

HOUSTON AMERICAN ENERGY CORP  
Form DEF 14A  
July 24, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. 1)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

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**HOUSTON AMERICAN ENERGY CORP.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Proposed maximum aggregate value of transaction:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Filing Party:

(5) Date Filed:

**HOUSTON AMERICAN ENERGY CORP.**

**801 Travis St., Suite 1425**

**Houston, Texas 77002**

July 24, 2017

Dear Stockholder:

We cordially invite you to attend our 2017 annual meeting of stockholders, which will be held at 10:00 a.m. on Wednesday, September 6, 2017 at the Magnolia Hotel, which is located at 1100 Texas Avenue, Houston, Texas 77002.

At this year's annual meeting, the agenda will include the election of one Class C director, the ratification of the selection of our independent registered public accounting firm for fiscal 2017, adoption of the 2017 Equity Incentive Plan, advisory votes on the compensation of our named executive officers and the frequency with which such a vote will be subject to stockholder vote and the transaction of such other business as may properly come before the meeting or any adjournment thereof. Please refer to the enclosed proxy statement for detailed information on the proposal and other important information about Houston American Energy.

We hope you will be able to attend the annual meeting, but we know that not every stockholder will be able to do so. Whether or not you plan to attend, please complete, sign and return your proxy, or vote by telephone or via the Internet according to the instructions on the proxy card, so that your shares will be voted at the annual meeting.

Sincerely,

JOHN P. BOYLAN  
*Chairman of the Board*

**HOUSTON AMERICAN ENERGY CORP.**

**801 Travis St., Suite 1425**

**Houston, Texas 77002**

**NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS**

**SEPTEMBER 6, 2017**

Dear Stockholder:

The annual meeting of stockholders of Houston American Energy Corp. will be held at 10:00 a.m. on Wednesday, September 6, 2017, at the Magnolia Hotel, which is located at 1100 Texas Avenue, Houston, Texas 77002. The purpose of the annual meeting is to:

1. Elect one Class C director to hold office for the next three years.
2. Ratify the selection of GBH CPAs, PC as our independent registered public accounting firm for the 2017 fiscal year.
3. Approve adoption of the 2017 Equity Incentive Plan.
4. Approve, in an advisory and non-binding vote, the compensation of our named executive officers.

5. Approve, in an advisory and non-binding vote, the frequency of future advisory votes on the compensation of our named executive officers.

6. Transact such other business as may properly come before the meeting or any adjournments thereof.

Only stockholders of record at the close of business on July 14, 2017 will be entitled to vote at the annual meeting and any and all adjourned sessions thereof. Our stock transfer books will remain open.

To ensure that your vote is recorded promptly, please vote as soon as possible. If you are a stockholder of record, please complete, sign and mail the proxy card in the enclosed postage-paid envelope. If your shares are held in “street name”, that is held for your account by a broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted.

By Order of the Board of Directors,

JOHN P. BOYLAN  
*Chairman*

Houston, Texas

July 24, 2017

**HOUSTON AMERICAN ENERGY CORP.**

**801 Travis St., Suite 1425**

**Houston, Texas 77002**

**PROXY STATEMENT**

Our board of directors is soliciting your proxy for the annual meeting of stockholders to be held at the Magnolia Hotel, which is located at 1100 Texas Avenue, Houston, Texas 77002, on Wednesday, September 6, 2017 at 10:00 a.m. and at any and all adjourned sessions of the annual meeting.

We are mailing our annual report for the fiscal year ended December 31, 2016, to our stockholders with this notice and proxy statement (including the form of proxy) on or about July 31, 2017.

**Record Date and Quorum Requirements**

Only stockholders of record at the close of business on July 14, 2017 will be entitled to vote at the annual meeting. Our voting stock consists of issued and outstanding shares of our common stock and issued and outstanding shares of our 12.0% Series A Convertible Preferred Stock (the "Series A Preferred Stock") and 12.0% Series B Convertible Preferred Stock (the "Series B Preferred Stock" and, together with the Series A Preferred Stock, the "Preferred Stock"). The holders of Preferred Stock are entitled to vote, on an "as converted" basis on all matters submitted to a vote of stockholders.

As of the close of business on July 14, 2017, we had 51,277,388 shares of common stock issued and outstanding, each entitled to one vote, 1,200 shares of Series A Preferred Stock issued and outstanding, each entitled to 5,000 votes, or an aggregate of 6,000,000 votes, and 909.6 shares of Series B Preferred Stock issuance and outstanding, each entitled to 2,777 votes, or an aggregate of 2,525,959 votes. The holders of shares of common stock and Preferred Stock

representing a majority of eligible votes on the record date must be present in person or by proxy to have a quorum for the transaction of business at the annual meeting. Shares of common stock and Preferred Stock represented by proxy (includes shares which abstain, withhold the vote or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum exists for a matter presented at the annual meeting.

### **Items to be Voted Upon, Voting Your Shares and Votes Required**

Your vote is very important. If you do not vote your shares, you will not have an impact with respect to the issues to be voted on at this annual meeting. In addition, banks and brokers cannot vote on their clients' behalf on "non-routine" proposals.

Stockholders will be voting upon five matters as well as any other business that may properly come before the meeting. The specific items to be voted on are: (1) election of one Class C director, (2) ratification of the appointment of GBH CPAs, PC as our independent registered public account firm for the 2017 fiscal year, (3) approval of adoption of our 2017 Equity Incentive Plan, (4) approval, on a non-binding advisory basis, of the compensation of our named executive officers, and (5) approval, on a non-binding advisory basis, of the frequency of advisory votes on compensation of named executive officers.

In order to be elected as a director, a nominee for director must receive a plurality of the votes cast at the annual meeting. Ratification of the selection of GBH CPAs, PC as our independent registered public accounting firm, approval of adoption of our 2017 Equity Incentive Plan and advisory approval of compensation of named executive officers will each require the affirmative vote of a majority of the votes cast. Advisory approval of the frequency of advisory votes on compensation of named executive officers will be determined by a plurality of the votes cast.

Shares that abstain from voting on a particular proposal, and shares held in “street name” by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares on a particular proposal, will not be counted as votes “in favor” of such proposal, and will also not be counted as votes cast or shares voting on that proposal. Accordingly, abstentions and “broker non-votes” will have no effect on the voting on a proposal that requires the affirmative vote of a certain percentage of the votes cast or shares voting on a proposal but will have the effect of a vote against proposals requiring the affirmative vote of all shares entitled to vote. However, abstentions are considered to be present or represented in determining whether a quorum exists on a given matter.

### **Submitting Your Proxy**

If you complete and submit your proxy, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you submit a proxy card but do not fill out the voting instructions on the proxy card, the persons named as proxies will vote the shares represented by your proxy as follows:

FOR the election of each of the director nominees;

FOR the ratification of the selection of GBH CPAs, PC as our registered public accounting firm;

FOR approval of our 2017 Equity Incentive Plan;

FOR approval, on an advisory basis, of the compensation of our named executive officers; and

THREE YEARS for the frequency of advisory votes on executive compensation.

To ensure that your vote is recorded promptly, please vote as soon as possible. To vote by proxy, please complete, sign and mail the proxy card in the enclosed postage-paid envelope.

Stockholders that attend the annual meeting and wish to vote in person will be given a ballot at the meeting. If your shares are held in “street name” and you want to attend the annual meeting, you must bring an account statement or letter from the brokerage firm or bank holding your shares showing that you were the beneficial owner of the shares on the record date. If you want to vote shares that are held in “street name” or are otherwise not registered in your name, you will need to obtain a “legal proxy” from the holder of record and present it at the annual meeting.

### **Revoking or Changing Your Proxy**



You may revoke or change your proxy at any time before it is voted. For a stockholder “of record”, meaning one whose shares are registered in his or her own name, to revoke or change a proxy, the stockholder may follow one of the procedures listed below.

submit another properly signed proxy, which bears a later date;

deliver a written revocation to our corporate secretary; or

attend the annual meeting or any adjourned session thereof and vote in person.

If you are a beneficial owner of our common stock, and not the stockholder of record (for example your common stock is registered in “street name” with a brokerage firm), you must follow the procedures required by the holder of record, which is usually a brokerage firm or bank, to revoke or change a proxy. You should contact the stockholder of record directly for more information on these procedures.

### **Other Information**

We will bear the expense of soliciting proxies. Our officers and certain other employees, without additional remuneration, may solicit proxies personally or by telephone, e-mail or other means.

Our Annual Report on Form 10-K for the year ended December 31, 2016, which is not part of the proxy soliciting materials, is included with this Proxy Statement.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The table below shows the number of our shares of common stock beneficially owned as of July 14, 2017 by:

each person or group known by us to beneficially own more than 5% of our outstanding common stock;

each director and nominee for director;

each executive officer named in the Summary Compensation Table under the heading “Executive Compensation” below; and

all of our current directors and executive officers of the company as a group.

The number of shares beneficially owned by each 5% holder, director or executive officer is determined by the rules of the SEC, and the information does not necessarily indicate beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the person or entity has sole or shared voting power or investment power and also any shares that the person or entity can acquire within 60 days of July 14, 2017 through the exercise of any stock option or other right. For purposes of computing the percentage of outstanding shares of common stock held by each person or entity, any shares that the person or entity has the right to acquire within 60 days after July 14, 2017 are deemed to be outstanding with respect to such person or entity but are not deemed to be outstanding for the purpose of computing the percentage of ownership of any other person or entity. Unless otherwise indicated, each person or entity has sole investment and voting power (or shares such power with his or her spouse) over the shares set forth in the following table. The inclusion in the table below of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares. As of July 14, 2017, there were 51,277,388 shares of common stock issued and outstanding.

<b>Name and Address of Beneficial Owner</b>	<b>Shares of Common Stock Beneficially Owned</b>	<b>Percentage of Common Stock Outstanding</b>
John Terwilliger <sup>(1)</sup>	11,844,252 (2)	21.6 %
John P. Boylan*	1,266,803 (3)	2.4 %
O. Lee Tawes* <sup>(1)</sup>	3,643,531 (4)	7.0 %
Stephen Hartzell*	537,666 (5)	1.0 %
Keith Grimes*	505,000 (6)	†
Roy Jageman*	393,333 (7)	†
All current directors and executive officers as a group (5 persons)	6,346,333 (8)	11.7 %

- \* Director of our company
- † Less than 1% of the shares of total common stock outstanding as of July 14, 2017.
- (1) Address is 801 Travis St., Suite 1425, Houston, Texas 77002.
- (2) Includes (a) 2,700,000 stock options and (b) 750,000 shares issuable upon conversion of Preferred Stock.
- (3) Includes (a) 109,303 shares held by EJC Ventures, LP, of which Mr. Boylan serves as the manager of the general partner, (b) 835,000 stock options, and (c) 262,500 shares issuable upon conversion of Preferred Stock held by EJC Ventures, LP.
- (4) Includes (a) 119,034 shares owned by Mr. Tawes' spouse, as to which Mr. Tawes disclaims beneficial ownership, (b) 491,666 stock options, (c) 100,000 shares issuable upon conversion of Preferred Stock, and (d) 100,000 shares issuable upon exercise of Warrants owned by Mr. Tawes' spouse, as to which Mr. Tawes disclaims beneficial ownership.
- (5) Includes 481,666 stock options.
- (6) Includes (a) 350,000 stock options and (b) 125,000 shares issuable upon conversion of Preferred Stock.
- (7) Includes (a) 268,333 stock options and (b) 125,000 shares issuable upon conversion of Preferred Stock.
- (8) Includes (a) 2,426,665 stock options, (b) 612,500 shares issuable upon conversion of Preferred Stock, and (c) 100,000 shares issuable upon exercise of Warrants.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

Our restated certificate of incorporation and amended and restated by-laws, each as amended to date, provide for the classification of our board into three classes, as nearly equal in number as possible. The Class A, Class B and Class C directors are currently serving until the annual meeting of stockholders that will be held in 2019, 2018 and 2017, respectively, and until their respective successors are elected and qualified. At each annual meeting of stockholders, directors are elected for a full term of three years to succeed those whose terms are expiring. Our board has fixed the number of directors at five. There are currently two Class A directors, two Class B directors and one Class C director.

Unless otherwise instructed, the persons named as proxies will vote all proxies received **FOR** the election of the person named as nominee below as Class C director for a term of three years, until the annual meeting of stockholders to be held in 2020 and until his successor is elected and qualified.

The nominee listed below is currently serving as a director and has indicated that he is willing to continue to serve, if elected. The independent directors of the board nominated the candidate for election. If the nominee should become unavailable, the persons named as proxies will vote all proxies received for a substitute nominee designated by the board, unless instructions are given to the contrary. The board has no reason to believe that the nominee will become unavailable.

In the section below, we provide the names and biographical information about the Class C nominee and each other member of the board.

There are no family relationships among any of our directors, nominee for director and executive officers.

#### **Nominee for Election as Class C Director Continuing in Office until 2020**

O. Lee Mr. Tawes is a retired private investor. From 2004 to 2014, Mr. Tawes served as Executive Vice President Tawes III and Head of Investment Banking, and a Director at Northeast Securities Inc. Prior to joining Northeast Securities, Mr. Tawes held management and research analyst positions with C.E. Unterberg, Towbin, Age: 70 Oppenheimer & Co. Inc., CIBC World Markets and Goldman Sachs & Co. from 1972 to 2004. Mr. Tawes served as a director of GSE Systems, Inc. from 2006 to October 2014. Mr. Tawes is a graduate of Princeton University and received his MBA from Darden School at the University of Virginia.

Director

Since:

2005 Mr. Tawes brings to our board over 40 years of broad experience in finance and investment banking, and specific experience in oil and gas finance and investment banking, and his resulting understanding of our industry, operating environment, key drivers of financial success and specific capital market characteristics and challenges encountered by our company.

**Class A Directors Continuing in Office until 2019**

Stephen Hartzell Mr. Hartzell is the owner and President of S.P. Hartzell, Inc., a professional independent consulting exploration geology firm, and is an owner operator of Southern Star Exploration, LLC, an independent oil and gas company. From 1978 to 1986, Mr. Hartzell served as a petroleum geologist, division geologist and senior geologist with Amoco Production Company, Tesoro Petroleum Corporation, Moore McCormack Energy and American Hunter Exploration. Mr. Hartzell received his B.S. in Geology from Western Illinois University and an M.S. in Geology from Northern Illinois University.

Age: 63

Director

Since:

2005 Mr. Hartzell brings to our board over 30 years of broad experience in the oil and gas industry, covering geology, operations management and asset management, and his resulting understanding of our industry, operating environment, key drivers of operational success and specific geological characteristics and challenges encountered in operations.

Mr. Grimes has, since 2014, served as President – International of Sierra Hamilton LLC, an international service provider to oil and gas exploration and production companies offering specialized technical consulting and E&P technology to operators worldwide. Mr. Grimes served, from 2011 to 2014, as Chief Executive Officer of Hamilton Engineering, LLC, a predecessor of Sierra Hamilton. Previously, Mr. Grimes had a 28-year career in the oil and gas industry, most recently managing all eastern hemisphere operations of Expro Group, an Aberdeen, Scotland based global well testing and subsea engineering company, and previously serving in numerous leadership roles with Halliburton for 20 years. Mr. Grimes holds a B.S. degree in Petroleum Engineering from Texas Tech University.

R. Keith Grimes  
Age: 60  
Director  
Since:  
2012

Mr. Grimes brings to our board over 30 years of broad domestic and international energy industry experience as a petroleum engineer and senior executive and his resulting understanding of our industry, international operations, engineering, geological and operational challenges encountered in our business.

### **Class B Directors Continuing in Office until 2018**

Mr. Boylan has served as our Chairman, Chief Executive Officer and President since April 2015 and as a Director since 2006. Since 2008, Mr. Boylan has owned and operated EJC Ventures, LP, a financial and management consulting firm providing executive and financial management, asset management, corporate finance, risk management, complex financial reporting, crisis management, turnaround services and pre- and post-bankruptcy management services to the oil and gas industry. Mr. Boylan has served as interim Chief Executive Officer, Interim Chief Financial Officer and in other interim management roles with private and publicly traded oil and gas companies, including operators in pre- and post-bankruptcy. Mr. Boylan holds a BBA with a major in Accounting from the University of Texas and an MBA with majors in Finance, Economics and International Business from New York University. Mr. Boylan is a licensed CPA in the State of Texas.

John Boylan  
Age: 50  
Director  
Since:  
2006

Mr. Boylan brings to our board over 20 years of broad experience in the oil and gas industry, covering operations, accounting and finance, and his resulting understanding of our industry, operating environment, key drivers of operational and financial success and specific accounting and financial characteristics and challenges encountered.

Since 2013, Mr. Jageman has been a private investor and consultant to the energy industry. From 2010 to 2013, Mr. Jageman served as Executive Vice President and Chief Financial Officer of Plantation Petroleum Companies, a private equity backed oil and gas producer. Previously, Mr. Jageman served as a co-founder and Chief Financial Officer of Ranger Gas Storage, LLC, an underground gas storage facilities developer, from 2006 to 2010, and as Executive Vice President and Chief Financial Officer of Encore Acquisition Company, a New York Stock Exchange listed exploration and production company, from 2003 to 2005. From 1989 to 2003, Mr. Jageman held corporate finance positions with the energy investment banking groups of Simmons & Company International, Lehman Brothers, Salomon Brothers and Wasserstein Perella. Mr. Jageman holds a BBA with a major in Finance from the University of Texas.

Roy Jageman  
Age: 50  
Director  
Since:  
2015

Mr. Jageman brings to our board over 25 years of broad energy industry experience, including experience in finance, investment banking, risk management, acquisitions, divestitures and public company operations, and his resulting understanding of our industry, operating environment, key drivers of financial success, energy capital markets, acquisition and divestitures opportunities and challenges.

### **Involvement in Certain Legal Proceedings**

In December 2007, Mr. Boylan filed a bankruptcy petition under Chapter 7 of the United States Bankruptcy Code in Cause No. 07-38742-H3-7 in the U.S. District Court for the Southern District of Texas, Houston Division. He received a discharge from Chapter 7 in June 2009. The bankruptcy petition was filed in response to efforts by a creditor to collect obligations of a company of which Mr. Boylan was a prior part owner, which obligations were personally guaranteed by Mr. Boylan.

### **Recommendation of the Board of Directors**

**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE NOMINEE TO THE BOARD OF DIRECTORS SET FORTH IN THIS PROPOSAL 1.**

In considering your vote with respect to the election of directors pursuant to Proposal 1, you should consider the discussions of “Executive Compensation” and “Corporate Governance” and the other discussions contained in this Proxy Statement.

### **PROPOSAL 2**

#### **RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our board, on the recommendation of the audit committee, has selected the firm of GBH CPAs, PC as our registered public accounting firm for fiscal 2017. GBH CPAs, PC has served as our registered public accounting firm since January 2009. Although stockholder approval of the board’s selection of GBH CPAs, PC is not required by law, the board believes that it is advisable to give stockholders an opportunity to ratify this selection. If this proposal is not approved at the annual meeting, the board will reconsider its selection of GBH CPAs, PC.

Representatives of GBH CPAs, PC are expected to be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from stockholders.



**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF GBH CPAs, PC AS OUR REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017.**

In considering your vote with respect to the ratification of our selection of GBH CPAs, PC as our registered public accounting firm pursuant to Proposal 2, you should consider the discussion of “Relationship with Independent Registered Public Accounting Firm” and the other discussions contained in this Proxy Statement.

### **PROPOSAL 3**

#### **APPROVAL OF THE HOUSTON AMERICAN ENERGY CORP. 2017 EQUITY INCENTIVE PLAN**

In March 2017, our board of directors adopted, subject to stockholder approval, the Houston American Energy Corp. 2017 Equity Incentive Plan (the “2017 Plan”). The 2017 Plan has a share reserve of 5,000,000 shares. As of July 14, 2017, we had outstanding options under existing stock option plans to purchase a total of 5,832,165 shares and 167,835 shares remained eligible for grant under those plans.

We believe that appropriate equity incentives are critical to attracting and retaining qualified and motivated personnel. The approval of this proposal will enable us to continue to provide such incentives.

The board, acting through the compensation committee, has full discretion to determine the number of awards to be granted to participants under the 2017 Plan, subject to an annual limitation on the total number of awards that may be granted to any employee.

#### **Key Features of the 2017 Equity Incentive Plan:**

An independent committee of the board of directors administers the plan;

5,000,000 shares are authorized for grant under the plan;

Awards may not be granted later than 10 years from the effective date of the plan;

Awards may be stock options, stock appreciation rights, restricted stock, restricted stock units, deferred compensation awards and other stock-based awards;

Stock options and stock appreciation rights may not be repriced without stockholder approval;

Stock options and stock appreciation rights may not be granted below fair market value;

Awards other than stock options and stock appreciation rights will be limited to an aggregate maximum of 2,000,000 shares;

Shares tendered in payment of a stock option, shares withheld for taxes and shares repurchased by the Company using stock option proceeds will not be available again for grant; and

The 2017 Plan reserve also will be reduced by the full amount of shares granted as stock appreciation rights, regardless of the number of shares upon which payment is made.

### **Summary of the 2017 Plan**

The following is a summary of the material terms of the 2017 Plan. It is qualified in its entirety by the specific language of the 2017 Plan, which is included as [Appendix A](#) to this proxy statement and which is available to any stockholder upon request.

### **General**

The 2017 Plan provides for the grant of incentive and nonstatutory stock options as well as stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. Incentive stock options granted under the 2017 Plan are intended to qualify as “incentive stock options” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). Nonstatutory stock options granted under the 2017 Plan are not intended to qualify as incentive stock options under the Code.

### **Purpose**

The purpose of the 2017 Plan is to advance the interests of our company and our stockholders by providing an incentive to attract and retain persons eligible to receive awards under the 2017 Plan and by motivating such persons to contribute to the growth and profitability of our company.

## **Administration**

The 2017 Plan is administered by our board of directors and its designees. The board has the power to construe and interpret the 2017 Plan and, subject to the provisions of the 2017 Plan, to determine the persons to whom and the dates on which awards will be granted, the number of shares to be subject to each award, the time or times during the term of each award within which all or a portion of such award may be exercised, the exercise price, the type of consideration to be paid upon exercise of an award, and other terms of the award. The board of directors is authorized to delegate administration of the 2017 Plan to a committee of outside directors. The board has delegated administration of the 2017 Plan to the compensation committee of the board. As used herein with respect to the 2017 Plan, the “board” refers to the compensation committee, as well as to the board of directors itself.

## **Stock Subject to the 2017 Plan**

5,000,000 shares of our common stock are reserved for issuance pursuant to the 2017 Plan. If awards granted under the 2017 Plan expire, are cancelled or otherwise terminate without being exercised, the shares of common stock subject to such expired, cancelled or terminated awards will then be available for grant under the 2017 Plan. Shares subject to awards other than stock options and stock appreciation rights will be limited to an aggregate of not more than 2,000,000 shares. Any shares returned to the reserve as described above will be returned on the same basis as they are charged.

## **Eligibility**

Awards other than incentive stock options generally may be granted only to employees, directors and consultants of our company, or certain related entities or designated affiliates. An incentive stock option can only be granted to a person who, on the effective date of grant, is an employee of our company, a parent corporation or a subsidiary corporation. As of July 14, 2017, we had three employees and four non-employee directors eligible to receive grants.

No incentive stock options may be granted under the 2017 Plan to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of our company, or any of its parent or subsidiary corporations, unless the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and the term of the option does not exceed 5 years from the date of grant. The aggregate fair market value, determined at the time of grant, of the shares of common stock with respect to which incentive stock options granted under the 2017 Plan are exercisable for the first time by an optionee during any calendar year (under all such plans of the company and its parent and subsidiary corporations) may not exceed \$100,000. In order to permit awards to qualify as “performance based compensation” under Code Section 162(m) no employee may be granted awards under the 2017 Plan in excess of the following in each fiscal year of the company:

Stock options and stock appreciation rights: No more than 2,000,000 shares.

Restricted stock and restricted stock unit awards: No more than 2,000,000 shares in the aggregate.

### **Options and Stock Appreciation Rights**

The following is a description of the general terms of options and stock appreciation rights under the 2017 Plan. Individual grants may have terms that differ from those described below.

#### **— *Exercise Price; Payment***

The exercise price of incentive stock options under the 2017 Plan may not be less than the fair market value of the common stock subject to the option on the date of the option grant, and in some cases (see “Eligibility” above), may not be less than 110% of such fair market value. The exercise price of nonstatutory stock options and stock appreciation rights may not be less than the fair market value of the stock subject to the award on the date of the option grant. On July 14, 2017, the closing price of our common stock as reported on the NYSE MKT was \$0.70 per share. The exercise price of options granted under the 2017 Plan must be paid: (i) in cash, by check or cash equivalent, (ii) by tender to the company, or attestation to the ownership of shares of common stock of the company owned by the optionee having a fair market value not less than the exercise price, (iii) in any other form of legal consideration acceptable to the board, or (iv) any combination of the above.

— *No Repricing*

The 2017 Plan does not permit the company to lower the exercise price of options or stock appreciation rights or to exchange options or stock appreciation rights for awards with a lower exercise price without further stockholder approval.

— *Exercise*

Options and stock appreciation rights granted under the 2017 Plan may become exercisable (“vest”) in cumulative increments as determined by the board provided that the holder’s employment by, or service as a director or consultant to the company or certain related entities or designated affiliates (“service”) continues from the date of grant until the applicable vesting date. Shares covered by awards granted under the 2017 Plan may be subject to different vesting terms. The board has the power to accelerate the time during which an award may be exercised.

— *Term*

The maximum term of options and stock appreciation rights under the 2017 Plan is ten years, except that in certain cases (see “Eligibility” above) the maximum term is five years. The 2017 Plan provides for earlier termination of an award due to the holder’s cessation of service.

**Restrictions on Transfer**

Incentive stock options granted under the 2017 Plan may not be transferred except by will or by the laws of descent and distribution, and may be exercised during the lifetime of the person to whom the option is granted only by such person. A nonstatutory stock option or stock appreciation right is not transferable in any manner other than (i) by will or by the laws of descent and distribution, (ii) by written designation of a beneficiary taking effect upon the death of the optionee, (iii) by delivering written notice to the company that the optionee will be gifting to certain family members or other specific entities controlled by or for the benefit of such family members, and such other transferees as the board may approve.

**Restricted Stock Units**

The board may grant restricted stock units under the 2017 Plan that represent a right to receive shares of our common stock at a future date determined in accordance with the participant's award agreement. No monetary payment is required for receipt of restricted stock units or the shares issued in settlement of the award, the consideration for which is furnished in the form of the participant's services to the company. The board may grant restricted stock unit awards subject to criteria that it may establish, or may make the awards subject to vesting conditions similar to those applicable to restricted stock awards. Unless otherwise provided by the board, a participant will forfeit any restricted stock units which have not vested prior to the participant's termination of service. Participants have no voting rights or rights to receive cash dividends with respect to restricted stock unit awards until shares of common stock are issued in settlement of such awards. However, the board may grant restricted stock units that entitle their holders to receive dividend equivalents, which are rights to receive additional restricted stock units for a number of shares whose value is equal to any cash dividends we pay.

### **Restricted Stock Awards**

The board may grant restricted stock awards under the 2017 Plan either in the form of a restricted stock purchase right, giving a participant an immediate right to purchase common stock, or in the form of a restricted stock bonus, for which the participant furnishes consideration in the form of services to the company. The board determines the purchase price payable under restricted stock purchase awards, which may be less than the then current fair market value of our common stock. Restricted stock awards may be subject to vesting conditions based on such service or other criteria as the board specifies. Shares acquired pursuant to a restricted stock award may not be transferred by the participant until vested. Unless otherwise provided by the board, a participant will forfeit any shares of restricted stock as to which the restrictions have not lapsed prior to the participant's termination of service. Participants holding restricted stock will generally have the right to vote the shares and to receive any dividends paid, except that dividends or other distributions paid in shares will be subject to the same restrictions as the original award.

### **Deferred Compensation Awards**

The 2017 Plan authorizes the board to establish a deferred compensation award program. If and when implemented, participants designated by the board who are officers, directors or members of a select group of highly compensated employees may elect to receive, in lieu of compensation otherwise payable in cash or in lieu of cash or shares of common stock issuable upon the exercise or settlement of stock options or stock appreciation rights, an award of deferred stock units. Each such stock unit represents a right to receive one share of our common stock at a future date determined in accordance with the participant's award agreement. Deferred stock units are fully vested upon grant and will be settled by distribution to the participant of a number of whole shares of common stock equal to the number of stock units subject to the award as soon as practicable following the earlier of the date on which the participant's service terminates or a settlement date elected by the participant at the time of his or her election to receive the deferred stock unit award. Participants are not required to pay any additional consideration in connection with the settlement of deferred stock units. A holder of deferred stock units has no voting rights or other rights as a stockholder until shares of common stock are issued to the participant in settlement of the stock units. However, participants holding deferred stock units will be entitled to receive dividend equivalents with respect to any payment of cash dividends on an equivalent number of shares of common stock. Such dividend equivalents will be credited in the form of additional whole and fractional stock units determined in accordance with a method specified by the board in the participant's award agreement. Prior to settlement, deferred stock units may not be assigned or transferred other than by will or the laws of descent and distribution.

### **Other Stock-Based Awards**

The 2017 Plan permits the board to grant other awards based on the company's stock or on dividends on the company's stock.

### **Effect of Certain Corporate Events**

In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the company, appropriate adjustments will be made in the number and class of shares subject to the 2017 Plan and to any outstanding awards, in the Section 162(m) per employee grant limit (see "Federal Income Tax Information — Potential Limitation on Company Deductions," below), and in the exercise price per share of any outstanding awards. Any fractional share resulting from an adjustment will be rounded down to the nearest whole number, and at no time will the exercise price of any option or stock appreciation right be decreased to an amount less than par value of the stock subject to the award.



If a change in control occurs, the surviving, continuing, successor or purchasing corporation or parent corporation thereof may either assume the company's rights and obligations under the outstanding awards or substitute substantially equivalent awards for such corporation's stock. Awards that are not assumed, replaced or exercised prior to the change in control will terminate. The board may grant awards that will accelerate in connection with a change in control. The acceleration of an award in the event of an acquisition or similar corporate event may be viewed as an anti-takeover provision, which may have the effect of discouraging a proposal to acquire or otherwise obtain control of the company.

### **Duration, Amendment and Termination**

The board may amend or terminate the 2017 Plan at any time. If not earlier terminated, the 2017 Plan will expire on the tenth anniversary of stockholder approval.

The board may also amend the 2017 Plan at any time or from time to time. However, no amendment authorized by the board will be effective unless approved by the stockholders of the company if the amendment would: (i) increase the number of shares reserved under the 2017 Plan; (ii) change the class of persons eligible to receive incentive stock options; or (iii) modify the 2017 Plan in any other way if such modification requires stockholder approval under applicable law, regulation or rule.

## Specific Grants

Awards under the 2017 Plan are discretionary. Accordingly, it is not possible to determine the number of awards that may be granted under the 2017 Plan to specific individuals. As of July 14, 2017, no options or other awards under the 2017 Plan were issued and outstanding.

## Federal Income Tax Information

### — *Incentive Stock Options*

An optionee recognizes no taxable income for regular income tax purposes as the result of the grant or exercise of an incentive stock option. Optionees who do not dispose of their shares for two years following the date the incentive stock option was granted or within one year following the exercise of the option will normally recognize a long-term capital gain or loss equal to the difference, if any, between the sale price and the purchase price of the shares. If an optionee satisfies both such holding periods upon a sale of the shares, the company will not be entitled to any deduction for federal income tax purposes. If an optionee disposes of shares either within two years after the date of grant or within one year from the date of exercise (referred to as a “disqualifying disposition”), the difference between the fair market value of the shares on the exercise date and the option exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. A capital gain or loss will be long-term if the optionee’s holding period is more than 12 months. Any ordinary income recognized by the optionee upon the disqualifying disposition of the shares generally should be deductible by the company for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Code or the regulations thereunder. The difference between the option exercise price and the fair market value of the shares on the exercise date of an incentive stock option is an adjustment in computing the optionee’s alternative minimum taxable income and may be subject to an alternative minimum tax which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to optionees subject to the alternative minimum tax.

### — *Nonstatutory Stock Options and Stock Appreciation Rights*

Nonstatutory stock options and stock appreciation rights have no special tax status. A holder of these awards generally does not recognize taxable income as the result of the grant of such award. Upon exercise of a nonstatutory stock option or stock appreciation right, the holder normally recognizes ordinary income in an amount equal to the

difference between the exercise price and the fair market value of the shares on the exercise date. If the holder is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option or stock appreciation right, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss. A capital gain or loss will be long-term if the holding period of the shares is more than 12 months. The company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a nonstatutory stock option or stock appreciation right, except to the extent such deduction is limited by applicable provisions of the Code or the regulations thereunder. No tax deduction is available to the company with respect to the grant of a nonstatutory stock option or stock appreciation right or the sale of the stock acquired pursuant to such grant.

— *Restricted Stock*

A participant acquiring restricted stock generally will recognize ordinary income equal to the fair market value of the shares on the “determination date.” The “determination date” is the date on which the participant acquires the shares unless the shares are subject to a substantial risk of forfeiture and are not transferable, in which case the determination date is the earlier of (i) the date on which the shares become transferable or (ii) the date on which the shares are no longer subject to a substantial risk of forfeiture. If the determination date is after the date on which the participant acquires the shares, the participant may elect, pursuant to Section 83(b) of the Code, to have the date of acquisition be the determination date by filing an election with the Internal Revenue Service no later than 30 days after the date on which the shares are acquired. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value on the determination date, will be taxed as capital gain or loss. The company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

— *Restricted Stock Unit Awards*

A participant generally will recognize no income upon the receipt of a restricted stock unit award. Upon the settlement of such awards, participants normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the fair market value of any substantially vested shares received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the participant receives shares of restricted stock, the participant generally will be taxed in the same manner as described above (see discussion under “Restricted Stock”). Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the “determination date” (as defined above under “Restricted Stock”), will be taxed as capital gain or loss. The company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

— *Deferred Compensation Awards*

Section 409A of the Code provides certain requirements on non-qualified deferred compensation arrangements. These include requirements with respect to an individual’s election to defer compensation and the individual’s selection of the timing and form of distribution of the deferred compensation. Section 409A also generally provides that distributions must be made on or following the occurrence of certain events (e.g., the individual’s separation from service, a predetermined date, or the individual’s death). Section 409A imposes restrictions on an individual’s ability to change his or her distribution timing or form after the compensation has been deferred. Deferred compensation awards granted under the plan will be subject to the requirements of Section 409A. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A’s provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

— *Potential Limitation on Company Deductions*

Code Section 162(m) denies a deduction to the company for compensation paid to certain employees in a taxable year to the extent that compensation exceeds \$1 million for a covered employee. It is possible that compensation attributable to stock awards, when combined with all other types of compensation received by a covered employee from the company, may cause this limitation to be exceeded in any particular year. Certain kinds of compensation, including qualified “performance-based compensation,” are disregarded for purposes of the deduction limitation. In accordance with applicable regulations issued under Section 162(m), compensation attributable to stock options and stock appreciation rights will qualify as performance-based compensation, provided that: (i) the option plan contains a per-employee limitation on the number of shares for which options or stock appreciation rights may be granted during

a specified period, (ii) the per-employee limitation is approved by the stockholders, (iii) the option is granted by a compensation committee comprised solely of “outside directors” (as defined in Section 162(m)) and (iv) the exercise price of the option or right is no less than the fair market value of the stock on the date of grant.

For the aforementioned reasons, the 2017 Plan provides for an annual per employee limitation as required under Section 162(m) and the company’s compensation committee is comprised solely of outside directors. Accordingly, options or stock appreciation rights granted by the compensation committee qualify as performance-based compensation, and the other awards subject to performance goals may qualify.

— *Other Tax Consequences*

The foregoing discussion is intended to be a general summary only of the federal income tax aspects of awards granted under the 2017 Plan; tax consequences may vary depending on the particular circumstances at hand. In addition, administrative and judicial interpretations of the application of the federal income tax laws are subject to change. Furthermore, no information is given with respect to state or local taxes that may be applicable. Participants in the 2017 Plan who are residents of or are employed in a country other than the United States may be subject to taxation in accordance with the tax laws of that particular country in addition to or in lieu of United States federal income taxes.

**Vote Required and Board of Directors Recommendation**

Approval of the 2017 Plan requires the affirmative vote of a majority of the outstanding shares of common stock present in person or by proxy at the meeting and entitled to be voted on this matter.

**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF 2017 EQUITY INCENTIVE PLAN.**

**PROPOSAL 4**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our shareholders to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC’s rules. This proposal, commonly known as a “say-on-pay” proposal, gives our shareholders the opportunity to express their views on the compensation of our named executive officers.

As described in detail below under the heading “Executive Compensation,” our executive compensation programs are designed to attract, retain and motivate our named executive officers who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of annual and long-term strategic and corporate goals, and the realization of increased shareholder value. Please read the “Executive Compensation” and

related information in this proxy statement for additional details about our executive compensation programs, including information about the compensation of our named executive officers in 2016.

We are asking our shareholders to indicate their support for the compensation of our named executive officer as described in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our shareholders to vote “FOR” the following resolution at the Annual Meeting:

“RESOLVED, that the Company’s shareholders approve, on a non-binding, advisory basis, the compensation paid to our named executive officers, as disclosed in the Company’s Proxy Statement for the 2017 Annual Shareholders Meeting pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Summary Compensation Table and the other related tables and disclosure.”

Although the “say-on-pay” vote is advisory, and therefore not binding on us, we value the opinions of our shareholders and we will consider the outcome of the vote when making future compensation decisions.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.**

## **PROPOSAL 5**

### **ADVISORY VOTE ON THE FREQUENCY OF HOLDING FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

The Dodd-Frank Act also enables our stockholders to vote, on an advisory or non-binding basis, on how frequently they would like to cast an advisory vote on the compensation of our named executive officers. By voting on this proposal, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every one, two, or three years.

After careful consideration of the frequency alternatives, our board believes that conducting advisory vote on executive compensation every three years is appropriate. We believe that a three-year frequency is most consistent with our approach to compensation. In making such determination, our board considered the following factors:

our board and compensation committee believe our compensation program should include both short-term and long-term elements which inherently requires evaluation of multi-year periods:

a three-year advisory vote cycle gives our board sufficient time to thoughtfully consider the results of the advisory vote regarding executive compensation and to implement any desired changes to our compensation policies and procedures; and

a three-year advisory vote cycle will provide our stockholders sufficient time to evaluate the effectiveness of our short- and long-term compensation strategies and our related performance.

The voting frequency option that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been selected by the stockholders. Our board will carefully consider the outcome of the vote when making future decisions regarding the frequency of advisory votes on executive compensation. However, because this vote is advisory and not binding, our board may decide that it is in the best interests of our company and stockholders to hold an advisory vote more or less frequently than the alternative that has been selected by our stockholders.

**OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “THREE YEARS” WITH RESPECT TO THE FREQUENCY OF NON-BINDING STOCKHOLDER VOTES TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**





**EXECUTIVE COMPENSATION****Summary Executive Compensation Table**

The following table includes information concerning compensation for the two years ended December 31, 2016 for our CEO (the “Named Executive Officer”), being our only executive officer during the latest year:

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)<sup>(2)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)<sup>(3)</sup></b>	<b>All Other Compensation (\$)<sup>(3)</sup></b>	<b>Total (\$)</b>
John P. Boylan, CEO <sup>(1)</sup>	2016	130,000	—	—	—	—	—	130,000
	2015	72,769	—	—	81,200	—	11,827	165,796

<sup>(1)</sup>Mr. Boylan was appointed, as our Chief Executive Officer and President on April 23, 2015.

The amounts included in the “Option Awards” column reflects the grant date fair value calculated in accordance with FASB ASC Topic 718. The Company’s FASB ASC Topic 718 assumptions used in these calculations are set forth in

<sup>(2)</sup>Note 5 to the Financial Statements included in the Company’s annual report on Form 10-K filed with the SEC on March 16, 2017.

<sup>(3)</sup>Other compensation of Mr. Boylan during 2015 consists of cash director’s fees received prior to his assuming the CEO and President positions.

**Outstanding Equity Awards at Fiscal Year-End**

The following table includes certain information with respect to unexercised options previously awarded to the Named Executive Officers at December 31, 2016.

<b>Option Awards Number of</b>	<b>Number of Securities</b>	<b>Option</b>	<b>Option</b>	<b>Stock Awards Number of</b>	<b>Market Value</b>
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Name	Grant Date	Securities Underlying		Exercise Price	Expiration Date	Shares of	
		Underlying Unexercised Options	Unexercisable			or Units of Stock That Have Not	or Units of Stock That Have
John P. Boylan	04/23/15	600,000	300,000	(1) \$0.2158	04/23/25	—	\$ —
	06/10/14	50,000	—	0.415	06/10/24	—	—
	06/11/13	25,000	—	0.3075	06/11/23	—	—
	06/11/12	100,000	—	1.65	06/11/22	—	—
	06/13/11	25,000	—	16.07	06/13/21	—	—
	06/15/10	25,000	—	14.08	06/15/20	—	—
	06/09/09	10,000	—	2.05	06/09/19	—	—

(1) Option vests and becomes exercisable 1/3 on each of the first three anniversaries of the grant date subject to accelerated vesting upon the receipt of \$10 million or more of aggregate gross proceeds from the sale of equity securities or securities convertible into equity securities or the acquisition of \$10 million or more in aggregate purchase price of oil and gas properties.

## Employment Arrangements

John Boylan was appointed Chairman, Chief Executive Officer and President of the Company in April 2015. Upon his retention, Mr. Boylan's salary was fixed at \$120,000 and Mr. Boylan was granted a ten-year stock option to purchase 900,000 shares of common stock at the then fair market value. Mr. Boylan also receives such other benefits as are generally provided to other employees of the Company. In March 2017, our compensation committee revised the terms of Mr. Boylan's compensation (1) increasing his annual base salary, effective January 1, 2017, to \$250,000 per year, payable \$10,000 per month with unpaid salary accruing until such time as the compensation committee determines that the Company has sufficient financial capacity to pay full salary after which accrued amounts and salary will be paid based on financial capacity as determined by the compensation committee, (2) providing for the payment of annual bonuses to be paid as determined by the compensation committee, (3) providing for a grant, under our Production Incentive Plan, of a 1% interest in Company revenues from all wells drilled on our Reeves County, Texas acreage, and (4) granting a ten-year stock option to purchase 500,000 shares of common stock at fair market value on the date of grant.

## **Equity Incentive Plan**

Our board of directors and shareholders have adopted the Houston American Energy Corp. 2008 Equity Incentive Plan (the “2008 Plan”). Under the 2008 Plan, 6,000,000 shares of common stock are reserved for issuance pursuant to grants of stock options and restricted stock. The 2008 Plan is administered by our Compensation Committee and provides that key employees, consultants and directors are eligible to participate therein.

Our board adopted the 2017 Plan and have submitted the same for approval by the stockholders pursuant to this Proxy Statement. Subject to approval by the stockholders, the 2017 Plan reserves 5,000,000 shares of common stock for issuance pursuant to grants under the plan.

During 2015, we granted options to purchase 900,000 shares to Mr. Boylan, our Chairman, CEO and President. Those options were exercisable for ten years at \$0.2158 per share, the market price on the grant date, and vest 1/3 on each of the first three anniversaries of the grant date subject to accelerated vesting upon (i) receipt of \$10 million or more in gross receipts from the sale of equity securities or securities convertible into equity securities; and (ii) the acquisition of \$10 million or more in aggregate purchase price of oil and gas properties. No option grants were made to named executive officers in 2016. Pursuant to his revised employment terms, in March 2017, we granted options to purchase 500,000 shares to Mr. Boylan. Those options are exercisable for ten years at \$0.30 per share, the market price on the grant date, and vest 1/3 on each of the first three anniversaries of the grant date provided that the options will vest in full on December 31, 2017 if our common stock continues to be listed on the NYSE MKT on that date.

## **Termination or Change in Control Payments**

We are party to a Change in Control Agreement (the “Change in Control Agreement”) with our former President and Chief Executive Officer, John Terwilliger, who continues as an employee. Pursuant to the Change in Control Agreement, if we undergo a change in control and Mr. Terwilliger is terminated without cause or resigns for good reason within 90 days prior to or within 12 months following a change in control, Mr. Terwilliger is entitled to (i) a lump sum cash severance payment equal to 250% of his average annual cash compensation (including salary and bonuses) during the three years ending on the termination date, and (ii) acceleration of vesting of all unvested time-based stock options.

## **Pension Benefits**

We do not maintain any retirement plans or otherwise provide any retirement benefits of any nature for our executives or employees.

### Director Compensation Table

The following table provides compensation information for the year ended December 31, 2016 for each member of our Board of Directors, excluding John Boylan who receives no compensation in his capacity as a director:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$) (1)(2)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Stephen Hartzell	18,750	—	30,096	—	—	48,846
O. Lee Tawes III	11,250	—	31,636	—	—	42,886
Keith Grimes	18,750	—	30,096	—	—	48,846
Roy Jageman	31,250	—	31,635	—	—	62,885

Reflects the grant date fair value calculated in accordance with FASB ASC Topic 718. The Company's FASB ASC (1) Topic 718 assumptions used in these calculations are set forth in Note 5 to the Financial Statements included in the Company's annual report on Form 10-K filed with the SEC on March 16, 2017.

The following are the aggregate number of option awards outstanding that have been granted to each of our (2) non-employee directors as of December 31, 2016, the last day of the 2016 fiscal year: Mr. Hartzell: 491,666; Mr. Tawes: 501,666; Mr. Grimes: 350,000; and Mr. Jageman: 268,333.

## **Standard Director Compensation Arrangements**

We compensate non-employee members of the board through a mixture of cash and equity-based compensation. Cash compensation arrangements for our non-employee directors consist of the following payments: (i) annual retainer of \$9,000; (ii) annual retainer for service on each board committee of \$3,000; (iii) annual retainer for service as chair of the audit committee of \$3,750; and (iv) annual retainer for service as chair of the compensation committee of \$2,250. Each of the annual retainers is payable in equal quarterly installments. We also reimburse expenses incurred by non-employee directors to attend board and committee meetings.

On the date of the initial appointment or election of each non-employee director, and on the date of each annual meeting thereafter, each non-employee director receives a stock option grant to purchase 50,000 shares (pro-rated if appointment or election is other than at an annual meeting of stockholders) of our common stock at a price equal to the fair market value of our common stock on the date of grant. Option grants to directors vest 20% on the date of grant and 80% nine months from the date of grant.

In March 2016, we formed an ad hoc Finance Committee of the Board, comprised of Messrs. Jageman and Tawes, to assist and oversee management in connection with capital market transactions and associated financial modeling. The members of the ad hoc Finance Committee received five-year option grants to purchase 10,000 shares of common stock at \$0.1982 per share, the fair market value on the date of grant, and the chair of the committee, Mr. Jageman, received \$5,000 in cash.

In June 2016, in recognition of the increasing demands placed on directors associated with the exploration of strategic alternatives, Messrs. Jageman, Tawes, Hartzell and Grimes each received ten-year option grants to purchase 150,000 shares of common stock at \$0.2201 per share, the fair market value on date of grant. Those options vest (i) 50% on the earlier of June 7, 2017 or the day preceding the next annual shareholders meeting at which directors are elected, (ii) 50% on the earlier of June 7, 2018 or the day preceding the second annual shareholders meeting at which directors are elected, and (iii) in full in the event that the Company consummates a transaction in the nature of a sale of shares of equity securities for cash or assets resulting in a net addition(s) to stockholders' equity of not less than \$2 million.

Directors who are also our employees do not receive cash or equity compensation for service on the board in addition to compensation payable for their service as employees of Houston American Energy.

## **CORPORATE GOVERNANCE**

### **The Board and Board Meetings; Annual Meeting Attendance**

The board consists of five directors. During the fiscal year ended December 31, 2016, the board held a total of 13 meetings (including telephonic meetings and committee meetings). Each of the incumbent directors attended at least 75% of the total number of meetings of the board, including meetings of all committees on which he served. Our corporate governance guidelines provide that directors are expected to attend the annual meeting of stockholders. All of our directors attended our 2016 annual meeting of stockholders.

### **Board Independence**

The board has determined that each of the directors, with the exception of Mr. Boylan, qualify as “independent” as defined by applicable NYSE MKT and SEC rules. In making this determination, the board has concluded that none of these members has a relationship that, in the opinion of the board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Stephen Hartzell has served as lead director since March 2007 and presides over meetings of the independent directors.

## Board Committees

The board currently has, and appoints members to, two standing committees: the audit committee and the compensation committee. Each member of these committees is independent as defined by applicable the NYSE MKT and SEC rules. The current members of the committees are identified below:

<b>Director</b>	<b>Audit</b>	<b>Compensation</b>
Stephen Hartzell	[X]	[X] (Chair)
Keith Grimes	[X]	[X]
Roy Jageman	[X] (Chair)	[X]

## Audit Committee

The audit committee is composed of three independent directors, Messrs. Jageman, Hartzell and Grimes, each of whom meets the independence and financial literacy requirements as defined by applicable NYSE MKT and SEC rules. The audit committee assists the board in its general oversight of our financial reporting, internal controls, legal compliance, ethics programs and audit functions, and is directly responsible for the appointment, evaluation, retention and compensation of the registered public accounting firm. The board has determined that Mr. Jageman qualifies as an “audit committee financial expert” in accordance with the applicable rules and regulations of the SEC.

The audit committee acts under the terms of a written charter initially adopted in May 2006, a copy of which can be found on our website at [www.houstonamerican.com/corporategovernance.html](http://www.houstonamerican.com/corporategovernance.html). The audit committee met 5 times during the fiscal year ended December 31, 2016. For more information regarding the audit committee, please refer to the “Report of Audit Committee” beginning on page 20.

## Compensation Committee

The compensation committee, which is appointed by the board, is composed of three non-employee independent directors as defined by applicable NYSE MKT rules. The committee is responsible for establishing and administering the policies that govern both annual compensation and equity ownership. It reviews and approves salaries, bonus and incentive compensation, perquisites, equity compensation, and all other forms of compensation for our executive officers, including the chief executive officer. The compensation committee is also responsible for reviewing and administering our incentive compensation plans, equity incentive programs and other benefit plans. It periodically reviews and makes recommendations to the board with respect to director compensation.



The compensation committee acts under the terms of a written charter adopted in June 2013, a copy of which can be found on our website at [www.houstonamerican.com/corporategovernance.html](http://www.houstonamerican.com/corporategovernance.html). The compensation committee held one meeting during the fiscal year ended December 31, 2016.

### **Nomination of Directors**

The board of directors does not maintain a standing nominating committee. Instead, the board has adopted, by resolution, a process of nominating directors wherein nominees must be selected, or recommended for the board's selection, by a majority of the independent directors with independence determined in accordance with NYSE MKT standards. Because of the relatively small size of the board and the current demands on the independent directors, the board determined that the nomination process would best be carried out, while maintaining the independence of the nominating process, by drawing upon the resources of all board members with the requirement that nominees be selected by a majority of the independent directors.

In the event of a vacancy on the board, the process followed by the independent directors in nominating and evaluating director candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the board.

In considering whether to recommend any particular candidate for inclusion in the board's slate of recommended director nominees, the independent directors apply criteria adopted by the board. These criteria include the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, absence of conflicts of interest and the ability to act in the interests of all stockholders. No specific weights are assigned to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The Board does not have a formal policy with respect to diversity of nominees. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will best allow the board to fulfill its responsibilities.

The board may utilize the services of a search firm to help identify candidates for director who meet the qualifications outlined above.

Stockholders may recommend individuals to the independent directors for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to Independent Directors, c/o Corporate Secretary, Houston American Energy Corp, 801 Travis St., Suite 1425, Houston, Texas 77002. Assuming that appropriate biographical and background material has been provided on a timely basis, the stockholder-recommended candidates will be evaluated by following substantially the same process, and applying substantially the same criteria, as it follows for candidates recommended by our board or others. If the board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in the proxy card for the next annual meeting.

Stockholders also have the right under our bylaws to directly nominate director candidates, without any action or recommendation on the part of the board, by following the procedures set forth under "Deadline for Submission of Stockholder Proposals for the 2018 Annual Meeting" on page 21. Candidates nominated by stockholders in accordance with the procedures set forth in the bylaws will not be included in our proxy card for the next annual meeting.

### **Communicating with the Independent Directors**

Our board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. Our lead independent director, Mr. Hartzell, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he considers appropriate.

Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the lead independent director, with the assistance of our counsel, considers to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications.

Stockholders who wish to send communications on any topic to the board should address such communications to Houston American Energy Corp, Board of Directors, c/o Corporate Secretary, 801 Travis St., Suite 1425, Houston, Texas 77002.

### **Board Leadership Structure and Risk Oversight Role**

Our Chief Executive Officer also serves as Chairman of our Board of Directors. As noted, Stephen Hartzell presently serves as our “Lead Independent Director”. We believe that such a leadership structure is appropriate for our company given the small size of our company and our need to control costs and facilitate rapid response to market opportunities.

Our Board provides high level oversight with respect to our risk management activities, consisting principally of interfacing with management with regard to proper risk management policies and implementation of those policies. In general, the Board familiarizes itself with the risk management policies being pursued and the actual transactions carried out in that regard so as to assure that the policy is sound and the transactions undertaken are consistent with the policy. Given our position as a non-operator of our various properties, decisions regarding entry into derivative instruments to manage commodity price risk is typically vested in the property operators and, therefore, the Board believes that our company and management has little discretion with regard to risk management transactions.

## **Code of Conduct and Ethics**

We have adopted a written code of conduct and ethics that applies to all our directors, officers and employees, including our chief executive officer and our chief financial and accounting officer. A current copy of the code can be found on our website at [www.houstonamerican.com/corporategovernance.html](http://www.houstonamerican.com/corporategovernance.html). In addition, we intend to post on our website or file under cover of Form 8-K all disclosures that are required by law or NYSE MKT listing standards concerning any amendments to, or waivers from, any provision of the code.

## **SECTION 16(a) BENEFICIAL OWNERSHIP**

### **REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act, or “Section 16(a)”, requires that directors, executive officers and persons who own more than ten percent of any registered class of a company’s equity securities, or “reporting persons,” file with the SEC initial reports of beneficial ownership and report changes in beneficial ownership of common stock and other equity securities. Reporting persons holding our stock are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.

Based solely on our review of copies of these reports, and written representations from such reporting persons, we believe that all filings required to be made by reporting persons of our stock were timely filed for the year ended December 31, 2016 in accordance with Section 16(a).

## **RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

### **Report of Audit Committee**

The audit committee is responsible for assessing the information provided by management and our registered public accounting firm in accordance with its business judgment. Management is responsible for the preparation, presentation and integrity of our financial statements and for the appropriateness of the accounting principles and reporting policies that are used. Management is also responsible for testing the system of internal controls, and reports to the audit committee on any deficiencies found. Our registered public accounting firm was responsible for auditing the financial statements and for reviewing the unaudited interim financial statements.

The audit committee reviewed with our registered public accounting firm the overall scope and plan of the audit. In addition, it met with our registered public accounting firm to discuss the results of GBH CPAs, PC's examination, the evaluation of our system of internal controls, the overall quality of our financial reporting and such other matters as are required to be discussed under generally accepted auditing standards. The audit committee has also received from, and discussed with, our registered public accounting firm the matters required to be discussed by Statement on Auditing Standards 61 (Communication with Audit Committees).

The audit committee discussed with GBH CPAs, PC that firm's independence from management and our company, including the matters in the written disclosures and the letter required by the Public Company Accounting Oversight Board. The audit committee has also considered the compatibility of audit related and other services with the auditors' independence.

In fulfilling its oversight responsibilities, the audit committee has reviewed and discussed the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2016 with both management and our registered public accounting firm. The audit committee's review included a discussion of the quality and integrity of the accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosures in the financial statements.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the board, and the board has approved, that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the SEC.

By the Audit Committee of the Board of Directors:

Roy Jageman, Audit Committee Chair

Stephen Hartzell, Audit Committee Member

Keith Grimes, Audit Committee Member

**Independent Registered Public Accounting Firm Fees**

The following table summarizes the fees of GBH CPAs, PC, our registered public accounting firm in 2016 and 2015, billed to us for each of the last two fiscal years:

Fee Category	FY 2016	FY 2015
Audit Fees <sup>(1)</sup>	\$45,500	\$54,100
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	\$45,500	\$54,100

Audit fees consist of fees for the audit of our financial statements, the review of the interim financial statements (1) included in our Quarterly Reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements.

All fees set forth in the table above were approved by our audit committee.

**Pre-Approval Policies and Procedures**

The audit committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our registered public accounting firm. This policy generally provides that we will not engage our registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the audit committee or the engagement is entered into pursuant to one of the pre-approval procedures described below.

From time to time, the audit committee may pre-approve specific types of services that are expected to be provided by our registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular services to be provided and is also generally subject to a maximum dollar amount.

The committee's practice is to consider for approval, at its regularly scheduled quarterly meetings, all audit and non-audit services proposed to be provided by our registered public accounting firm. In situations where a matter cannot wait until the next regularly scheduled committee meeting, the chairman of the committee has been delegated authority to consider and, if appropriate, approve audit and non-audit services or, if in the chairman's judgment it is considered appropriate, to call a special meeting of the committee for that purpose.

## **HOUSEHOLDING OF ANNUAL MEETING MATERIALS**

Some banks, brokers and other nominee record holders may be participating in the practice of "householding". This means that only one copy of our annual report and proxy statement will be sent to stockholders who share the same last name and address. Householding is designed to reduce duplicate mailings and save significant printing and postage costs.

If you receive a household mailing this year and would like to receive additional copies of our annual report and/or proxy statement, please submit your request in writing to: Houston American Energy Corp., 801 Travis St., Suite 1425, Houston, Texas 77002, Attention: Secretary or by calling Houston American Energy at (712) 222-6966. Any stockholder who wants to receive separate copies of the proxy statement in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact his or her bank, broker, or other nominee record holder.

**DEADLINE FOR SUBMISSION OF STOCKHOLDER PROPOSALS**

**FOR THE 2018 ANNUAL MEETING**

Any stockholders who wish to submit a proposal, pursuant to Rule 14a-8 under the Exchange Act, for inclusion in the proxy materials for our 2018 annual meeting of stockholders must ensure that it is received by our corporate secretary at our corporate headquarters, which are located at 801 Travis St., Suite 1425, Houston, Texas 77002, no later than March 19, 2018.

Our by-laws also establish an advance notice procedure for stockholders who wish to nominate candidates for election as directors or otherwise propose business for consideration at a stockholders meeting. We must receive a notice regarding stockholder nominations for director or other business at our corporate headquarters not less than 70 days nor more than 90 days prior to the first anniversary of the prior year's stockholder meeting, provided, however, that in the event that the date of an annual meeting is advanced by more than 30 days, or delayed by more than 70 days, from the first anniversary of the previous year's annual meeting, notice by a stockholder, to be timely, must be so delivered not earlier than the 90 days prior to such annual meeting and not later than 70 days prior to such annual meeting or 10 days following the day on which public announcement of the date of such meeting is first made by the Company. Any such notice must contain certain specified information concerning the persons to be nominated or proposed business and the stockholder submitting the nomination or business, all as set forth in our by-laws. The presiding officer of the meeting may refuse to acknowledge any director nomination or business not made in compliance with such advance notice requirements.

Any stockholders wishing to submit proposals intended to be presented at our 2018 annual meeting of stockholders that are not submitted pursuant to Exchange Act Rule 14a-8 must ensure that they are received by us not later than June 28, 2018 and not earlier than June 8, 2018. The persons designated in the proxy card will be granted discretionary authority with respect to any stockholder proposal not timely submitted to us.

By Order of the Board of Directors,

JOHN P. BOYLAN  
*Chairman*

July 24, 2017

**THE BOARD ENCOURAGES STOCKHOLDERS TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, YOU ARE URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE. A PROMPT RESPONSE WILL GREATLY**



**FACILITATE ARRANGEMENTS FOR THE ANNUAL MEETING AND YOUR COOPERATION WILL BE APPRECIATED. STOCKHOLDERS WHO ATTEND THE ANNUAL MEETING MAY VOTE THEIR STOCK PERSONALLY EVEN THOUGH THEY HAVE SENT IN THEIR PROXIES.**

**APPENDIX A**

**Houston American Energy Corp.**

**2017 Equity Incentive Plan**

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