business, other commitments and the like. Selection of new directors requires recommendation of a candidate by the Nominating and Corporate Governance Committee to the full Board. The full Board shall have responsibility for naming new members in the event of a vacancy or expansion of the Board between annual meetings of stockholders.

## **CHANGES IN EMPLOYMENT; SERVICE ON OTHER BOARDS BY CHIEF EXECUTIVE OFFICER**

If, after joining the Board, a director accepts an offer of employment or resigns from the director’s current position of employment, such director must offer his or her resignation to the Chairperson of the Board (or, if the director changing employment is the Chairperson of the Board, to the Company’s Chief Executive Officer). Following receipt of the offer to resign, the other members of the Board shall meet and determine whether or not to accept such directors’ resignation; provided, however, that if the Board has not accepted such director’s resignation within 30 days after the offer to resign is made, then the offered resignation will be deemed to have been rejected.

Prior to accepting a position to serve on any board of directors or other governing body of a corporation, organization (charitable or otherwise), or other entity, the Chief Executive Officer must obtain approval of such service by the Board.

## **NOTIFYING A DIRECTOR OF NON-INCLUSION ON A PROPOSED SLATE OF DIRECTORS**

Any proposal to decrease the size of the Board, or to substitute a new director for an existing director, should be made first by the Nominating and Corporate Governance Committee, then approved by the full Board. After receipt of a recommendation from the Nominating and Corporate Governance Committee, the Chairman of the Board or the Lead Independent Director should notify the director of such recommendation prior to the meeting of the Board at which the slate of nominees is proposed to be approved.

## **ASSESSING THE BOARD'S PERFORMANCE**

The Nominating and Corporate Governance Committee should establish an annual process by which the Board and each committee conducts an assessment of its performance during the prior year. This assessment should focus on areas in which the Board or the committees believe contributions can be made going forward to increase the effectiveness of the Board or the committees. As part of this process, directors will conduct an evaluation to review the progress and effectiveness of the Board and its committees, and will submit comments to the Chairman and the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will then report back to the Board. Each committee and the full Board will consider and discuss the findings of the assessments.

## **ANNUAL ELECTION OF DIRECTORS**

Directors shall be subject to election at the annual meeting of stockholders in accordance with the terms of service specified in the Company's certificate of incorporation. However, the Board may fill vacancies or add new directors at any time as provided in the Company's charter documents.

## **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

Meetings of the Board shall be designed to provide orientation for new directors to assist them in understanding the Company's business as well as an introduction to the Company's senior management. Further, the Company encourages directors to participate in continuing education programs focused on the Company's business and industry, committee roles and responsibilities and legal and ethical responsibilities of board members. The Company shall reimburse the directors for customary and reasonable expenses incurred in connection with their participation in such continuing education programs.

## **FORMAL EVALUATION AND COMPENSATION OF THE CEO AND OTHER EXECUTIVE OFFICERS**

The formal evaluation of the CEO and the other executive officers should be made in the context of annual compensation review by the Compensation Committee, with appropriate input from other Board members, and should be communicated to the CEO by the Chairman of the Board or the Lead Independent Director and the chairperson of the Compensation Committee. The evaluation should be based on objective criteria, including performance of the business and accomplishment of long-term strategic objectives and annual operating plan performance in accordance with the principles and criteria established by the Compensation Committee. Ownership of stock by the CEO and other executive officers is encouraged.

## **SUCCESSION PLANNING**

The Compensation Committee, in consultation with the full Board, is primarily responsible for CEO succession planning. In addition, it shall monitor management's succession plans for other key executives. Succession planning can be critical in the event the CEO or other key executives should cease to serve for any reason, including resignation or unexpected disability. Furthermore, the Board believes that establishment of a strong management team is the best way to prepare for an unanticipated executive departure.

## **MANAGEMENT DEVELOPMENT**

In addition to its responsibilities related to executive succession planning, the Nominating and Compensation Committee shall confer with the CEO to encourage management's employee development programs.

## **BOARD INTERACTION WITH INVESTORS, THE PRESS, CUSTOMERS, AND OTHER THIRD PARTIES**

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with knowledge of management and, in most instances, only at the request of management.

In cases where stockholders wish to communicate directly with the non-management directors, letters can be sent to the Chief Financial Officer at the Company's headquarters. These letters will be forwarded to the appropriate committee of the Board or non-management director.

The Company's directors should not accept any gift of value that indicates an intent to influence improperly the normal business relationship between the Company and any supplier, customer or competitor.

## **PERIODIC REVIEW OF GUIDELINES**

The Nominating and Corporate Governance Committee and the Board should review these guidelines annually.