



**PETROTAL CORP.**

**NOTICE OF ANNUAL GENERAL AND  
SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 15, 2023**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**MAY 3, 2023**

**PETROTAL CORP.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING  
OF THE HOLDERS OF COMMON SHARES  
TO BE HELD ON JUNE 15, 2023**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Common Shares**") in the capital of PetroTal Corp. (the "**Corporation**") will be held at the offices of Stikeman Elliott LLP, Suite 4300, 888 3rd St SW, Calgary, Alberta T2P 5C5 on June 15, 2023 at **10:00 a.m.** (Calgary time), for the following purposes:

1. to receive the financial statements for the year ended December 31, 2022, together with the report of the auditors thereon;
2. to fix the number of directors to be elected at seven;
3. to elect directors for the ensuing year;
4. to appoint the auditors of the Corporation to hold office until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration;
5. to ratify and approve a new stock option plan of the Corporation, as described in the management information circular dated May 3, 2023 (the "**Information Circular**"), and approve unallocated options thereunder;
6. to ratify and approve a new performance and restricted share unit plan of the Corporation, as described in the Information Circular, and approve unallocated share units thereunder; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment(s) thereof.

Only Shareholders of record at the close of business on May 3, 2023 (the "**Record Date**") are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat, unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed share certificates or otherwise establishing that he or she owns such Common Shares, requests, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote such Common Shares, in which case such transferee shall be entitled to vote such Common Shares, as the case may be, at the Meeting.

**Shareholders are requested to date and sign the enclosed form of proxy and return it to the Corporation's agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, in the enclosed envelope provided for that purpose. Alternatively, Shareholders may complete their proxy online at [www.investorvote.com](http://www.investorvote.com) by following the instructions provided on the form of proxy. In order to be valid, proxies must be received by 10:00 a.m. (Calgary time) on or prior to the second last business day preceding the day of the Meeting or any adjournment thereof or deposited with the Chair of the Meeting by email at [durch@petrotal-corp.com](mailto:durch@petrotal-corp.com) on the day of the Meeting prior to the commencement of the Meeting.**

The Information Circular relating to the business to be conducted at the Meeting accompanies this Notice.

Houston, Texas  
May 3, 2023

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Manuel Pablo Zúñiga-Pflücker"*

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Manuel Pablo Zúñiga-Pflücker  
Director, President and Chief Executive Officer

**PETROTAL CORP.**  
Suite 310, 16200 Park Row  
Houston, Texas 77084

**MANAGEMENT INFORMATION CIRCULAR  
FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF  
THE HOLDERS OF COMMON SHARES  
OF PETROTAL CORP.  
TO BE HELD ON JUNE 15, 2023**

**Dated: May 3, 2023**

**PURPOSE OF SOLICITATION**

This management information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of PetroTal Corp. (the "Corporation") for use at the annual general and special meeting of the holders (the "Shareholders") of the common shares (the "Common Shares") in the capital of the Corporation to be held at the offices of Stikeman Elliott LLP, Suite 4300, 888 3rd St SW, Calgary, Alberta T2P 5C5, on June 15, 2023 at 10:00 a.m. (Calgary time), and any adjournment or adjournments thereof (the "Meeting") for the purposes set forth in the Notice of Annual General and Special Meeting (the "Notice of Meeting") accompanying this Information Circular.

**RECORD DATE**

The Shareholders of record on May 3, 2023 (the "**Record Date**") are entitled to notice of, and to attend and vote at, the Meeting except to the extent that:

1. such person transfers his or her Common Shares after the Record Date; and
2. the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the Common Shares and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his or her name be included on the shareholders' list for the Meeting.

Any registered Shareholder of the Corporation (a "**Registered Shareholder**") at the close of business on the Record Date who delivers a proxy will be entitled to have his or her Common Shares voted at the Meeting. However, a person appointed under a form of proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading "*Proxy Information - Completion of Proxies*".

**PROXY INFORMATION**

***Solicitation of Proxies***

**The solicitation of proxies is made on behalf of the management of the Corporation.** The costs incurred in the preparation of the enclosed form of proxy (the "**Form of Proxy**"), Notice of Meeting and this Information Circular and costs incurred in the solicitation of proxies will be borne by the Corporation. Solicitation of proxies will be primarily by mail, but may also be in person, by telephone or by electronic means.

### ***Completion of Proxies***

The Form of Proxy affords Shareholders or intermediaries an opportunity to specify that the Common Shares registered in their name shall be voted for or against or withheld from voting in respect of certain matters as specified in the accompanying Notice of Meeting.

**The persons named in the enclosed Form of Proxy are Manuel Pablo Zúñiga-Pflücker, the President and Chief Executive Officer of the Corporation, and Douglas C. Urch, the Executive Vice President and Chief Financial Officer of the Corporation.**

**A REGISTERED SHAREHOLDER OR AN INTERMEDIARY HOLDING COMMON SHARES ON BEHALF OF AN UNREGISTERED SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT ON THEIR BEHALF AT THE MEETING, IN THE PLACE OF THE PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE SHAREHOLDER OR INTERMEDIARY SHOULD STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE FORM OF PROXY AND INSERT THE NAME OF THEIR NOMINEE IN THE BLANK SPACE PROVIDED, OR SUBMIT ANOTHER APPROPRIATE PROXY.**

A proxy must be dated and signed by the Registered Shareholder or by his or her attorney authorized in writing or by the intermediary. In the case of a Shareholder that is a corporation, the proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation with proof of authority accompanying the proxy.

In order to be effective, the proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarial certified copy thereof, must be mailed or completed online at [www.investorvote.com](http://www.investorvote.com) so as to be deposited at the office of the Corporation's agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not later than **10:00 a.m.** (Calgary time) on the second last business day preceding the day of the Meeting or any adjournment thereof or deposited with the Chair of the Meeting by email at [durch@petrotal-corp.com](mailto:durch@petrotal-corp.com) on the day of the Meeting prior to the commencement of the Meeting. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. If a proxy is not dated, it will be deemed to bear the date on which it was mailed by management of the Corporation.

### ***Appointment and Revocation of Proxies***

A Registered Shareholder or intermediary who has submitted a proxy may revoke it by instrument in writing executed by the Registered Shareholder or intermediary or his or her attorney authorized in writing, or, if the Registered Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either: (a) with the Corporation at its offices or at the office of the Corporation's agent, Computershare Trust Company of Canada, at any time prior to 10:00 a.m. (Calgary time) on the second last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or (b) with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting, and upon such deposit the previous proxy is revoked.

### ***Exercise of Discretion by Proxies***

A Registered Shareholder or intermediary may indicate the manner in which the persons named in the enclosed Form of Proxy are to vote with respect to any matter by checking the appropriate space. On any poll, those persons will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the directions, if any, given in the Form of Proxy. If the Shareholder or intermediary wishes to confer a discretionary authority with respect to any matter, the space should be left blank. **IN SUCH INSTANCE, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION.**

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters

which may properly come before the Meeting. At the time of printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter. However, if any other matters which are not now known to management should properly come before the Meeting, the proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the management nominees.

### **Notice-and-Access**

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation will use procedures known as "stratification" in relation to its use of the Notice-and-Access Provisions, meaning that Registered Shareholders will receive a paper copy of the Information Circular and other relevant information whereas Shareholders who do not own Common Shares in their own name ("**Beneficial Shareholders**") will be mailed a notification of availability of Meeting materials directing them to those websites where they can access the Information Circular and other relevant information (the "**Notice-and-Access Notification**").

The Corporation anticipates that notice-and-access will directly benefit the Corporation through substantial reductions in postage and printing costs. The Corporation believes that notice-and-access is also environmentally responsible to the extent that it decreases the large volume of paper documents generated by printing proxy-related materials.

The Corporation will be delivering the Notice-and-Access Notification to non-objecting Beneficial Shareholders directly with the assistance of Broadridge Financial Solutions, Inc. ("**Broadridge**"). Management does not intend to pay for intermediaries to forward the Notice-and-Access Notification to Beneficial Shareholders who have objected to their intermediary/broker disclosing ownership information about them pursuant to applicable securities laws ("**Objecting Beneficial Shareholders**"). Consequently, an Objecting Beneficial Shareholder will not receive the Notice-and-Access Notification unless the Objecting Beneficial Shareholder's intermediary/broker assumes the cost of delivery.

Shareholders with questions about notice-and-access can call Broadridge Financial Solutions, Inc. toll free at 1-855-887-2244.

In order to receive a paper copy of this Information Circular and other relevant information, requests by Beneficial Shareholders may be made up to one year from the date the Information Circular was filed on System for Electronic Document Analysis and Retrieval ("**SEDAR**") by: (i) mailing a request to the Corporation at Suite 310, 16200 Park Row, Houston, Texas 77084; (ii) calling Broadridge toll free at 1-877-907-7643; (iii) online at the Corporation's website: [www.petrotal-corp.com](http://www.petrotal-corp.com). The Corporation estimates that a Shareholder's request for paper copies of the Information Circular and other relevant information will need to be received prior to June 5, 2023, in order for such Shareholder to have sufficient time to receive and review the materials requested and return the completed Form of Proxy by the due date set out under the heading "*Completion of Proxies*" in this Information Circular.

### **Advice to Beneficial Holders of Securities**

The information set forth in this section is of significant importance to Beneficial Shareholders. Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are

registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate individuals.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of security holders meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is typically similar to the Form of Proxy provided to Registered Shareholders by the Corporation. However, the purpose of the broker's form of proxy is limited to instructing the Registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically asks Beneficial Shareholders to return voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The Broadridge voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

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

**If you have any questions respecting the voting of Common Shares held through an intermediary, please contact that intermediary for assistance.**

## **VOTING OF COMMON SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the date hereof, there are 884,604,105 fully paid and non-assessable Common Shares issued and outstanding. The holders of the Common Shares are entitled to receive notice of all meetings of Shareholders and to attend and vote the Common Shares at all such meetings. Each Common Share carries with it the right to one vote.

The bylaws of the Corporation provide that if two persons holding not less than 10% of the issued Common Shares entitled to vote are present in person or are represented by proxy, a quorum for the purposes of conducting a shareholders meeting is constituted.

Any Registered Shareholder at the close of business on May 3, 2023, being the Record Date, who completes and delivers a proxy will be entitled to vote or have his or her Common Shares voted at the Meeting. However, a person appointed under a form of proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading "*Completion of Proxies*".

To the best of the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the following persons or companies beneficially owned, directly or indirectly, or exercised control or

direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to the Common Shares:

<b>Name</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Total Issued and Outstanding Common Shares</b>
Meridian Group <i>Hong Kong</i>	154,010,361	17.41%
Kite Lake Capital Management <i>United Kingdom</i>	115,513,226	13.06%

### **MATTERS TO BE CONSIDERED AT THE MEETING**

The Shareholders of the Corporation will be asked to consider and, if deemed appropriate:

- (a) by ordinary resolution, to fix the Board at seven (7) members;
- (b) by ordinary resolution, to elect the directors of the Corporation;
- (c) by ordinary resolution, to appoint auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
- (d) by ordinary resolution, to ratify and approve a new stock option plan of the Corporation (the "**Stock Option Plan**") and approve unallocated stock options thereunder;
- (e) by ordinary resolution, to ratify and approve a new performance and restricted share unit plan of the Corporation (the "**PRSU Plan**") and approve unallocated share units thereunder; and
- (f) to transact such other business as may properly come before the Meeting or any adjournments thereof.

Additional detail regarding each of the matters to be acted on at the Meeting is contained below.

### **FIXING NUMBER OF DIRECTORS**

At the Meeting, it is proposed that the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles of the Corporation, be set at seven (7).

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of setting the number of directors to be elected at the Meeting at seven (7).

### **ELECTION OF DIRECTORS**

Action is to be taken at the Meeting with respect to the election of directors. Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors, the nominees whose names are set forth in the table below. Voting for the election of nominees will be conducted on an individual, and not on a slate, basis. Each nominee elected will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the Corporation's bylaws.

The Board adopted an amended majority voting policy (the "**Majority Voting Policy**") effective February 1, 2023, pursuant to which any director who is not elected by at least a majority (50% + 1) of votes cast with respect to his or her election will be considered by the Board not to have received the support of the Shareholders. Such a nominee must immediately tender his or her resignation to the Board. The Board will be expected to accept the resignation except in situations in which exceptional circumstances warrant the applicable director continuing to serve on the Board as permitted in accordance with the applicable policies and staff notices of the Toronto Stock Exchange (the "**TSX**"). The Board will promptly disclose its decision whether to accept the director's resignation offer including the reasons for rejecting the resignation offer, if applicable, by issuing a news release. Any director who tenders his or her resignation pursuant to the Majority Voting Policy may not participate in any portion of a meeting of the Board (or, if applicable, any committee of the Board, if he or she is a member of that committee) to consider the decision whether to accept such director's resignation.

Shareholders should note that, as a result of the Majority Voting Policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election. A copy of the Majority Voting Policy, as amended, is included as Schedule A to this Information Circular.

Any Shareholder who wishes to nominate an additional director can do so by submitting to the Executive Vice President and Chief Financial Officer of the Corporation the information required by the advance notice provisions in the Corporation's bylaws, including the nominees' names, backgrounds, qualifications and experience. The advance notice provisions require that a Shareholder give the Corporation advance notice of any proposal to nominate directors for election to the Board. If a nomination is to be presented at an annual meeting of Shareholders, the notice must be given between 30 and 65 days in advance of the meeting; provided that if the annual meeting is to be held less than 50 days after the Corporation announces the meeting date, the notice must, in those circumstances, be given within 10 days of the meeting announcement. If a nomination is to be presented at a special meeting of Shareholders (that is not also an annual meeting) where one of the items of business is the election of directors, then the notice must be given within 15 days of the meeting announcement. No person nominated by a Shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the advance notice provisions. The Board may, in its sole discretion, waive any requirement of the advance notice provisions. A copy of the advance notice provisions is included in the amended management information circular of the Corporation dated May 9, 2013 (a copy of which is available under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com)).

The Corporation is required by applicable corporate and securities legislation to have an Audit Committee comprised of members of the Board that are considered "financially literate" and a majority of which are considered "independent", as such terms are defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Corporation has also established: (a) a Corporate Governance and Compensation Committee; (b) a Reserves Committee; and (c) a Health, Safety, Environment and Corporate Social Responsibility Committee (the "**HSES Committee**"), each comprised of members of the Board. Please see the discussion under the heading "*Corporate Governance Practices*". The present members of each committee of the Board are identified in the table below.

The following information relating to the nominees as directors is based partly on the records of the Corporation and partly on information received by the Corporation from the respective nominees, and sets forth the name and municipality of residence of the persons proposed to be nominated for election as directors, all other positions and offices within the Corporation now held by them, their principal occupations or employments, the periods during which they have served as directors of the Corporation and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at the date hereof.



<b>Name and Residence</b>	<b>Positions Presently Held</b>	<b>Director Since<sup>(1)</sup></b>	<b>Principal Occupation for Previous Five Years</b>	<b>Number and Percentage of Common Shares Beneficially Owned or Controlled</b>
Manuel Pablo Zúñiga-Pflücker <sup>(3)</sup> <i>Texas, USA</i>	Director, President, Chief Executive Officer and Corporate Secretary	Dec 18, 2017	President, CEO and a director of the Corporation since December 18, 2017. Prior thereto, President and Chair of the Managers of PetroTal LLC commencing January 2016. Mr. Zúñiga-Pflücker founded and led BPZ Resources, Inc. ("BPZ") from 2001 to 2015.	7,969,712 (0.9%)
Mark McComiskey <sup>(2)(5)</sup> <i>Connecticut, USA</i>	Director, Chair of the Board	Jul 5, 2016	Partner at AVAIO Capital, a firm that focuses on build-to-core infrastructure investment and that spun-out of AECOM in 2019. Prior thereto, a partner at Prostar Capital's energy business and its successor firm, Vanwall Capital, LLC. Prior to Prostar, Co-Head of Private equity at First Reserve, a private equity firm focused on the energy industry.	- (0%)
Gavin Wilson <sup>(2)(3)(4)</sup> <i>Zurich, Switzerland</i>	Director	Jun 11, 2013	Advisor to Meridian Group of Companies, an investment company. Prior thereto, Mr. Wilson was the Founder and Manager of RAB Energy and RAB Octane listed Investment Funds from 2004 until 2011.	95,000 <sup>(6)</sup> (0%)
Eleanor J. Barker <sup>(5)</sup> <i>Ontario, Canada</i>	Director	Dec 19, 2019	President of Barker Oil Strategies Inc. and a director of Serinus Energy plc. from 2017 to 2021. Prior thereto, a director of Sterling Resources Ltd. from 2014 to 2017.	350,000 (0%)
Roger M. Tucker <sup>(3)(4)</sup> <i>London, England</i>	Director	Dec 19, 2019	Dr. Tucker has a PhD in Geology and over 35 years of diverse international oil and gas experience from Exxon, LASMO, Yukos and BG Group where he was an SVP of Europe. He was President of LASMO Latin America. He has served on the board of several companies and was recently Non-Executive Chairman of Viaro which completed several significant acquisitions.	- (0%)

<b>Name and Residence</b>	<b>Positions Presently Held</b>	<b>Director Since<sup>(1)</sup></b>	<b>Principal Occupation for Previous Five Years</b>	<b>Number and Percentage of Common Shares Beneficially Owned or Controlled</b>
Luis Carranza <sup>(4)(5)</sup> <i>Lima, Peru</i>	Director	September 15, 2022	Director of the Institute of Government and Public Management at the University of San Martin de Porres in Peru. During 2017 to 2021, served as CEO of CAF, Development Bank of Latin America. CEO of Sigma Capital, an infrastructure firm, Chief Economist for Latin America at BBVA. Prior thereto, Minister of Finance, Deputy Minister of Finance and Director of the Central Bank of Peru.	- (0%)
Jon Harris <sup>(2)(3)</sup> <i>London, England</i>	Director	September 15, 2022	Since January 2021, has been CEO of Gulf Keystone Petroleum. Mr. Harris has over 30 year's experience in the oil and gas industry including almost 4 years at SASOL Limited, an integrated energy and chemicals company based in South Africa. Prior thereto, he spent 25 years with BG Group in various international roles, including Executive Vice President Technical and General Manager Production Operations.	- (0%)

**Notes:**

- (1) All directors of the Corporation are elected to hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed, unless his or her office is vacated earlier in accordance with the Corporation's bylaws.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) Member of the Reserves Committee.
- (4) Member of the HSES Committee.
- (5) Member of the Audit Committee.
- (6) Mr. Wilson is an advisor to Meridian Group. The Corporation is 17.41% owned, directly or indirectly, or controlled by Meridian Group of Companies.

**Corporate Cease Trade Orders or Bankruptcies**

Except as provided herein, none of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, Chief Executive Officer or Chief Financial Officer of any company that, while such person was acting in that capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, Chief Executive Officer or Chief Financial Officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, Chief Executive

Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

Except as provided herein, none of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director or executive officer of any company that, while acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Zúñiga was an officer of BPZ, a corporation engaged in exploration, development and production of oil and gas in Peru. BPZ filed a voluntary petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code on March 9, 2015.

Mr. Wilson was a director of Buccaneer Energy Ltd. ("**Buccaneer**"), a corporation engaged in exploration, development and production of oil and gas in the United States. Buccaneer filed a voluntary petition for reorganization relief under Chapter 11 of the *United States Bankruptcy Code* on May 31, 2014.

### ***Personal Bankruptcies***

None of the above proposed directors have, within 10 years prior to the date of this Information Circular, become bankrupt, made a proposal under any bankruptcy or insolvency legislation, been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

### ***Penalties and Sanctions***

None of the above proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or have entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the election to the Board of those persons designated above as nominees for election as directors. The Board does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion, unless the Shareholder has specified in his proxy that his Common Shares are to be withheld from voting on the election of directors.**

## **APPOINTMENT OF AUDITORS**

The Shareholders will be asked to pass an ordinary resolution at the Meeting to appoint Deloitte LLP as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders, at such remuneration to be determined by the Board. Deloitte LLP was first appointed as the Corporation's auditors on January 22, 2018.

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the appointment of Deloitte Canada as auditors of the Corporation and to authorize the Board to fix the remuneration to be paid to the auditors.**

## APPROVAL OF STOCK OPTION PLAN AND UNALLOCATED OPTIONS THEREUNDER

Effective May 3, 2023, in light of the Corporation's recent graduation to the TSX and as a result of a review by the Corporate Governance and Compensation Committee, the Board approved a new stock option plan (the "**Stock Option Plan**"), which replaces the Corporation's original stock option plan. The revised terms of the Stock Option Plan and a summary of the amendments approved by the Board, are described in this Information Circular under the heading "*Statement of Executive Compensation – New Stock Option Plan*". The full text of the new Stock Option Plan is attached hereto as Schedule B.

In accordance with the policies of the TSX, unallocated options under "rolling" stock option plans must receive shareholder approval three (3) years from the date of listing on the TSX and every three (3) years thereafter. On February 16, 2023, the Common Shares were listed on the TSX (prior thereto the Common Shares were listed on the TSX Venture Exchange (the "**TSXV**")). As of the date of this Information Circular, the Corporation has no stock options ("**Options**") allocated and outstanding under the Stock Option Plan and 63,497,371 Options unallocated (representing 7.2% of the issued and outstanding Common Shares, after deducting 24,963,039 PSUs (as defined herein) allocated and outstanding under the PRSU Plan) that may be granted in the future under the Stock Option Plan (less any further grant of Share Units under the PRSU Plan). The unallocated portion represents the maximum future grants available under the Stock Option Plan and PRSU Plan. Any additional grants under the PRSU Plan would reduce the number otherwise available to grant under the Stock Option Plan.

The Board believes that the passing of the following resolution (the "**Stock Option Plan Resolution**") is in the best interests of the Corporation and recommends that Shareholders vote in favour of the below resolution, which approves the Stock Option Plan and the grant of unallocated Options under the Stock Option Plan. At the Meeting, the Shareholders will be asked to approve the following ordinary resolution:

### "BE IT RESOLVED THAT:

1. the new stock option plan of the Corporation (the "**Stock Option Plan**"), substantially in the form attached as Schedule B to the management information circular of the Corporation dated May 3, 2023, be and is hereby ratified and approved as an equity compensation plan of the Corporation;
2. all unallocated stock options issuable pursuant to the Stock Option Plan are hereby approved and authorized;
3. the Corporation have the ability to continue granting options under the Stock Option Plan until June 15, 2026, being the date that is three (3) years from the date of this resolution;
4. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the Stock Option Plan Resolution.**

If the necessary Shareholder approval is not obtained at the Meeting, the Corporation will no longer be able to: (i) issue Common Shares from treasury upon the exercise of unallocated Options, being Options, which have not been granted as of June 15, 2023, if any; or (ii) authorize and issue further grants of Options under

the Stock Option Plan after June 15, 2023. Options granted prior to this date, if any, will continue to be unaffected by the approval or disapproval of this Stock Option Plan Resolution; provided, however, that if any such Options are cancelled prior to being exercised, they will not be available for reallocation unless the Stock Option Plan Resolution is approved.

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the approval of the Stock Option Plan.**

### **APPROVAL OF PRSU PLAN AND UNALLOCATED SHARE UNITS**

The Corporation is seeking the approval of Shareholders at the Meeting to authorize the adoption of its new performance and restricted share unit plan (the "**PRSU Plan**") replacing PetroTal's original plan. In connection with the Corporation's graduation to the TSX from the TSXV, effective May 3, 2023, the Board approved the adoption of certain amendments to the PRSU Plan to bring it in alignment with the requirements of the TSX. The PRSU Plan provides for the issuance of:

- performance share units ("**PSUs**"); and
- restricted share units ("**RSUs**", and together with PSUs, the "**Share Units**").

In accordance with the rules and policies of the TSX, director and shareholder approval is required every three (3) years for all unallocated options, rights or other entitlements under a security based compensation arrangement that does not have a fixed maximum aggregate of securities issuable, such as the PRSU Plan. On February 16, 2023, the Common Shares were listed on the TSX (prior thereto the Common Shares were listed on the TSXV). As of the date of this Information Circular, the Corporation has 24,963,039 PSUs and no RSUs allocated and outstanding under the PRSU Plan, representing 2.8% of the issued and outstanding Common Shares and 63,497,371 Share Units unallocated (representing 7.2% of the issued and outstanding Common Shares) that may be granted in the future under the PRSU Plan (less any further grant of Options under the Stock Option Plan). The unallocated portion represents the maximum future grants available under the Stock Option Plan and PRSU Plan. Any additional grants under the Stock Option Plan would reduce the number otherwise available to grant under the PRSU Plan.

The full text of the new PRSU Plan is attached as Schedule C to this Information Circular, and a summary of the terms of the PRSU Plan is set forth in "*Statement of Executive Compensation – New PRSU Plan*" of this Information Circular.

The Board believes that the passing of the below resolution is in the best interests of the Corporation and recommends that Shareholders vote in favour of the resolutions (the "**PRSU Plan Resolution**"): (i) ratifying and confirming the PRSU Plan; and (ii) approving the grant of unallocated Share Units under the PRSU Plan.

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

#### **"BE IT RESOLVED THAT:**

1. the new performance and restricted share unit plan (the "PRSU Plan"), substantially in the form attached as Schedule C to the management information circular of the Corporation dated May 3, 2023, is hereby ratified and confirmed;
2. all unallocated restricted share awards and performance share awards issuable under the PRSU Plan are hereby approved and authorized;

3. the Corporation have the ability to continue granting options under the PRSU Plan until June 15, 2026, being the date that is three (3) years from the date of this resolution;
4. the form of the PRSU Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation, as further described in the full text of the PRSU Plan; and
5. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the PRSU Plan Resolution.**

If the necessary Shareholder approval is not obtained at the Meeting, the Corporation will no longer be able to: (i) issue Common Shares from treasury in respect of any unallocated Share Units, being Share Units, which have not been granted as of June 15, 2023; or (ii) authorize and issue further grants of Share Units under the PRSU Plan after June 15, 2023. Share Units granted prior to this date will continue to be unaffected by the approval or disapproval of this PRSU Plan Resolution; provided, however, that if any such Share Units are cancelled prior to being exercised, they will not be available for reallocation unless the PRSU Plan Resolution is approved.

#### **OTHER MATTERS COMING BEFORE THE MEETING**

The Board knows of no other matters to come before the Meeting other than as referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgement of the person voting such proxy.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

Pursuant to National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"), the Corporation is required to disclose certain information with respect to its compensation of executive officers and directors, as summarized below

##### ***Compensation Discussion and Analysis***

All currency amounts expressed herein, unless otherwise indicated, are expressed in United States dollars.

The following information relates to the Corporation's financial year ended December 31, 2022.

For the purpose of this statement of executive compensation, a "CEO" or "CFO" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the most recently completed financial year. A "Named Executive Officer" or "NEO" means: (a) each CEO, (b) each CFO, (c) the Corporation's most highly compensated officer, other than the CEO and CFO, who was serving as an officer at the end of the most recently completed financial year and whose total compensation was more than CAD\$150,000, and (d) any additional individuals who would be a NEO under subsection (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of the financial year.

Based on the foregoing definitions, the NEOs in respect of the year ended December 31, 2022, were: Manuel Pablo Zúñiga-Pflücker, President, Chief Executive Officer and Corporate Secretary; Douglas C. Urch, Executive Vice President and Chief Financial Officer; and Dewi Jones, Vice President Exploration and Development.

### ***Compensation Philosophy, Objectives and Governance***

The Corporate Governance and Compensation Committee, on behalf of the Board, monitors compensation for the executive officers and directors of the Corporation and is currently comprised of Messrs. McComiskey, Harris and Wilson. Mr. McComiskey is the Chair of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee has the authority to engage and compensate, at the expense of the Corporation, any outside advisor that it determines to be necessary for the proper functioning of the committee.

The executive compensation program adopted by the Corporation and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of the Corporation. The executive compensation program attempts to ensure that the compensation of the senior executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Executive officers are motivated through the program to enhance long-term shareholder value.

### ***Compensation Process***

The Corporate Governance and Compensation Committee relies on the knowledge and experience of its members to set appropriate levels of compensation for the directors and NEOs. When determining NEO compensation, the Corporate Governance and Compensation Committee uses all data available to it to ensure that such compensation is set at a level that is both commensurate with the size of the Corporation, responsibilities of the particular NEO and retention of the NEOs, who are considered by the Corporate Governance and Compensation Committee to be essential to the success of the Corporation. The Corporate Governance and Compensation Committee did not update benchmarking for the purpose of establishing compensation levels relative to any predetermined level and did not compare its compensation to a specific peer group of companies. The last independent compensation benchmarking assessment was from 2021. The Corporate Governance and Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary, incentive bonuses and awards of stock options, PSUs and RSUs) and recommends the NEOs' compensation packages to the Board.

The Governance and Compensation Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Governance and Compensation Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation. The Governance and Compensation Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

Additional key risk mitigating features of PetroTal's executive compensation program include the following:

- pay-out value of PSUs is tied to certain key performance indicators relating to the Corporation's total shareholder return, net asset value and certain production and operational milestones as evaluated by the Corporate Governance and Compensation Committee and do not offer minimum guaranteed payouts, aligning executive compensation with shareholder returns;
- a mix of fixed and variable compensation, and an appropriate weighting of long-term equity-based compensation;

- PSUs issued to the Officers vest at the end of three (3) years to reward achievement of long-term financial and relative share price performance objectives and enhance retention
- clawback and Anti-Hedging Policies are in place; and
- executive officers are subject to share ownership guidelines in line with market practice.

### ***Anti-Hedging Policy***

The Corporation has adopted a written anti-hedging policy (the "**Anti-Hedging Policy**") that prohibits a NEO or director, among others, from purchasing financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, or units of exchangeable funds, that are designed to or that may reasonably be expected to have the effect of hedging or offsetting a decrease in the market value of any securities of the Corporation.

The Anti-Hedging Policy has been implemented to ensure that directors, executive officers and employees of the Corporation are prohibited from hedging or monetizing transactions in order to lock in the value of their securities of the Corporation. Examples would include the entry into prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, or units of exchangeable funds that have the effect of offsetting a decrease in the market value of securities held in the Corporation.

In addition, pursuant to the Anti-Hedging Policy governing insider trading, short-term speculative trading of the Common Shares by officers, directors and employees is strongly discouraged as it conflicts with the best interests of the Corporation and its Shareholders. Consequently, insiders including the Corporation's NEOs, directors and their related persons, are not only discouraged from frequently trading the Common Shares, but are also specifically prohibited from short selling any Common Shares and from trading in any derivative instruments involving the Corporation's securities.

### ***Clawback Policy***

The Corporation has implemented a written clawback policy (the "**Clawback Policy**") for situations where a director, executive officer or other employee receives additional incentive compensation as a result of his or her own misconduct (the "**Overpayment Amounts**"). In such situations, the director, executive officer or other employee shall be obligated to reimburse the Corporation for such Overpayment Amounts and the Board shall be given the discretion to determine the steps required to effect such recovery

### ***Share Ownership Guidelines***

The Board adopted share ownership guidelines (the "**Ownership Guidelines**") effective May 30, 2018, to further align the interests of the Corporation's executive officers and non-executive directors of the Corporation with the long-term interests of Shareholders. The Ownership Guidelines require that, within three (3) years of joining the Corporation, each executive officer or non-executive director has a minimum holding of Common Shares or Common Share equivalents, including PSUs and RSUs under the PRSU Plan and deferred share units ("**DSUs**"), that have an aggregate value of at least:

- three (3) times the annual base salary for the CEO;
- two (2) times the annual base salary for each other officer of the Corporation; and
- three (3) times the amount of the annual Board retainer for each non-executive director.

We have implemented share ownership guidelines for all of our executives, which are designed to align their long-term financial interest with those of our stockholders. The NEO share ownership guidelines are as follows:



<b>Positions</b>	<b>Common Shares (#)</b>	<b>PSUs (#)</b>	<b>Estimated Value (US\$) <sup>(1)</sup></b>	<b>Guideline (US\$) <sup>(2)</sup></b>	<b>Ownership relative to base salary as of 12/31/22</b>
Manuel Pablo Zúñiga-Pflücker <i>President, Chief Executive Officer and Director</i>	7,969,712	9,689,742	8,741,430	1,350,000	Exceeds
Douglas C. Urch <i>Executive, Vice President and Chief Financial Officer</i>	4,362,330	4,083,717	4,180,793	550,000	Exceeds
Dewi Jones <i>Vice President, Exploration and Development</i>	-	1,403,917	694,939	550,000	Exceeds

**Notes:**

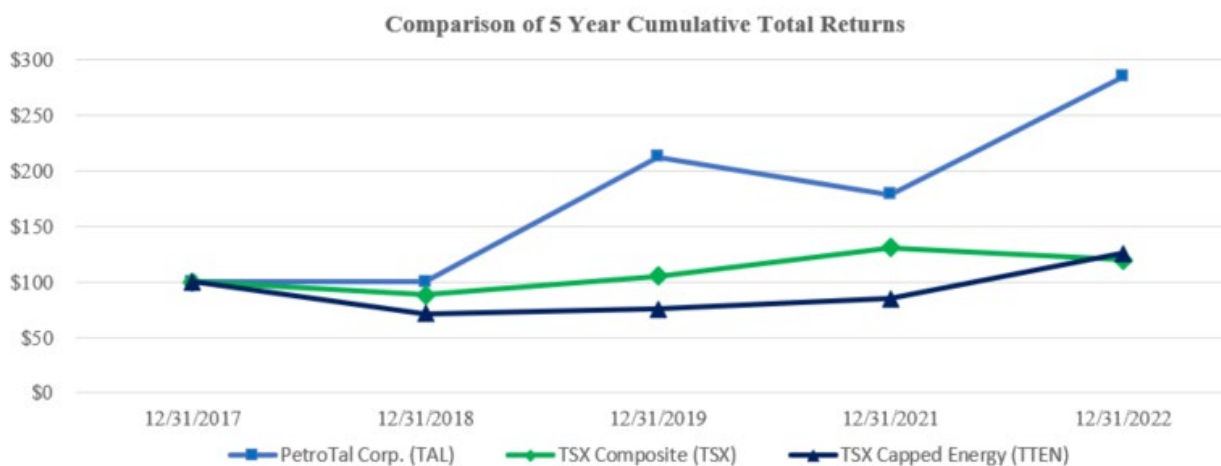
- (1) Value is calculated by multiplying the total number (1:1) of estimated Common Shares by the closing price for the Common Shares on the TSXV on December 30, 2022 (the PSU last trading day in the Corporation's most recently completed financial year), being CAD \$0.67 or USD \$0.495.
- (2) Represents estimated base salary times three (3) for the CEO and times two (2) for other NEOs.

**Elements of Executive Compensation**

The Corporation's executive compensation program consists of three significant components: (a) base compensation in the form of salary; (b) incentive bonuses in the form of cash payments; and (c) long-term compensation in the form of stock options, PSUs and RSUs. For the NEOs, the stock option, PSU and RSU component is an essential part of their compensation. No NEO or director of the Corporation is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation, or held, directly or indirectly, by a NEO or director of the Corporation.

**Performance Graph**

The following performance graph illustrates PetroTal's cumulative shareholder return over the five (5) most recently completed financial years (which includes periods in which the Common Shares were listed on the TSXV), assuming an initial \$100 investment in the Common Shares, compared to the cumulative return of the S&P TSX Capped Energy Index. The Corporation graduated from the TSXV to the TSX on February 16, 2023. The closing price for the Common Shares on the TSXV on December 30, 2022 (the last trading day in the Corporation's most recently completed financial year) was CAD \$0.67.



	12/31/2017	12/31/2018	12/31/2019	12/31/2021	12/31/2022
PetroTal Corp. (TAL)	\$100.0	\$100.0	\$212.8	\$178.7	\$285.1
TSX Composite (TSX)	\$100.0	\$88.4	\$105.3	\$130.9	\$119.6
TSX Capped Energy (TTEN)	\$100.0	\$71.4	\$75.6	\$84.9	\$125.9

### **Base Compensation and Incentive Bonuses**

Base compensation and incentive bonuses for executive officers of the Corporation are set annually, having regard to the individual's job responsibilities, contribution, experience and proven or expected performance, as well as to market conditions. In setting base compensation and incentive bonuses, consideration is to be given to such factors as level of responsibility, experience and expertise in addition to the policies of the TSX. Subjective factors such as leadership, commitment and attitude are also to be considered.

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performance for executive officers.

### **Stock Options, PSUs and RSUs**

To provide a long-term component to the executive compensation program, executive officers of the Corporation are eligible to receive stock options, PSUs and RSUs. The maximization of shareholder value is encouraged by granting stock options, PSUs and RSUs since such grants provide an incentive to eligible persons to further the development, growth and profitability of the Corporation. Consideration will be given to granting stock options, PSUs and RSUs amongst the various organizational levels of management, including directors, officers and certain consultants. The CEO makes recommendations to the Board for the CFO and other key employees. These recommendations take into account factors, such as awards made in previous years, the number of stock options, PSUs and RSUs outstanding per individual and the level of responsibility. The Board, as a whole, determines the stock options, PSUs and RSUs to be issued to the CEO. See "*Stock Option Plan*" and "*PRSU Plan*", below, for more details.

### **Pension Plan Benefits**

The Corporation does not have a pension plan or provide any benefits following or in connection with retirement.

## Summary Compensation Table

The following table and notes thereto provide a summary of the compensation paid to the NEOs of the Corporation for the three (3) most recently completed financial years:

Name and Principal Positions	Year	Salary (US\$)	Share - based Awards (US\$) <sup>(3)</sup>	Option-based Awards (US\$) <sup>(4)</sup>	Non-Equity Incentive Plans (US\$) <sup>(5)</sup>	All Other Compensation (US\$) <sup>(6)</sup>	Total Compensation (US\$)
Manuel Pablo	2022	450,000	1,100,000	-	337,500	15,250	1,902,750
Zúñiga-Pflücker <sup>(1)</sup>	2021	450,000	1,100,000	-	450,000	11,250	2,011,250
<i>President, Chief Executive Officer and a Director</i>	2020	326,250	58,599	-	337,500	-	722,349
Douglas C. Urch <sup>(1)</sup>	2022	275,000	305,000	-	165,000	15,250	760,250
<i>Executive Vice President and Chief Financial Officer</i>	2021	275,000	305,000	-	220,000	44,363	844,363
	2020	242,917	41,484	-	165,000	66,653	516,054
Dewi Jones <sup>(2)</sup>	2022	275,000	287,500	-	103,125	15,250	680,875
<i>Vice President Exploration and Development</i>	2021	229,167	239,583	-	114,583	10,698	594,031
	2020	-	-	-	-	-	-

### Notes:

- (1) Reflects salary reductions from May 2020 to November 2020 of 30% for Mr. Zúñiga-Pflücker and 20% for Mr. Urch. Mr. Zúñiga-Pflücker did not receive any additional compensation for his role as a director of the Corporation.
- (2) On May 11, 2021, Mr. Jones was appointed as Vice President Exploration and Development.
- (3) Represents PSUs granted under the PRSU Plan. Amounts reflect the grant date fair market value of PSUs granted in accordance with the PRSU Plan. Fair value of the PSUs is determined through a combination of Black-Scholes and probability weighted models. The following assumptions were used for the Black-Scholes valuation of the PSUs granted: an expected life of 1-3 years, a risk-free interest rate of 2.0% and expected annualized volatility of 50%. Each PSU entitles the holder thereof upon settlement to receive up to two (2) Common Shares subject to the achievement of performance conditions relating to total Shareholder return, net asset value and certain production, environmental, safety and operational milestones and in accordance with the PRSU Plan. The PSU grants vest on the third (3<sup>rd</sup>) anniversary of the date of the grant. For further information, see "Executive Compensation – Stock Options, PSUs and RSUs" and "PRSU Plan".
- (4) No stock options were granted during the years ended December 31, 2022, 2021 and 2020.
- (5) Reflects discretionary cash bonuses paid to the NEOs based on certain key performance indicators set forth by the Board. Discretionary bonuses are disclosed for the year in respect of which they were earned although they are typically paid in the following year.
- (6) Reflects accommodation allowances and 401K pension matching contribution.

## Outstanding Option-Based and Share-Based Awards

There were no option-based awards granted to NEOs for the year ended December 31, 2022, and no option-based awards outstanding as at December 31, 2022. The following table sets forth all share-based awards outstanding at the end of the most recent fiscal year ended December 31, 2022, for NEOs:

Name and Principal Positions	Number of PSUs that have not Vested (#)	Market or Payout Value PSUs that have not Vested <sup>(1)</sup> (US\$)	Market or Payout Value of Vested PSUs not Paid Out or Distributed (US\$)
Manuel Pablo Zúñiga-Pflücker <i>President, Chief Executive Officer and a Director</i>	9,689,742	4,796,422	-
Douglas C. Urch <i>Executive Vice President and Chief Financial Officer</i>	4,083,717	2,021,440	-
Dewi Jones <i>Vice President Exploration and Development</i>	1,403,917	694,939	-

### Note:

- (1) The value of the unvested PSUs as of December 31, 2022, has been determined considering the expected multiplier and based on the closing price of the Common Shares on the TSXV on December 30, 2022, being CAD \$0.67 per Common Share or USD \$0.495 per Common Share. Each PSU entitles the holder thereof upon settlement to receive up to two Common Shares, based on the achievement of performance conditions relating to total Shareholder return, net asset value and certain production, environmental, safety and operational milestones and in accordance with the PRSU Plan. The PSU grants vest on the third anniversary of the date of the grant. For further information, see "Executive Compensation – Stock Options, PSUs and RSUs" and "PRSU Plan".

## Incentive Plan Awards - Value Vested or Earned During the Year

The Corporation did not have any option-based awards outstanding at any point during the year ended December 31, 2022. No share-based awards for the NEOs vested during the Corporation's most recent fiscal year ended December 31, 2022.

Name and Principal Positions	Share-based awards – Value vested during the year (\$US) <sup>(1)</sup>	Non-equity incentive plan compensation Value earned during the year (US\$) <sup>(2)</sup>
Manuel Pablo Zúñiga-Pflücker <i>President, Chief Executive Officer and a Director</i>	1,638,736	337,500
Douglas C. Urch <i>Executive Vice President and Chief Financial Officer</i>	560,495	165,000
Dewi Jones <i>Vice President Exploration and Development</i>	-	103,125

### Notes:

- (1) Value is calculated by multiplying the total number of Common Shares issuable pursuant to vested PSUs by the closing price for the Common Shares on the TSXV on December 30, 2022 (the last trading day in the Corporation's most recently completed financial year), being CAD \$0.67 or USD \$0.495.
- (2) Represents 2022 year-end cash bonus, all of which were paid in 2023.

## SUMMARY OF DIRECTORS' COMPENSATION

The directors of the Corporation are entitled to receive compensation for services in their capacity as directors. Members of the Board of Directors are entitled to be reimbursed for all reasonable expenses

incurred to attend meetings. In addition, the Stock Option Plan and the PRSU Plan allow for the grant of options and Share Units, respectively, to directors.

On April 30, 2018, the Board approved the adoption of a plan (the "**DSU Plan**") to grant DSUs to non-employee directors. No Common Shares will be issued under the DSU Plan and all DSUs granted are settled in cash. DSUs vest on the date they are granted but directors are only entitled to receive the value of the DSUs once they cease to be a director of the Corporation. As further described below, the DSU Plan provides for a cash payment equal to the closing price of the Common Shares on the trading day prior to payment multiplied by the number of notional Common Shares underlying the DSUs held by a director after such director ceases to be a director of the Corporation. In addition to providing for the grant of DSUs to non-employee directors, non-employee directors also have the option to elect to receive DSUs in lieu of receiving their annual cash retainers.

### ***Deferred Share Unit Plan***

The purpose of the DSU Plan is to: (a) promote a proprietary interest in the Corporation and a greater alignment between non-employee directors of the Corporation and Shareholders; (b) provide a compensation system for directors that is reflective of the responsibilities, commitments and risks accompanying the role of a director; and (c) assist the Corporation in attracting experienced individuals to serve as directors.

The Board administers the DSU Plan, which has the authority to grant DSU awards under the DSU Plan to non-employee directors. The DSU Plan may be amended, suspended or terminated at any time by the Board. The DSUs granted thereunder are not transferable or assignable except in the case of death. There were 2,651,754 DSUs outstanding under the DSU Plan as at December 31, 2022, and 2,871,131 DSUs outstanding under the DSU Plan as at May 3, 2023.

No Common Shares will be issued under the DSU Plan and all DSUs granted are settled in cash. DSUs vest on the date they are granted but directors are only entitled to receive the value of the DSUs once they cease to be a director of the Corporation. Under the DSU Plan, directors may elect to receive up to 100% of their annual retainer in the form of DSUs.

The cash payment to be received will be equal to the number of DSUs held by the director on the date the director ceased to be a director after giving effect to adjustments for dividends, multiplied by the closing price of the Common Shares on the TSX on the trading day immediately prior to the date the payment is to be made, less all applicable withholding taxes.

Under no circumstances shall DSUs be considered Common Shares or other securities of the Corporation, nor shall they entitle any participant to exercise voting rights or any other rights attaching to the ownership of Common Shares or other securities of the Corporation, including, without limitation, voting rights, dividend entitlement rights or rights on liquidation, nor shall any participant be considered the owner of Common Shares by virtue of an award of DSUs. Notwithstanding the foregoing, and without conferring any rights as Shareholders to the holders thereof, DSUs held by directors are included in calculating achievement of share ownership guidelines.

For further information on compensation paid to the non-employee directors of the Corporation, see "*Director Compensation Table*" below. For a description of the compensation paid to Manuel Pablo Zúñiga-Pflücker, a director and the President and Chief Executive Officer of the, see "*Summary Compensation Table*" above.

### ***Director Compensation Table***

The below table sets forth for each of the Corporation's directors, other than in the capacity of NEO, all amounts of compensation earned, paid and payable, for the Corporation's most recently completed fiscal year ended December 31, 2022. Mr. Zúñiga-Pflücker is not included in the table because he does not receive compensation fees or share-based awards for his role as director of the Corporation and is required

to meet PetroTal's CEO share ownership requirement. He currently exceeds those requirements (see page 15).

Name	Fees Earned (US\$) <sup>(1)</sup>	Share-based awards (US\$) <sup>(2)</sup>	Option-based awards (US\$)	All other compensation (US\$)	Total (US\$)
Mark McComiskey (Chair)	105,000	180,000	-	-	285,000
Gary S. Guidry <sup>(3)</sup>	72,500	73,992	-	-	146,492
Ryan Ellson <sup>(3)</sup>	72,500	73,992	-	-	146,492
Gavin Wilson	60,000	60,000	-	-	120,000
Eleanor J. Barker	82,000	60,000	-	-	142,000
Roger M. Tucker	80,000	60,000	-	-	140,000
Jon Harris <sup>(3)</sup>	17,500	17,500	-	-	35,000
Luis Carranza <sup>(3)</sup>	17,500	17,500	-	-	35,000

**Notes:**

- (1) Fees earned by the directors were paid in Canadian dollars, US dollars, and Great Britain pounds. The Canadian dollar amounts were converted to US dollars at each 2022 quarterly end rate.
- (2) The compensation reported under share-based awards is the value of DSUs granted in the year ended December 31, 2022. The value of DSUs is based on the number of DSUs granted multiplied by the closing price per Common Share on the TSXV for the trading day prior to the date of the grant. This methodology for calculating the fair value of the DSU awards on the grant date is consistent with the initial fair value determined in accordance with IFRS 2. As a result, the total compensation expense for these DSU grants under IFRS for the year ended December 30, 2022, was CAD \$0.67 or USD \$0.495.
- (3) Messrs. Harris and Carranza were appointed as directors of PetroTal on September 15, 2022, replacing Messrs. Guidry and Ellson.

**Director share ownership guidelines**

The non-executive directors of the Corporation will continue to work towards achievement of their share ownership requirements. Following is the summary at December 31, 2022:

Name	DSU (#)	Shares (#)	DSUs and Shares (#)	DSUs and Shares (US\$) <sup>(1)</sup>	DSUs and Shares Required to Meet Ownership Requirement (US\$) <sup>(2)</sup>	Share Ownership Achievement (US\$)
Mark McComiskey	1,005,934	-	1,005,934	497,937	540,000	In progress
Gavin Wilson	679,193	95,000	774,193	383,226	180,000	Exceeds
Eleanor J. Barker	447,101	350,000	797,101	394,565	180,000	Exceeds
Roger M. Tucker	447,101	-	447,101	221,315	180,000	Exceeds
Jon Harris <sup>(3)</sup>	36,213	-	36,213	17,925	180,000	In progress
Luis Carranza <sup>(3)</sup>	36,213	-	36,213	17,925	180,000	In progress

**Notes:**

- (1) Value is calculated by multiplying the total number of estimated Common Shares by the closing price for the Common Shares on the TSXV on December 31, 2022 (the last trading day in the Corporation's most recently completed financial year), being CAD \$0.67 or USD \$0.495.
- (2) Represents estimated annual compensation times three (3) years.
- (3) Messrs. Harris and Carranza were appointed as directors of PetroTal on September 15, 2022, and each have until September 15, 2024 to meet a share ownership requirement of three (3) times their annual base salary.

***Outstanding Share-based Awards and Option-based Awards by Director***

Except for the DSUs set forth above, no awards are outstanding for the directors of the Corporation as of December 31, 2022.

***New Stock Option Plan***

On May 3, 2023, in connection with the Corporation's graduation to the TSX from the TSXV, the Board approved the new Stock Option Plan, which remain subject to Shareholder approval at the Meeting. The intention of these amendments is to bring the Corporation's security-based compensation arrangements in compliance with the requirements of the TSX. For more details, please see "*Matters to be Acted Upon – Approval of Stock Option Plan and Unallocated Options Thereunder*".

The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging the participants under the plan to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentives in their efforts on behalf of the Corporation in the conduct of its affairs.

Amendments to the Stock Option Plan

In connection with the listing of the Common Shares on the TSX, the Board reviewed the Stock Option Plan and adopted certain amendments effective May 3, 2023, as set out in the new Stock Option Plan appended hereto as Schedule B. The intention of the amendments is to bring the Stock Option Plan in compliance with TSX requirements. Specifically, the following amendments were made to the Stock Option Plan:

- the aggregate number of Common Shares that may be issuable pursuant to the Stock Option Plan and all other securities-based compensation arrangements, including the PRSU Plan, shall not exceed 10% of the outstanding Common Shares from time to time, subject to the following limitations:
  - the maximum number of Common Shares issuable to insiders at any time under all security-based compensation arrangements, including the Stock Option Plan and the PRSU Plan, shall not exceed 10% of the outstanding Common Shares from time to time (calculated on a non-diluted basis);
  - the maximum number of Common Shares issuable to insiders within any one (1) year period under all security-based compensation arrangements, including the Stock Option Plan and the PRSU Plan, shall not exceed 10% of the outstanding Common Shares from time to time (calculated on a non-diluted basis); and
  - the aggregate: (a) number of Common Shares that may be reserved for issuance pursuant to the exercise of Options granted to non-management directors pursuant to the Stock Option Plan shall not exceed 1.0% of the Common Shares outstanding from time to time; and (b) the value of Options granted to any one non-employee director in any calendar year under the Stock Option Plan and under any other security-based compensation arrangements, including the PRSU Plan, shall not exceed \$150,000;

- the Board's right to fix the exercise price for Options on the grant date was restricted to be not less than the VWAP of the Common Shares on the TSX for the five (5) days immediately preceding the grant date. Previously, the exercise price could be fixed by the Board, granted it was no lower than the exercise price permitted by the exchange such Common Shares were listed on;
- in the absence of any determination by the Board as to vesting, vesting shall be as to one-third on each of the first, second and third anniversaries of the date of grant;
- in lieu of paying cash on the exercise of Options, the Stock Option Plan was revised to provide participants the right to acquire, without cash payment, such number of Common Shares as is determined by: (i) subtracting the exercise price from the closing price of the Common Shares on the date of exercise; (ii) multiplying the difference by the number of Common Shares in respect of which the Option was otherwise being exercised; and (iii) dividing that product by such closing price of the Common Shares. Previously, participants could only exercise Options by paying the full exercise price in cash;
- limiting service provider participation in the Stock Option Plan to those service providers which provide services for an initial, renewable or extendible period of 12 months or more. This time requirement did not exist prior to the amendments adopted in connection with Spartan's graduation to the TSX;
- providing more clarity regarding the treatment of Options in the case of termination, resignation, retirement, disability and death as set out below:
  - in the case of resignation or termination with Cause (as such term is defined in the Stock Option Plan), all Options granted to such participant that have not yet vested as of the termination date shall terminate immediately;
  - in the case of termination for any reason other than resignation, for cause, death or disability, all Options granted to such participant that have not yet vested within 90 days after the termination date shall terminate without payment;
  - in the case of retirement, any Options held by such participant shall continue to vest in accordance with the terms thereof, except at the discretion of the Board, for any Options granted during the calendar year in which such participant retires, all of which Options shall expire;
  - in the case of death, any Options previously granted to such participant that has vested or will vest within 12 months after the date of death shall immediately vest and become exercisable until the expiry day of such Option, or until the expiration of 12 months after the date of death of such participant, whichever comes earlier; and
  - in the case of disability, any Option previously granted to such participant that has vested or will vest within 90 days after the date of disability shall immediately vest and become exercisable until the expiry day of such Option, or until the 90<sup>th</sup> day after the date of disability of such participant, whichever comes earlier;
- implementing accelerated vesting provisions in the event of a change of control or take-over proposal, as further described below under the subheading "*Change of Control*";
- clarifying that no person has any right to compensation or damages for loss in relation to the Stock Option Plan, including in relation to any loss or reduction of rights or expectations under the plan, and any exercise of discretion in relation to a grant of Options or to the Stock Option Plan;
- requiring TSX and Shareholder approval in respect of certain amendments to the Stock Option Plan, as further described below under the subheading "*Limitations & Amendments*"; and



- subject to receipt of prior written approval from the TSX, confirming that the Board may make the following amendments to the Stock Option Plan without Shareholder approval:
  - any amendment to the vesting provisions of the Stock Option Plan and any Option;
  - any amendment to the Stock Option Plan or Option as necessary to comply with applicable law or the requirements of the Exchange or any other regulatory body having authority over the Corporation, the Stock Option Plan or the Shareholders;
  - any amendment to the Stock Option Plan and any Option to permit the conditional exercise of any Option, on such terms as it sees fit;
  - any amendment of a "housekeeping" nature;
  - any amendment respecting the administration of the Stock Option Plan; and
  - any other amendment that does not require the approval of Shareholders as expressly set out in the Stock Option Plan.

For clarity, any amendments to the Stock Option Plan and Options thereunder are subject to TSX approval. A summary of the new Stock Option Plan is provided below. Shareholders are encouraged to review the full text of the Stock Option Plan, which is attached hereto as Schedule B.

#### Eligibility and Participation

Directors, officers, *bona fide* employees of the Corporation or its subsidiaries, or officers or employees of a person or company engaged by Spartan to provide services for an initial, renewable or extendible period of 12 months or more to the Corporation or its subsidiaries shall be eligible for selection to participate in the Stock Option Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the TSX, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Stock Option Plan in the same manner as if the options were held by the Participant.

The Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option.

#### Limitations & Amendments

The Stock Option Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The aggregate number of Common Shares which may be reserved for issuance under the Stock Option Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares, subject to the following limitations:

- (a) the maximum number of Common Shares issuable to Insiders (as defined in the policies of the TSX) at any time under all security-based compensation arrangements shall not exceed 10% of the outstanding Common Shares from time to time (calculated on a non-diluted basis);
- (b) the maximum number of Common Shares that may be issued to Insiders within any one year period under all security-based compensation arrangements shall not exceed 10% of the outstanding Common Shares from time to time (calculated on a non-diluted basis); and

- (c) the aggregate: (A) number of Common Shares that may be reserved for issuance pursuant to the exercise of Options granted to non-management directors pursuant to the Stock Option Plan shall not exceed 1.0% of the Common Shares outstanding from time to time; and (B) value of Options granted to any one non-employee director in any calendar year under the Stock Option Plan and under any other security-based compensation arrangements shall not exceed \$150,000.

The number of Common Shares subject to an option granted to a participant shall be determined by the Corporate Governance and Compensation Committee, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The exercise price of the Common Shares covered by each option shall be determined by the Corporate Governance and Compensation Committee, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction.

The Board has the absolute discretion to amend or terminate the Stock Option Plan and any outstanding Options. Any amendments to the Stock Option Plan and Options thereunder are subject to TSX approval. The only amendments to the Stock Option Plan that would be subject to Shareholder approval are amendments that would:

- (a) any increase in the number of Common Shares reserved for issuance under the Stock Option Plan;
- (b) any amendment to increase or remove the Insider participation limits described above;
- (c) the provision of financial assistance to a Participant in connection with the exercise of Options;
- (d) any reduction in the exercise price of an Option, cancellation and reissue of Options or substitution of Options with cash or other awards on terms that are more favourable to the Participants;
- (e) any extension of the expiry of an Option, except as otherwise provided in the Stock Option Plan;
- (f) an amendment that would permit Options to be transferable or assignable other than for normal estate settlement purposes;
- (g) any amendment that would materially modify the eligibility requirements for participation in the Stock Option Plan;
- (h) amendments to the limitations with respect to Options that may be granted to non-employee directors; and
- (i) amendments to certain amending provisions requiring Shareholder approval, as further described in the Stock Option Plan.

#### *Exercise Price*

The exercise price of the Common Shares subject to each option shall be determined by the Board when such Option is granted, provided that such price shall not be less than the Market Price, being the VWAP of the Common Shares, calculated by dividing the total value by the total volume of Common Shares traded for the relevant period, for the five (5) trading days immediately preceding the relevant date.

### *Duration of Option*

Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination by ceasing to be a director, officer, consultant or employee or by death of the Participant, provided that in no circumstances shall the duration of an option exceed the five (5) years from the date of the grant of the Option.

The Stock Option Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation, nor does it interfere in any way with the right of the Participant, the Corporation to terminate the Participant's employment at any time. Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation. A Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to any Option which would have vested or been granted after the Termination Date (as such term is defined in the Stock Option Plan appended to this Information Circular as Schedule B), or which could have been exercised after the Termination Date, including but not limited to damages in lieu of notice at common law.

Should the expiry date of an Option fall within a Black Out Period or within 10 business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the 10th business day after the end of the Black Out Period, such 10th business day to be considered the expiry date for such Option for all purposes under the Stock Option Plan. The ten-business day period referred to in this paragraph may not be extended by the Board. "**Black Out Period**" for the purposes of the Stock Option Plan means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option.

### *Vesting Period*

The vesting period or periods within this period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. In the absence of any determination by the Board as to vesting, vesting shall be as to one-third on each of the first, second and third anniversaries of the date of grant. Further, the Board may, in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted. In the case of options granted on February 29<sup>th</sup> of any year, the "anniversary date" shall be deemed to be February 28<sup>th</sup> of each of the subsequent years.

### *Change of Control*

In the event a Change of Control occurs, all Options which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the Options or the Stock Option Plan for a period of time ending on the earlier of the expiry time of the Option and the 30th day following the effective date of the Change of Control.

For the purposes of the Stock Option Plan, a "Change of Control" means any of the following:

- (a) the purchase or acquisition of any voting securities or convertible securities by a holder which results in such holder beneficially owning, or exercising control or direction over, voting shares or convertible securities such that, assuming only the conversion of convertible securities beneficially owned or over which control or direction is exercised by the holder, the holder would beneficially own, or exercise control or direction over, voting shares carrying the right to cast more than 50% of the votes attaching to all Common Shares, but excluding any issue or sale of Common Shares of the Corporation to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement; or

- (b) the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation and pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing corporation, which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation, which may be cast to elect directors of that corporation; or
- (c) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or
- (d) the liquidation, dissolution or winding-up of the Corporation; or
- (e) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
- (f) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (a), (b), (c), (d) and (e) referred to above; or
- (g) a determination by the Board that there has been a change, whether by way of a change in the holding of the voting shares of the Corporation, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.

If approved by the Board, Options may provide that, whenever the Corporation's shareholders receive a Take-over Proposal, such Option may be exercised as to all or any of the Shares in respect of which such Option has not previously been exercised (including in respect of Options not otherwise vested at such time) by the Participant (the "Take-over Acceleration Right"), but any such Option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-Over Proposal. If for any reason any such Common Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Common Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Common Shares, if any, remaining unexercised under the Option (and shall thus be available for exercise of the Option in accordance with the terms thereof) and upon presentation of the Corporation of share certificates or statements representing such Common Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

For the purposes of the Stock Option Plan, "**Take-over Proposal**" means: (A) any proposal or offer by a third person, whether or not subject to a due diligence condition and whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Corporation's outstanding voting shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions that is structured to permit such third person to acquire in any manner, directly or indirectly, more than 50% of its outstanding voting shares; or (B) any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization

into a royalty trust or income fund or similar transaction or other business combination involving the Corporation.

### ***Burn Rate***

The Corporation's burn rate, calculated in accordance with Section 613(p) of the TSX Company Manual, under the Stock Option Plan was nil in fiscal 2020, 2021 and 2022 as no Options were issued in any of those years. Management expects that the burn rate in fiscal 2023 will be nil as no Option grants are anticipated during the year. The burn rate is subject to change from time to time, based on the number of Options granted and the number of Common Shares issued and outstanding. The burn rate for a given period is calculated by dividing the number of Options granted under the Stock Option Plan during the applicable fiscal year by the weighted average of Common Shares outstanding during such period.

### ***Outstanding Options***

As of December 31, 2022, there were no Common Shares reserved for issuance pursuant to the Stock Option Plan.

### ***New PRSU Plan***

On May 3, 2023, in connection with the Corporation's graduation to the TSX from the TSXV, the Board approved the new PRSU Plan, which remain subject to Shareholder approval at the Meeting. The intention of these amendments is to bring the Corporation's security-based compensation arrangements in compliance with the requirements of the TSX. For more details, please see "*Matters to be Acted Upon – Approval of PRSU Plan and Unallocated Share Units*".

The purpose of the PRSU Plan remains to provide directors, officers, employees and consultants of the Corporation or any of its subsidiaries with the opportunity to acquire Share Units to allow them to participate in the long-term success of the Corporation and to promote a greater alignment of their interests with the interests of the Shareholders.

The PRSU Plan is administered by the Board, or, as permitted by applicable law, the Corporate Governance and Compensation Committee of the Board.

### ***Overview of Amendments to the PRSU Plan***

In connection with the Corporation's graduation to the TSX, the following amendments were made to the PRSU Plan:

- the aggregate number of Common Shares that may be issuable pursuant to the PRSU Plan and all other securities-based compensation arrangements, including the Stock Option Plan, shall not exceed 10% of the issued and outstanding Common Shares from time to time;
- the removal of certain restrictions requiring TSX and Shareholder Approval, as further described under the subheading "*Total Shares Subject to Share Units*"; and
- the following clarifying amendments were adopted by the Board:
  - the definition of "insider" means an insider as defined in the policies of the TSX, rather than the definition ascribed thereto under applicable securities legislation;

- "Termination Date" means, in respect of a Participant, such Participant's last day of Active Employment (as such term is defined in the PRSU Plan appended to this Information Circular as Schedule "B") or Active Engagement (as such term is defined in the PRSU Plan appended to this Information Circular as Schedule C) with the Corporation, whether such date is selected by the Participant, by mutual agreement between the Corporation and the Participant, or unilaterally by the Corporation;
- a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any Share Units which would have vested or been granted after such Participant's Termination Date, including but not limited to damages in lieu of notice at common law; and
- no person has any right to compensation or damages for any loss in relation to the PRSU Plan, including any loss in relation to:
  - any loss or reduction of rights or expectations under the PRSU Plan in any circumstances (including termination of employment for any reason); and
  - any exercise of discretion or a decision taken in relation to a grant of Share Units or to the PRSU Plan, or any failure to exercise discretion or make a decision.

A summary of the new PRSU Plan is described below. Shareholders are encouraged to review the full text of the PRSU Plan, as amended and restated, which is attached hereto as Schedule C.

At the Meeting, Shareholders will be asked to pass the PRSU Plan Resolution ratifying and confirming an amendment to the total shares subject to TSX and Shareholder approval to extend grant limit so the aggregate number of Common Shares that may be issuable pursuant to the PRSU Plan and all other securities-based compensation arrangements, including the Stock Option Plan, shall not exceed 10% of the issued and outstanding Common Shares from time to time.

#### *Share Units and Eligibility*

PSUs may be awarded to persons who are directors, officers, employees or consultants of the Corporation or a subsidiary of the Corporation ("**Eligible Persons**") as the Board or the Corporate Governance and Compensation Committee determines. Notwithstanding the foregoing, non-employee directors are not eligible to be awarded PSUs. PSUs are a unit equivalent to the value of a Common Share, credited by means of a bookkeeping entry on the books of the Corporation in accordance with the PRSU Plan, based on the achievement of performance criteria set out in an applicable award notice.

RSUs may be awarded to Eligible Persons as the Board or the Corporate Governance and Compensation Committee determines. RSUs are a unit equivalent to the value of a Common Share, credited by means of a bookkeeping entry on the books of the Corporation in accordance with the PRSU Plan.

The number of Share Units (including fractional Share Units) to be credited as of the date on which Share Units are awarded to a Participant (the "**Award Date**") shall be determined by the Corporate Governance and Compensation Committee in its sole discretion. Upon receipt of acknowledgment in the manner specified under the PRSU Plan, Share Units shall be credited to an account maintained for each Participant on the books of the Corporation, effective as of the Award Date for that grant.

#### *Vesting*

Each Share Unit will vest on such terms as shall be specified by the Board or Compensation Committee at the time of granting Share Units as reflected in a notice substantially in the form of the schedules appended

to the PRSU Plan, and in the case of the PSUs, containing such other terms and conditions relating to an award of PSUs as the Board may prescribe ("**Award Notice**"), except as otherwise provided in the PRSU Plan. Unless otherwise stipulated by the Board at the time of grant and subject to earlier vesting in accordance with the terms of the PRSU Plan:

- (i) RSUs granted under the PRSU Plan shall vest as to 33 1/3% on each of the first, second and third anniversaries of the Award Date; and
- (ii) PSUs granted under the PRSU Plan shall vest on the third anniversary of the Award Date.

#### *Performance Vesting*

Prior to the Distribution Date (as defined below) in respect of any PSU, the Board or Compensation Committee shall assess the performance of the Corporation for the applicable period. The performance measures to be taken into consideration in granting PSUs and determining the adjustment factor in respect of any PSU shall be established by the Board in its discretion at the time of the grant of the PSU, and may include, without limitation, the total shareholder return of the Common Shares compared to an index, subindex or identified group of peers and the Corporation's performance compared to identified operational or financial targets (the "**Performance Measures**"). The applicable adjustment factor may be between a minimum of zero and such maximum as determined by the Board or Compensation Committee (provided such maximum shall not exceed 2.0) (the "**Adjustment Factor**"). The weighting of the individual measures comprising the Performance Measures shall be determined by the Board or Compensation Committee, as applicable, in its sole discretion having regard to the principal purposes of the PRSU Plan and, upon the assessment of all Performance Measures, the Board or Compensation Committee shall determine the Adjustment Factor for the applicable period in its sole discretion.

The number of PSUs which vest on a vesting date specified in an Award Notice is the number of PSUs scheduled to vest on such date multiplied by the Adjustment Factor.

#### *Credits for Dividends*

If a dividend becomes payable on the Common Shares, then on the payment date for such dividend, each Participant's notional account shall, unless otherwise determined by the Board in respect of any grant of Share Units will be credited with additional Share Units ("Dividend Equivalents"). Such Dividend Equivalents vest in proportion to and on the same vesting date as the underlying PSUs or RSUs, as applicable.

#### *Settlement*

Unless otherwise determined by the Board in its sole discretion, the date of settlement of any Share Unit (a "**Distribution Date**") shall be the applicable vesting date for such Share Unit pursuant to the PRSU Plan, provided that, for greater certainty, the Board may in its sole discretion impose additional or different conditions to the termination of the Distribution Date of any Share Unit.

On the Distribution Date, the Board or Compensation Committee, as applicable, in its sole discretion, shall have the option of settling the Common Shares issuable in respect of Share Units by any or all of the following methods: (a) settlement in Common Shares acquired by the Corporation on the TSX; (b) the issuance of Common Shares from the treasury of the Corporation; or (c) for any participant who is not a U.S. taxpayer, payment by the Corporation of a cash amount per Share Unit equal to the Settlement Market Value (as defined below) of the Payment Shares (as defined below) on the Distribution Date, net of applicable withholding tax. The Settlement Market Value per share is the VWAP of the Common Shares

listed on the TSX, calculated by dividing the total value of the total volume of Common Shares traded for the relevant period, for the five (5) trading days immediately preceding the Distribution Date.

No Distribution Date in respect of any Share Unit may occur after the earlier of: (i) the 30th day after the participant ceases to be eligible to participate under the PRSU Plan; or (ii) the fifth anniversary of the Award Date (the earlier of the two being the "**Final Date**"). With respect to any Share Units awarded to a participant who is a U.S. taxpayer, the Distribution Date shall be the applicable vesting date established pursuant to the PRSU Plan.

Subject to any election by the Board or Compensation Committee, as applicable, to settle a Share Unit in cash, as soon as practicable after each Distribution Date or on the Final Date (if the Distribution Date is the Final Date), the Corporation shall issue to the participant or to the participant's estate, a number of Common Shares equal to the number of Share Units in the participant's account that became payable on the Distribution Date (the "**Payment Shares**"). As of the Distribution Date, the Share Units in respect of which such Common Shares are issued or cash is paid shall be cancelled and no further payments shall be made to the participant under the PRSU Plan in relation to such Share Units.

#### *Total Shares Subject to Share Units*

Unless otherwise approved by the TSX and the Shareholders:

- (a) the securities that may be issued to participants shall consist of those authorized but unissued Common Shares which the Board and/or Compensation has, in its discretion, reserved for issuance under the PRSU Plan from time to time;
- (b) subject to certain adjustment provisions described in the PRSU Plan, the aggregate number of Common Shares that may be issuable pursuant to the PRSU Plan and all other security-based compensation arrangements, including the Stock Option Plan, shall not exceed 10% of the issued and outstanding Common Shares from time to time;
- (c) the Board shall not grant Share Units under the PRSU Plan if the number of Common Shares issuable pursuant to outstanding Share Units, when combined with the number of Common Shares issuable pursuant to outstanding Options and outstanding securities under any other security-based compensation arrangements of the Corporation, including the Stock Option Plan, would exceed 10% of the issued and outstanding Common Shares at the time of the grant;
- (d) the number of securities issuable to insiders of the Corporation, at any time, under all security-based compensation arrangements including, without limitation, the PRSU Plan and the Stock Option Plan, shall not exceed 10% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis;
- (e) the number of securities issued to insiders of the Corporation, within any one (1) year period, under all security-based compensation arrangements including, without limitation, the PRSU Plan and the Stock Option Plan, shall not exceed 10% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis;
- (f) the aggregate: (i) number of Common Shares that may be reserved for issuance pursuant to the exercise of RSUs granted to non-employee directors pursuant to the PRSU Plan shall not exceed 1.0% of the Common Shares outstanding from time to time; and (ii) value of RSUs granted to any one non-employee director in any calendar year under the PRSU Plan and under any other security-based compensation arrangements shall not exceed \$150,000;



- (iii) to the extent Share Units are exercised or to the extent any Share Units are terminated for any reason or are cancelled, the Common Shares subject to such Share Units shall be added back to the number of Common Shares reserved for issuance under the PRSU Plan and such Common Shares will again become available for Amended & Restated Share Unit grants under the PRSU Plan; and
- (iv) if the acquisition of Common Shares by the Corporation for cancellation should result in any of the above tests no longer being met, this shall not constitute non-compliance with the PRSU Plan for any awards outstanding prior to such purchase of Common Shares for cancellation.

For purposes of the calculations above, the PRSU Plan provides that it shall be assumed that all issued and outstanding Share Units will be settled by the issuance of Common Shares from treasury, notwithstanding the Corporation's right to settle Share Units in cash or by purchasing Common Shares on the open market.

The PRSU Plan, prior to the implement of the amendments to the PRSU Plan approved by the Board on May 3, 2023, did not apply the 10% grant limit to all other securities-based compensation arrangements as described in paragraph (b) above. In addition, the amendments to the PRSU Plan remove the requirement to seek TSX and Shareholder approval in the following instances: (a) if the number of Common Shares issuable to any one participant and such participant's associates within any one (1) year period under all security-based compensation arrangements, including, without limitation, the PRSU Plan, exceeds five (5)% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis; (b) if the number of Common Shares issuable to any one insider of the Corporation and such insider's associates in any one (1) year period, under the PRSU Plan, exceeds 2% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis; (c) if the number of Common Shares issuable to any one participant or such participant's associates, within any one (1) year period, under the PRSU Plan, exceeds 1% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis; (d) if the number of Common Shares issuable to any one consultant of the Corporation, within any one-year period, under all securities-based compensation arrangements including, without limitation, the PRSU Plan, exceeds in aggregate 2% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis; and (e) if any securities are issued under the PRSU Plan to participants who are employees engaged in investor relation activities.

#### *Duration of Share Units*

Each Share Unit and all rights thereunder shall be expressed to expire on the date set out in the Award Notice and shall be subject to earlier termination by ceasing to be a director, officer, consultant or employee or by death or disability of the Participant.

Subject to the rules and regulations of the TSX, and notwithstanding any other provisions of the PRSU Plan, if the Distribution Date of any Share Unit occurs during or within 10 business days following the end of a Black-Out Period (as defined below), the Distribution Date of such Share Unit shall be extended for a period of 10 business days following the end of the Black-Out Period (or such longer period as permitted by the Exchange or any other exchange on which the Common Shares are listed and approved by the Board). "**Black-Out Period**" for the purposes of the PRSU Plan means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a Share Unit.

### *Amendments Subject to Shareholder Approval*

The Board has the absolute discretion to amend or terminate the PRSU Plan and any outstanding Share Units. Any amendments to the PRSU Plan and Share Units thereunder are subject to TSX approval. The only amendments to the PRSU Plan that would be subject to shareholder approval are amendments that would:

- (a) increase the number of securities issuable under the PRSU Plan otherwise than in accordance with the terms of the PRSU Plan;
  - (i) increase the number of securities issuable to an insider of the Corporation, as such term is defined in the policies of the TSX, otherwise than in accordance with the terms of the PRSU Plan;
  - (ii) extend the Distribution Date of any Share Units held by insiders of the Corporation, as such term is defined in the policies of the TSX, beyond the original Final Date of the Share Units;
  - (iii) reduce the award market value of any Share Units held by insiders of the Corporation, as such term is defined in the policies of the TSX, otherwise than in accordance with the terms of the PRSU Plan;
  - (iv) add any form of financial assistance to a participant in the PRSU Plan;
  - (v) permit a participant to transfer any Share Units to a new beneficial holder other than for estate settlement purposes;
  - (vi) increase the maximum number of RSUs that may be granted to non-employee directors; and
  - (vii) amend the amendment provisions of the PRSU Plan.
  - (viii) The original PRSU Plan, prior to the amendments adopted by the Board in conjunction with the Corporation's graduation to the TSX, relied on applicable securities legislation for the definition of "insider". In accordance with the policies of the TSX, the amendments to the PRSU Plan update this definition to mean an insider as such term is defined in the policies of the TSX.

### ***Burn Rate***

The Corporation's burn rate, calculated in accordance with Section 613(p) of the TSX Company Manual, under the PRSU Plan, was 1% in fiscal 2020, 2% in fiscal 2021 and 1% in fiscal 2022. Management expects that the burn rate in fiscal 2023 will be approximately 1%. The burn rate is subject to change from time to time, based on the number of Share Units granted and the number of Common Shares issued and outstanding. The burn rate for a given period is calculated by dividing the number of Share Units granted under the PRSU Plan during the applicable fiscal year by the weighted average of Common Shares outstanding during such period.

### ***Employment, Consulting and Management Agreements***

On December 18, 2018, the Corporation entered into an executive employment agreement with Mr. Zúñiga-Pflücker (the "**CEO Employment Agreement**") in connection with his role as President and Chief Executive Officer.

The CEO Employment Agreement provides a termination payment to Mr. Zúñiga-Pflücker upon a termination of the CEO Employment Agreement by the executive, for good reason, by the Corporation without cause, or upon a change of control of the Corporation. The termination payment shall be equal to: (a) two times the annual base salary; (b) plus an amount equal to 20% of two times the base salary for the loss of benefits (in the event of termination by the executive); (c) plus two times the average annual bonus paid, pursuant to the CEO Employment Agreement, if any, less applicable withholdings, based on the bonus paid for the year prior or the average of the bonus paid over the last two consecutive years of employment, whichever is greater.

On January 14, 2020, the Corporation entered into an executive employment agreement with Mr. Urch (the "**CFO Employment Agreement**") in connection with his appointment as Executive Vice President and Chief Financial Officer effective November 4, 2019. The CFO Employment Agreement provides a termination payment to Mr. Urch upon a termination of the CFO Employment Agreement by the executive, for good reason (as such term is defined in the CFO Employment Agreement), by the Corporation without cause, or upon a change of control of the Corporation. The termination payment shall be equal to: (a) one and a half times the annual base salary; (b) plus an amount equal to 20% of two times the base salary for the loss of benefits (in the event of termination by the executive); (c) plus one and one-half times the average annual bonus paid pursuant to the CFO Employment Agreement, if any, less applicable withholdings, based on the bonus paid for the year prior or the average of the bonus paid over the last two consecutive years of employment, whichever is greater.

**The estimated payments which would be payable by the Corporation to Messrs. Zúñiga-Pflücker and Urch, assuming a termination of employment without cause occurred on the last business day of the year ended December 31, 2022, would be, in the aggregate, US\$3,611,250.**

#### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2022, aggregated for all compensation plans previously approved by the Shareholders and all compensation plans not previously approved by the Shareholders:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Share Units, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Share Units, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (a)
Equity Compensation Plans Approved by Securityholders	-	N/A	-
Stock Option Plan	-	-	-
PRSU Plan	19,727,168	N/A	30,272,832 <sup>(2)</sup>
Equity Compensation Plans Not Approved by Securityholders	-	N/A	-
<b>Total</b>	<b>19,727,168</b>	N/A	<b>30,272,832</b>

**Notes:**

- (1) As of May 3, 2023, there were 24,963,039 PSUs, no RSUs and no stock options issued and outstanding. See "*New Stock Option Plan*" and "*New PRSU Plan*" above.
- (2) Prior to the amendments, the PRSU Plan was a "fixed" equity-based compensation arrangement. The total number of Common Shares that could be issued pursuant to the plan could not exceed 50,000,000. The new PRSU Plan is a "rolling" equity-based compensation arrangement, such that the aggregate number of Common Shares that may be issuable pursuant to the PRSU Plan and all other securities-based compensation arrangements, including the Stock Option Plan, shall not exceed 10% of the issued and outstanding Common Shares from time to time.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No current or former director or executive officer of the Corporation, nor any of their associates or affiliates, nor any employee of the Corporation is or has been indebted to the Corporation or any of its subsidiaries since the beginning of the most recently completed fiscal year of the Corporation, nor is, or at any time since the beginning of the most recently completed fiscal year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

There are no material interests, direct or indirect, of directors, executive officers of the Corporation or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's most recently completed financial year.

## **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as disclosed in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, of any director or nominee for director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

## **CORPORATE GOVERNANCE PRACTICES**

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"), issuers are to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to NI 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

### ***Board Mandate***

The Corporation focuses on implementing a culture of risk identification and treatment at the transactional level, which forms part of the basis for decision-making in all areas.

The Board is responsible for the stewardship and oversight of the business and affairs of the Corporation. The responsibilities and obligations of the Board are set forth in a written mandate of the Board, a copy of which is attached as Schedule D to the Information Circular. The Board is responsible for the governance of the Corporation. The Board and the Corporation's management consider good corporate governance to be central to the effective and efficient operation of the Corporation. Below is a discussion of the Corporation's approach to corporate governance.

The Board meets regularly to consider and approve the strategic objectives of the Corporation and the management plans designed to accomplish those objectives. When appropriate, key management

personnel and professional advisors are invited to attend Board meetings to speak on these issues. The Board also meets as necessary to consider specific developments and opportunities as they arise, including asset acquisitions and dispositions, and financing proposals. The Board approves, among other things, all issuances of securities of the Corporation, the appointment of officers, entering into lines of credit or other significant borrowing activities, and all significant transactions. The Board considers, but has no formal policies, concerning management development and succession.

### ***Corporate Governance and Compensation Committee***

The Board has established a Corporate Governance and Compensation Committee. The members of the Corporate Governance Committee are Messrs. McComiskey, Wilson and Harris, all of whom are independent within the meaning of NI 58-101. Mr. McComiskey is the Chair of the Corporate Governance and Compensation Committee.

The Board has adopted a written charter that sets forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee, which include: (a) reviewing and determining the compensation policies of the Corporation with respect to directors, officers, employees and consultants of the Corporation; (b) proposing new nominees to the Board and for assessing directors on an ongoing basis; and (c) responding to and implementing the guidelines set forth from time to time, by any applicable regulatory authorities.

The Corporate Governance and Compensation Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Corporate Governance and Compensation Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the Corporate Governance and Compensation Committee. For a more detailed discussion about the committee's responsibilities and procedures with respect to the nomination of new directors please see "*Nomination of Directors*" below.

### ***Independence of Members of the Board***

The Board exercises its independent supervision over the Corporation's management through a combination of formal meetings of the Board as well as informal discussions amongst the Board members. The independent directors can also hold scheduled meetings at which non-independent directors and members of management are not in attendance. Where matters arise at Board meetings which require decision making and evaluation that is independent of management and interested directors, the meeting breaks into an in-camera session among the independent and disinterested directors.

The Board currently consists of directors, six of whom are independent based upon the tests for independence set forth in NI 52-110. Messrs. McComiskey, Wilson, Tucker, Carranza, Harris and Ms. Barker, are independent and collectively constitute 86% of the Board. Mr. Zúñiga-Pflücker is not independent by virtue of serving as President, Chief Executive Officer and Corporate Secretary of the Corporation.

### ***Chair of the Board***

The Chair of the Board is appointed by resolution of the Board. The Chair of the Board is Mr. McComiskey who is an independent director of PetroTal.

Among other things, responsibilities of the Chair of the Board include: chairing every Board and shareholder meeting, encouraging free and open discussion at meetings of the Board, adopting procedures to enable the Board to conduct its work effectively and efficiently (including committee structures and composition, scheduling, and management of meetings), ensuring the boundaries between board and management responsibilities are respected, providing leadership to enhance Board effectiveness, developing the agenda for Board meetings, acting as liaison between the Board and management, providing the proper flow of information to the Board, providing the proper flow of information to the Board, providing feedback to the Chief Executive Officer and communicating and promoting effective relations with shareholders and regulators.

As an independent director, Mr. McComiskey assists the Board in fulfilling its duties effectively, efficiently, and independent of management. The Chair's role also ensures that the directors have an independent leadership contact.

***Directorships in Other Reporting Issuers***

The following table sets out the directors of the Corporation that are presently a director of any other reporting issuers or other publicly listed companies.

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Exchange</u>
Gavin Wilson	TAG Oil Ltd.	TSX; OTC
Jonathan Reay Harris	Gulf Keystone Petroleum Ltd.	LSE
Luis Carranza	Grupo BBVA	NYSE

Management has implemented procedures to provide reasonable assurance of effective communication with the Corporation's shareholders and the public. The Corporation's management is responsible for the issuance of press releases and communications with the financial community. The Board reviews and approves all principal continuous disclosure documents, the release of interim and annual financial statements, annual information forms, prospectuses and information circulars.

The Corporate Governance and Compensation Committee is responsible for monitoring the governance systems of the Corporation with a view to ongoing improvements, reviewing the composition of the Board and developing criteria for new Board appointments. The Corporate Governance and Compensation Committee also acts as a nominating committee for new directors, oversees and approves the Corporation's compensation plans and evaluates the overall Board effectiveness.

***Board and Committee Meeting Attendance***

The table below shows the record of attendance by directors at meetings of the Board and its committees during the 12-month period ended December 31, 2022.

<u>Name of Director</u>	<u>Board</u>	<u>Audit Committee</u>	<u>Corporate Governance and Compensation Committee</u>	<u>Reserves Committee</u>	<u>HSES Committee</u>
Manuel Pablo Zúñiga-Pflücker <sup>(1)</sup>	[7/8]	–	–	[1/1]	–
Mark McComiskey	[8/8]	[9/9]	[4/4]	–	–
Gavin Wilson	[8/8]	–	[4/4]	[1/1]	[2/2]
Eleanor J. Barker	[8/8]	[9/9]	–	–	–
Roger M. Tucker	[8/8]	–	–	[1/1]	[2/2]
Luis Carranza <sup>(2)</sup>	[2/8]	–	–	–	–
Jon Harris <sup>(2)</sup>	[2/8]	–	[1/4]	–	–
Gary S. Guidry <sup>(2)</sup>	[5/8]	–	–	[1/1]	[1/2]
Ryan Ellson <sup>(2)</sup>	[5/8]	[7/9]	[3/4]	–	–

**Notes:**

(1) Mr. Zuniga attended all committee meetings upon invitation

(2) Messrs. Harris and Carranza were appointed as directors of PetroTal on September 15, 2022, replacing Messrs. Guidry and Ellson.

***Position Descriptions***

The Board has developed a written position description for the Chair of the Board and the Chief Executive Officer of the Corporation but has not developed a written position description for the Chair of the Audit Committee.

The Chair of each committee of the Board schedules meetings of the committee and organizes and presents agendas for such meetings.

The Board, in conjunction with management, sets the Corporation's annual objectives which become the objectives against which the Chief Executive Officer's performance is measured. The Board has plenary power; any responsibility which is not delegated to management or a Board committee remains with the Board.

***Orientation and Continuing Education***

While the Corporation does not have a formal orientation and training program, new members of the Board are provided with:

- (a) a copy of the policies and mandates of the Board and its committees and copies of the Corporation's corporate governance policies, which provides information respecting the functioning of the Board;
- (b) access to recent, publicly filed documents of the Corporation;
- (c) access to management; and
- (d) access to legal counsel in the event of any questions relating to the Corporation's compliance and other obligations, and the Corporation's Nominated Adviser for training in respect of the AIM Rules for Companies.

Members of the Board are encouraged to communicate with management, legal counsel, the Nominated Adviser and, where applicable, auditors and technical consultants of the Corporation; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

### ***Ethical Business Conduct***

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

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. The Code is available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) or upon request by contacting the Corporation's legal counsel at Suite 4300, 888 – 3<sup>rd</sup> Street S.W., Calgary, Alberta T2P 5C5.

The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Chief Financial Officer. Compliance with the Code is monitored primarily through the reporting process within the Corporation's organizational structure.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Audit Committee and fully inform such person or the committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he is authorized to do so by his reporting officer or the Audit Committee.

### ***Nomination of Directors***

The Corporate Governance and Compensation Committee has responsibility for identifying potential Board candidates. The Corporate Governance Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The Board has adopted a written charter setting forth the responsibilities, powers and operations of the Corporate



Governance and Compensation Committee, which include considering and recommending candidates to fill new positions on the Board, reviewing candidates recommended by Shareholders, conducting inquiries into the backgrounds and qualifications of candidates, recommending the director nominees for approval by the Board and the Shareholders, considering conflicts of interests, recommending members and chairs of the committees, reviewing the performance of directors and the Board, establishing director retirement policies and establishing and implementing an orientation and education program for new members of the Board.

### ***Audit Committee***

The Audit Committee is appointed annually by the Board and is comprised of three (3) members. Ms. Barker and Messrs. McComiskey and Carranza. Ms. Barker is the Chair of the Audit Committee.

The duties of the Audit Committee include: (i) reviewing, prior to release, the annual and quarterly financial statements and other financial information provided by the Corporation to regulatory authorities and the Shareholders; (ii) reviewing the effectiveness of the Corporation's internal audit function and controls; (iii) reviewing the performance of the Corporation's external auditors annually; (iv) providing an avenue for internal reporting of financial wrong doing; and (v) providing an open avenue of communication among the Corporation's auditors, senior management and the Board.

Additional details with respect to the Audit Committee can be found below under the heading "*Audit Committee*".

### ***Reserves Committee***

The members of the Reserves Committee are Messrs. Harris, Tucker, Wilson and Zúñiga-Pflücker. Mr. Tucker is the Chair of the Reserves Committee. The Reserves Committee's responsibilities include, but are not limited to meeting with the independent engineering firm commissioned to do the reserves evaluation on the Corporation's assets and discussing the conclusions of such report.

The Reserves Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Reserves Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the Reserves Committee.

### ***Health, Safety, Environment and Corporate Social Responsibility Committee***

The members of the Health, Safety, Environment and Corporate Social Responsibility Committee are Messrs. Carranza, Wilson and Tucker. Mr. Tucker is the Chair of the HSES Committee. The HSES Committee's responsibilities include, but are not limited to: (a) reviewing health and safety policies and procedures, monitoring compliance with such policies, maintaining management systems to implement such policies, and reporting on its findings to the Board; (b) reviewing environmental activities in terms of environmental policies of the Corporation and reporting on its findings to the Board; and (c) reviewing social aspects of the Corporation's operations in terms of social responsibility policies of the Corporation and reporting on its findings to the Board.

The HSES Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Health, Safety, Environment and Social Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the Health, Safety, Environment and Social Committee.

### ***Assessments***

The Board is responsible to assess, on an ongoing basis, the overall performance and effectiveness of the Board, its committees and the contributions of individual directors. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review will identify any areas where the directors of the Corporation or management believe that the Board

could make a better collective contribution to overseeing the affairs of the Corporation. The Board is also responsible for regularly assessing the effectiveness and contribution of each director, having regard to the competencies and skills each director is expected to bring to the Board. The Board relies on informal evaluations of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board.

The Corporate Governance and Compensation Committee evaluates the overall Board effectiveness. Each year, the Corporate Governance and Compensation Committee assesses the contributions of individual directors in reviewing the performance of directors and the Board with a view to ongoing improvements, reviewing the composition of the Board and developing criteria for new Board appointments.

### ***Director Term Limits and Other Mechanisms of Board Renewal***

PetroTal does not have a term limit or retirement policy for directors or other mechanisms of board renewal because:

- the imposition of director term limits on a Board implicitly discounts the value of experience and continuity amongst Board members and runs the risk of excluding experienced and potentially valuable Board members as a result of an arbitrary determination;
- the Corporation has found that having long-standing directors on its Board does not negatively impact board effectiveness, and instead contributes to boardroom dynamics such that the Corporation has for many years had a consistently high performing Board;
- it is important to ensure that directors with significant and unique business experience in the Corporation's industry be retained;
- the impositions of rigid, prescribed term limits on the tenure of directors implies that boards cannot properly govern themselves, by usurping core functions of the Board and replacing them with fixed criteria that may not adequately represent the interests of shareholders;
- it is important to retain directors who hold significant investments in the Corporation, such that their interests are aligned with the interests of the Corporation's shareholders;
- directors with the level of understanding of the issuer's business, history and culture acquired through long service on the Board provide additional value;
- term limits run the risk of acting as a substitute for proper Board self-assessment and renewal;
- the Corporation takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. It is in the best interest of the Corporation not to have a mandatory retirement requirement for directors;
- it is the Corporation's view that the Board should reflect a balance between the experience and learning that comes with longevity of service on the Board and the need for renewal and fresh perspectives;
- while term limits can help ensure the Board gains fresh perspective, imposing this restriction means the Board would lose the contributions of longer serving directors who have developed a deeper knowledge and understanding of the Corporation over time. The Board does not believe that long tenure impairs a director's ability to act independently of management;

- the Board believes that term limits have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and thereby provide an increasing contribution to the Board as a whole.

Instead, the Corporation believes that directors should be assessed based on their ability to continue to make a meaningful contribution. The Board's priorities continue to be ensuring the appropriate skill sets are present amongst the Board to optimize the benefit to the Corporation. The Corporation believes that annual elections by the Shareholders are a more meaningful way to evaluate the performance of directors and to make determinations about whether a director should be removed due to under-performance.

### **Board and executive team diversity**

PetroTal is committed to maintaining a qualified and knowledgeable Board and considers a variety of diversity criteria in bringing expertise and perspectives to the Board. The Board considers diversity in terms of gender, age, ethnicity, business experience, professional expertise, personal skills, and stakeholder perspectives.

#### ***Policies Regarding the Representation of Women on the Board***

PetroTal has not adopted a written diversity policy relating to the identification and nomination of women as director candidates for election to the Board. The Corporation has not adopted such a policy because the Board generally considers diversity of race, ethnicity, gender, age, cultural background, and professional experience in evaluating candidates for Board membership. While the Board generally considers the level of representation of its members, PetroTal does not believe that a formal policy, will necessarily result in the identification or selection of the best candidates.

The Board may consider the adoption of such a policy in the future if it deems it to be in the best interests of the Corporation.

#### ***Consideration of the Representation of Women in the Director Identification and Selection Process***

When appointing individuals as potential candidates for election or re-election to the Board, the Corporate Governance and Compensation Committee does not specifically consider the level of representation of women on the Board. The Corporate Governance and Compensation Committee is focused on finding the most qualified individuals available to fill perceived needs on the Board for required skills, expertise, independence and other factors regardless of gender, race, ethnicity, age or cultural background, that will complement the Board and assist in providing strong stewardship for the Corporation.

#### ***Consideration of the Representation of Women in the Executive Officer Appointments***

When appointing individuals as potential for executive officer positions, the Board considers the level of representation of women in executive officer positions. In considering individuals as executive officers, the Board at all times seeks the most qualified persons, regardless of gender, race, ethnicity, age or cultural background while taking into account the competencies, skills and personal and other diverse qualities required for new executive officers in order to add value to the Corporation in light of opportunities and risks facing the Corporation.

#### ***Targets regarding the Representation of Women on the Board and in Executive Officer Positions***

The Corporation does not have any targets that specifically require the identification, consideration, nomination or appointment of women as Board nominees or for executive officer positions because the Corporate Governance and Nominating Committee generally identifies, evaluates and recommends candidates that, as a whole, consist of individuals with various and relevant career experience, industry knowledge and experience, and financial and other specialized experience, while taking diversity, including

gender diversity, into account. In selecting a director nominee or an executive officer candidate, the Corporation considers the skills, expertise and background that would complement the existing Board or existing management team, as applicable. Directors and executive officers will be recruited based on their ability and contributions.

***Number of Women on the Board and in Executive Officer Positions***

As of the date hereof, there is one woman on the Board, representing 14% of the total number of directors on the Board. None of the 3 executive officers of the Corporation of the total number of executive officers of the Corporation in 2022 are women. In the broader leadership group consisting of officers and managers, 6 of 26 are female.

**AUDIT COMMITTEE**

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the Shareholders, the relationship between the Corporation and the external auditor.

Pursuant to NI 52-110, the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

***Audit Committee Charter***

The Corporation's Audit Committee charter (the "**Audit Committee Charter**") was adopted by the Board, and is attached hereto as Schedule E. The mandate of the Audit Committee is to oversee and provide assistance in financial reporting, financial policies and internal controls as well as to work with the external auditors to ensure the accuracy of the Corporation's financial disclosures. The Audit Committee must pre-approve all non-audit services to be provided by an external auditor.

***Composition of the Audit Committee***

As of the date hereof, the Audit Committee is comprised of:

<u>Name of Director</u>	<u>Independent (Yes/No)<sup>(1)</sup></u>	<u>Financially Literate (Yes/No)</u>
Eleanor Barker (Chair)	Yes	Yes
Mark McComiskey	Yes	Yes
Luis Carranza	Yes	Yes

**Note:**

(1) As defined in NI 52-110.

***Relevant Education and Experience***

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter.

Ms. Barker has over 26 years' experience in the international oil and gas business. Ms. Barker is currently the President of Barker Oil Strategies Inc., an oil and gas investment and consulting company. Ms. Barker was previously a director of Sterling Resources Ltd., the U.S. National Association of Petroleum Investment Analysis and the former President of the Canadian Association of Investment Analysts. Ms. Barker has held roles with Imperial Oil Limited and Gulf Canada Limited. Ms. Barker holds an Honours B.Sc. in Chemistry from Queen's University in Canada and an MBA from the University of Western Ontario.

Mr. McComiskey is a partner at AVAIO Capital, a firm that focuses on value-added infrastructure investment and that spun-out of AECOM in 2019. Prior to AVAIO, Mr. McComiskey was a partner at Prostar Capital's energy business and its successor firm, Vanwall Capital, LLC. Prior to Prostar, he was Co-Head of Private equity at First Reserve, a private equity firm focused on the energy industry. Mr. McComiskey holds a Juris Doctor degree from Harvard University and an AB degree in economics from Harvard College.

Mr. Carranza has been Peru's Minister of Finance on two occasions, Deputy Minister of Finance and Director of the Central Reserve Bank of Peru and is highly educated on many government mandates, laws and regulatory workings. Mr. Carranza brings a wealth of financial and Peruvian regulatory expertise to the Corporation. Mr. Carranza was formerly the Director of the Institute of Government and Public Management at the University of San Martín de Porres, Peru. During 2017-2021, he served as Chief Executive Officer of CAF, Development Bank of Latin America. Mr. Carranza was also Chief Executive Officer of Sigma Capital, an infrastructure advisory firm, Chief Economist for Latin America and Emerging Markets at BBVA, and a director of several companies.

Each member of the Audit Committee has:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
- (b) the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

### ***Audit Committee Oversight***

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

### ***Pre-Approval Policies and Procedures***

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors, and approve in advance the provision of services other than audit services and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized to approve any non-audit services or additional work, which the Chair of the Audit Committee deems as necessary.

### ***External Auditor Service Fees by Category***

*The fees for auditor services billed by the Corporation's external auditors for the last two fiscal years are as follows:*

<b>Financial Year Ending December 31</b>	<b>Audit Fees (US\$)</b>	<b>Audit-related Fees (US\$)</b>	<b>Tax Fees (US\$)</b>	<b>All Other Fees (US\$)</b>
2022	253,455	-	-	-
2021	229,304	-	-	-
2020	220,900	-	-	-

## Environment, Social and Governance ("ESG")

PetroTal is committed to providing a sustainable business plan that delivers meaningful opportunities for stakeholders, which includes dedicating: attention, consideration and resources to environmental stewardship and social responsibility, with a commitment to safety, ethics and transparency. 2021 marked a significant step forward in terms of ESG reporting and standards achieved, as the Corporation began calibrating its reporting to the Global Reporting Initiative and the Sustainability Accounting Standards Board frameworks, as well as for the United Nations' Sustainable Development Goals. This committee has periodic meetings to discuss the ESG impact of PetroTal's existing and proposed operations, and it is instrumental in reviewing the Corporation's annual sustainability report. The Corporation took guidance from globally accepted frameworks in the preparation of its 2022 Sustainability Report, accessible on the website at <https://petrotal-corp.com/sustainability/>.

Some of the key ESG achievements related to governance in 2021 and 2022 include:

- Revised long-term incentive compensation to include ESG performance targets for emissions reductions and Indigenous workforce participation beginning in 2022.
- Increased production from zero to over 25,000 bopd in just five (5) years.
- Improved Board diversity in 2022 and revised the diversity policy with a clear timeline of May 2023 to achieve 30% gender diversity.
- Ongoing success with our 20-year active biodiversity case study in the Pacaya Samiria National Reserve ensuring zero (0) net loss of biodiversity resulting from the nearby Bretana oil and gas operations.
- Enhanced governance for the Corporation with the addition of two new independent Board members with significant leadership experience in Peru and the international oil and gas industry.
- Delivered a peer-leading Scope 1 carbon intensity footprint of 11.4 kg/bbl for 2021 equating to just over 37,000 tones of Scope 1 carbon emissions for 2021, with significant opportunities in future years for reduction through technology and operating innovation.
- Implemented board committee workplans to ensure effective execution and transparency at the board and committee levels.

PetroTal was awarded two ESG awards, first in biodiversity conservation for its Biodiversity Monitoring Program and the second, for its Fishing Innovation Program in the Puinahua District, both from the Peruvian National Mining, Oil and Energy Society.

### ***Board Oversight of ESG Matters***

PetroTal seeks to foster the creation of value through our operations while conducting business and interacting with employees, independent contractors, lessees, clients, suppliers, governmental entities, the public, our communities, and other stakeholders in a responsible and ethical manner. The Board and executive officers are responsible for overseeing the strategy and conduct of the entire business. PetroTal believes that ethical behavior and good corporate leadership and governance exemplify our culture and are critical to our long-term success as a trusted operator and partner to the community.

The Health, Safety, Environment, and Corporate Social Responsibility Committee is charged with monitoring adherence to our ESG standards and with formally reviewing our performance on an ongoing basis with our Board and executive leadership. This Health, Safety, Environment, and Corporate Social Responsibility Committee has periodic meetings to discuss the ESG impact of our existing and proposed operations, and it is instrumental in reviewing the Corporation's annual sustainability report.

The Board is responsible for the overall stewardship of the Corporation and for dealing with issues that are pivotal to determining the Corporation's strategy and direction. Directly and through the appointment of certain committees, the Board has put in place an effective system for monitoring the implementation of

corporate strategies. The Board is not involved in the day-to-day operations of the Corporation because the Corporation's management conducts these operations. The Board meets regularly to consider and approve the strategic objectives of the Corporation and the management plans designed to accomplish those objectives. When appropriate, key management personnel and professional advisors are invited to attend Board meetings to speak on these issues. The Board also meets as necessary to consider specific developments and opportunities as they arise, including asset acquisitions and dispositions, and financing proposals. The Board approves, among other things, all issuances of securities of the Corporation, the appointment of officers, entering into lines of credit or other significant borrowing activities, and all significant transactions. The Board considers but has no formal policies concerning management development and succession.

## **OVERSIGHT OF CLIMATE RISKS**

Climate change is a serious threat to society, a risk that must be priced into PetroTal's activities and a cause that deserves special attention in how the Corporation manages its own environmental footprint. The Corporation endeavours to proactively identify its environmental and climate-related financial risks.

The HSES Committee, in conjunction with the Board, is responsible for identifying the principal risks of the Corporation's business and overseeing management's implementation of appropriate systems to seek to effectively monitor, manage and mitigate the impact of such risks. PetroTal is committed to conducting environmental assessments and drawing up appropriate environmental management plans and strategies for environmental protection, pollution prevention, sustainable use of resources, mitigation and adaptation to climate change, and protection of biodiversity and ecosystems according to the nature and scope of each project and operation.

The Board believes that appropriate risk management systems and methodologies are in place, to identify, assess and manage climate-related risk. The Board ensures that the directors and management have, or have access to, appropriate industry-specific climate-related expertise to understand and manage climate-related risk. In addition, climate-related risks and opportunities are integrated into the Corporation's strategic plan.

### ***Metrics and Targets***

The ability to provide accessible and cost effective environmental solutions is realized through innovation of our business processes and the environmental solutions the Corporation provides. PetroTal will work to have these accomplishments recognized both internally and externally. PetroTal anticipates its interim goals to reduce its environmental footprint will be achieved through a number of key initiatives, including those listed below.

- Gradually replacing traditional energy generation equipment and processes with renewable energy
- Implementing maintenance plans and operational controls to reduce greenhouse gas ("**GHG**") emissions and eradicate flaring/burning processes in our operations
- Reducing the balance of its GHG Scope 1 and Scope 2 emissions by 2030 by 40% compared with the 2021 baseline intensity level.
- Increasing forest cover through our forest plantations or in third-party projects for carbon sequestration purposes
- Aligning with the Task Force on Climate-Related Financial Disclosures framework in terms of reporting our governance structure; identifying, assessing, and managing climate-related risks and their current and potential impacts.

## CYBERSECURITY

PetroTal has developed a cybersecurity framework to improve its cybersecurity resilience. To address the growing threat of cyber-attacks, PetroTal **invests in security initiatives that include technology, processes, resourcing, training, disaster recovery and regular testing and benchmarking against best practices.** PetroTal also seeks to ensure that its portfolio companies have effective cybersecurity controls that are aligned with PetroTal's best practice cybersecurity policies and standards.

In addition, the Board, either directly or through the Audit Committee, oversees and monitors, the Corporation's risks relating to information technology, systems, and security, including in relation to cybersecurity. The Board, oversees and reviews PetroTal's assessment of cybersecurity risks relating to information technology and systems and its cybersecurity programs and cyber-resiliency practices and related identification, protection, detection and response measures, including the steps that management has taken to monitor, control and respond to such exposures. The Audit Committee also receives periodic briefings on information technology and cyber threats, and regularly briefs the Board on these matters in order to enhance our directors' literacy on information technology and cyber issues.

In 2022, PetroTal did not experience any material cybersecurity breach.

## ADDITIONAL INFORMATION

Financial information of the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. A copy of these documents may be obtained by mailing a request to the Corporation at its offices at Suite 310, 16200 Park Row, Houston, Texas 77084.

Copies of these documents, as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities, may also be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com).



## **SCHEDULE A**

### **AMENDED MAJORITY VOTING POLICY**

The Board of Directors believes that each director should have the confidence and support of the Shareholders of the Corporation. To this end, the Board of Directors has unanimously adopted this policy and future nominees for election to the Board of Directors will be required to confirm that they will abide by the policy.

Forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If the vote was by a show of hands, the Corporation will disclose the number of shares voted by proxy in favour or withheld for each director.

Any director who is not elected by at least a majority (50% + 1) of votes cast with respect to his or her election will be considered by the Board of Directors not to have received the support of the Shareholders. Such a nominee must immediately tender his or her resignation to the Board of Directors.

The Board of Directors, through its Corporate Governance and Compensation Committee, will consider all factors deemed relevant by the members of the Corporate Governance and Compensation Committee including, without limitation, the stated reason or reasons why Shareholders who cast "withhold" votes for the director did so, the qualifications of the director including, the impact the director's resignation would have on the Corporation, and whether the director's resignation from the Board of Directors would be in the best interest of the Corporation and the Shareholders. The nominee shall not participate in any Board of Director or Corporate Governance and Compensation Committee deliberations on the resignation. The Board of Directors shall determine whether or not to accept the resignation within 90 days after the date of the relevant security holders' meeting. The Board will be expected to accept the resignation except in situations in which exceptional circumstances warrant the applicable director continuing to serve on the Board of Directors as permitted in accordance with the applicable policies and staff notices of the Toronto Stock Exchange (the "TSX"). The Board of Directors shall promptly issue a news release announcing the Board of Directors' decision.

The Board of Directors may (1) leave a vacancy in the Board of Directors unfilled until the next annual general meeting, or (2) fill the vacancy by appointing a new director whom the Board of Directors considers to merit the confidence of the Shareholders.

This policy does not apply where an election involves a proxy battle, i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board of Directors.

**SCHEDULE B**  
**STOCK OPTION PLAN**

**STOCK OPTION PLAN  
PETROTAL CORP.**

**1. PURPOSE OF THE PLAN**

The purpose of the Plan is to provide certain directors, officers and key employees of the Corporation or a Subsidiary with an opportunity to purchase Shares and to benefit from the appreciation thereof. This will provide an increased incentive for these directors, officers and key employees to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Shares for the benefit of all the shareholders and increasing the ability of the Corporation to attract and retain individuals of exceptional skill.

**2. DEFINED TERMS**

- (a) Where used herein, the following terms shall have the following meanings, respectively:
- (i) **"Active Employment"** means the period in which a Participant who is an employee of the Corporation or an affiliate performs work for the Corporation or an affiliate. For certainty, "Active Employment" shall be deemed to include any period constituting the minimum notice of termination period as may be required to be provided to a Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows or ought to have followed the later of the end of the statutory notice period or the Participant's last day of performing work for the Corporation or an affiliate, whether that period arises from a contractual or common law right;
  - (ii) **"Active Engagement"** means any period in which a Participant who is not an employee of the Corporation or an affiliate provides services to the Corporation or an affiliate. For certainty, "Active Engagement" shall exclude any period that follows, or ought to have followed, a Participant's last day of providing services to the Corporation or an affiliate, including at common law;
  - (iii) **"Applicable Law"** means any applicable provision of law, federal, provincial or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and the rules of any regulatory authority or stock exchange on which the securities of the Corporation are listed, including the Exchange;
  - (iv) **"Blackout Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
  - (v) **"Board"** means the board of directors of the Corporation or its delegate pursuant to Section 3(b);
  - (vi) **"Cause"** means any grounds at common law for which an employer is entitled to dismiss an employee without notice or pay in lieu of notice, and includes, without limitation, the following:

- (A) the Participant's breach of a material term of his or her employment agreement or employment, as applicable;
  - (B) the Participant's repeated and demonstrated failure to perform the Participant's material duties of his or her position in a competent manner;
  - (C) the conviction of the Participant for a criminal offence involving fraud or dishonesty, or which otherwise adversely impacts the reputation of the Corporation;
  - (D) the Participant's willful failure to act honestly and in the best interests of the Corporation;
  - (E) the Participant's breach of his or her fiduciary duties, as applicable;
  - (F) any actions or omissions on the part of the Participant constituting gross misconduct or
  - (G) gross negligence resulting in material harm to the Corporation or which otherwise adversely impacts the reputation of the Corporation in a material nature;
- (vii) **"Change of Control"** means any of the following:
- (A) the acceptance by the holders of Shares, representing in aggregate, more than 50% of all issued Shares of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Shares;
  - (B) the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired) directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares, if any, representing (assuming the full exercise of such rights to Shares) more than 50% of the combined voting rights of the Corporation's then outstanding Shares;
  - (C) the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; provided that no change of control shall be deemed to have occurred if (A) the transaction contemplated by such agreement referred to herein is not completed; or (B) upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
  - (D) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation winding up or re-arrangement

(except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement);

- (E) individuals who were members of the Board immediately prior to a meeting of shareholders of the Corporation involving a contest for or an item of business relating to the election of directors, do not constitute a majority of the Board following such contest or election;
- (F) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (A), (B), (C), (D) and (E) and referred to above; or
- (G) a determination by the Board, acting in good faith, that a change of control has occurred for the purpose of this clause.

For purposes of this Plan, the Board may, by resolution, clarify the date as of which a Change of Control shall be deemed to have occurred.

- (viii) **"Closing Price"** means the closing market price of the Shares on the TSX for the trading day immediately preceding the relevant date (or, if the Shares are not then listed and posted for trading on the TSX, the closing market price of the shares on such stock exchange as the shares are listed and posted for trading); and in the event that the shares are not listed and posted for trading on any stock exchange, the Closing Price shall be determined by the Board in its sole discretion, acting reasonably;
- (ix) **"Corporation"** means PetroTal Corp., and includes any successor corporation thereof;
- (x) **"Convertible Securities"** means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;
- (xi) **"Disability"** means the permanent and total incapacity of a Participant as determined by the Board for purposes of this Plan;
- (xii) **"Exchange"** means the TSX and any successor thereof, and if the Shares are not then listed and posted for trading on the facilities of the TSX, such stock exchange in Canada on which such Shares are listed and posted for trading as may be selected for such purpose by the Board;
- (xiii) **"Exercise Price"** means the price per share at which Shares may be purchased under the Option, as the same may be adjusted in accordance with Section 6 hereof;
- (xiv) **"Holder"** means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;

- (xv) **"Insider"** means an insider as defined in the policies of the Exchange;
- (xvi) **"ITA"** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder;
- (xvii) **"Market Price"** per Share means the VWAP on the Exchange for the five trading days immediately preceding the relevant date; and in the event that the Shares are not listed and posted for trading on any stock exchange, the Market Price shall be determined by the Board in its sole discretion, acting reasonably;
- (xviii) **"Non-Employee Director"** means a director of the Corporation who is not an officer or employee of the Corporation or a subsidiary;
- (xix) **"Option"** means an option to purchase Shares granted pursuant to the Plan;
- (xx) **"Participants"** means certain directors, officers, *bona fide* employees or Service Providers of the Corporation or a Subsidiary to whom Options are granted and which Options or a portion thereof remain unexercised;
- (xxi) **"Plan"** means this stock option plan of the Corporation, as the same may be amended or varied from time to time;
- (xxii) **"Retirement"** means the retirement of a Participant who has greater than or equal to five (5) years of service to the Corporation or its subsidiaries and is older than sixty (60) years of age or as otherwise approved by the Board;
- (xxiii) **"Security Based Compensation Arrangement"** means any share rights incentive plan, share option, share option plan, employee share purchase plan in existence from time to time where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation's treasury, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury in accordance with section 613(c) of the TSX Company Manual;
- (xxiv) **"Service Provider"** means an officer or employee of, or a person or company engaged by the Corporation or a Subsidiary to provide services for an initial, renewable or extendible period of 12 months or more;
- (xxv) **"Shares"** means the common shares in the capital of the Corporation or, in the event of an adjustment contemplated by Section 6 hereof, such other Shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (xxvi) **"Subsidiary"** has the meaning ascribed thereto in the *Securities Act* (Alberta) as amended, supplemented or re-enacted from time to time;
- (xxvii) **"Take-over Proposal"** means: (A) any proposal or offer by a third person, whether or not subject to a due diligence condition and whether or not in

writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the Corporation's outstanding Voting Shares whether by way of arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions that is structured to permit such third person to acquire in any manner, directly or indirectly, more than 50% of its outstanding Voting Shares; or (B) any proposal, offer or agreement for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction or other business combination involving the Corporation;

- (xxviii) "**Termination Date**" means, in respect of a Participant, such Participant's last day of Active Employment or Active Engagement (as applicable) with the Corporation or an affiliate, whether such date is selected by the Participant, by mutual agreement between the Corporation or an affiliate and the Participant, or unilaterally by the Corporation or an affiliate;
- (xxix) "**TSX**" means the Toronto Stock Exchange;
- (xxx) "**Voting Shares**" means any securities of the Corporation ordinarily carrying the right to vote at elections of directors; and
- (xxxi) "**VWAP**" means the volume weighted average trading price of the listed Shares, calculated by dividing the total value by the total volume of Shares traded for the relevant period.

### 3. ADMINISTRATION OF THE PLAN

- (a) The Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive any rules and regulations implemented by the Board to govern the administration and operation of the Plan subject to any other limitations on the Corporation. All decisions and interpretations made by the Board shall be final, binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan and their legal personal representatives.
- (b) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan to a committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee.

### 4. GRANTING OF OPTIONS

- (a) The Board from time to time shall grant Options to certain directors, officers, *bona fide* employees or Service Providers of the Corporation or a Subsidiary. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.
- (b) The aggregate number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other Security Based Compensation Arrangements is 10% of the Shares outstanding from time to time, subject to the following limitations:

- (i) the maximum number of Shares issuable to Insiders at any time under all Security Based Compensation Arrangements shall not exceed 10% of the outstanding Shares from time to time (calculated on a non-diluted basis);
- (ii) the maximum number of Shares that may be issued to Insiders within any one year period under all Security Based Compensation Arrangements shall not exceed 10% of the outstanding Shares from time to time (calculated on a non-diluted basis);
- (iii) the number of Shares issuable to any one Participant, within any twelve-month period, under all Security Based Compensation Arrangements including, without limitation, this Plan, shall not exceed 5% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis; and
- (iv) the aggregate: (A) number of Shares that may be reserved for issuance pursuant to the exercise of Options granted to Non-Employee Directors pursuant to this Plan shall not exceed 1.0% of the Shares outstanding from time to time; and (B) value of Options granted to any one Non-Employee Director in any calendar year under the Plan and under any other Security Based Compensation Arrangements shall not exceed \$150,000;

provided that for the purpose of the foregoing limits, any Option granted pursuant to the Plan, or securities issued under any other Security Based Compensation Arrangements, prior to the Participant becoming an Insider shall be excluded for the purposes of the limits set out in (a), (b) and (c) above.

- (c) For the purposes of this Section 4, any increase in the issued and outstanding Shares (whether as a result of the exercise of Options or otherwise) will result in an increase in the number of Shares that may be issued on exercise of Options outstanding at any time and any increase in the number of Options granted will, upon exercise, make new grants available under the Plan. No fractional Shares may be purchased or issued under the Plan.
- (d) Options that are cancelled, surrendered, terminated or expire prior to the exercise of all or a portion thereof shall result in the Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to this Plan to the extent of any Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired Options.
- (e) Subject to the policies of the Exchange, as applicable, the Exercise Price of any Option shall be fixed by the Board when such Option is granted, provided that such price shall not be less than the Market Price.
- (f) The term of Options granted shall be determined by the Board in its discretion, to a maximum of five years from the date of the grant of the Option. The vesting period or periods within this period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. In the absence of any determination by the Board as to vesting, vesting shall be as to one-third on each of the first, second and third anniversaries of the date of grant. Further, the Board may, in its sole discretion at any time or in the Option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted. In the case of options granted on February 29<sup>th</sup> of any year, the



"anniversary date" shall be deemed to be February 28<sup>th</sup> of each of the subsequent years.

- (g) If the normal expiry date of any Option falls within any Blackout Period or within 10 business days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period, then the expiry date of such Options shall, without any further action, be extended to the date that is 10 business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 9(c) hereof.

## 5. EXERCISE OF OPTION

- (a) Subject to the Plan, a Participant (or his or her legal personal representative) may exercise an Option from time to time by the delivery to the Corporation, at its head office in Calgary, Alberta, of a written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full in cash of the Exercise Price of the Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the Participant a certificate or certificates (or electronic equivalent thereof), representing such Shares in the name of the Participant or the Participant's legal personal representative or otherwise as the Participant may or they may in writing direct. No financial assistance shall be provided by the Corporation to any Participant to facilitate the exercise of Options granted pursuant to the Plan.
- (b) In lieu of paying cash on the exercise of Options under Section 5(a), the Participant may elect to acquire the number of Shares determined by subtracting the Exercise Price from the Closing Price of the Shares on the date of exercise, multiplying the difference by the number of Shares in respect of which the Option was otherwise being exercised and then dividing that product by such Closing Price of the Shares. In such event, the number of Shares as so determined (and not the number of Shares to be issued under the Option) will be deemed to be issued under the Plan.
- (c) In order to fulfill the Corporation's obligations under the ITA in respect of withholding and remittance on account of tax payable by Participants on the exercise of Options under Sections 5(a) and 5(b), the Corporation shall advise each Participant, on receiving such Participant's notice of intention to exercise, the amount of such remittance (the "**Remittance Amount**") required under subsection 153(1) of the ITA. The Participant shall pay to the Corporation, as an additional amount on the exercise of their Options, the Remittance Amount; upon receipt of this amount, the Corporation shall issue to the Participant the Shares for which the Option was exercised.
- (d) Should a Participant not pay the Remittance Amount at the time of exercise of their Options, the Corporation shall retain and sell on behalf of the Participant such number of Shares having a value equal to the Remittance Amount (and any reasonable costs of disposing of such Shares) on the Exchange to satisfy the Remittance Amount.
- (e) Notwithstanding anything else contained herein, each Participant shall be responsible for the payment of all applicable taxes, including, but not limited to, income taxes payable in connection with the exercise of any Options under this Plan

and the Corporation, its directors, officers, employees and agents shall bear no liability in connection with the payment of such taxes.

## **6. ADJUSTMENTS IN SHARES**

- (a) Appropriate adjustments in the number of Shares subject to the Plan and, as regarding Options granted or to be granted, in the number of Shares optioned and in the Exercise Price, if required, shall be made by the Board, to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of distributions or dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board. Any adjustments made by the Board pursuant to this Section 6 are subject to TSX approval.
- (b) Options granted to Participants hereunder are non-assignable and non-transferable, except in the case of the death of a Participant (which is provided for in Section 7) and are exercisable only by the Participant to whom the Option has been granted.

## **7. TERMINATION OF EMPLOYMENT/DEATH**

- (a) Subject to any written resolution passed by the Board, if any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Corporation or any subsidiaries (as the case may be): (i) for any reason other than resignation, termination with Cause, death or Disability, then all Options granted to the Participant under the Plan that have not yet vested within 90 days after the Termination Date shall terminate without payment and shall be of no further force or effect; and (ii) by reason of resignation or termination with Cause, then all Options granted to the Participant under the Plan that have not yet vested as of the Termination Date shall terminate without payment and shall be of no further force or effect.
- (b) Subject to any express resolution passed by the Board, if any Participant shall cease to hold the position or positions of director, officer or employee of the Corporation or any subsidiaries (as the case may be) by reason of Retirement, any Options held by such Participant under the Plan at the date such Participant retires shall continue to vest in accordance with the terms of such Options, except, at the discretion of the Board, for any Options which are awarded to such director, officer or employee during the calendar year in which the director, officer or employee retires, all of which Options shall expire.
- (c) Subject to any express resolution passed by the Board, in the event of the death of a Participant, any Option previously granted to such Participant that has vested or that will have vested within 12 months after the date of death of such Participant shall immediately vest and shall be exercisable until the end of the expiry date of such Option or until the expiration of 12 months after the date of death of such Participant, whichever is earlier, by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law, after which all unexercised Options granted to the Participant under the Plan shall terminate without payment and shall be of no further force or effect.
- (d) Subject to any express resolution passed by the Board, in the event of Disability of a Participant, any Option previously granted to such Participant that has vested or that

will have vested within 90 days after the date of Disability of such Participant shall immediately vest and shall be exercisable until the end of the expiry date of such Option or until the 90th day after the date of Disability of such Participant, whichever is earlier, after which all unexercised Options granted to the Participant under the Plan shall terminate without payment and shall be of no further force or effect.

- (e) The Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation or any Subsidiary, nor does it interfere in any way with the right of the Participant, the Corporation or the Subsidiary to terminate the Participant's employment at any time.
- (f) Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.
- (g) A Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to any Option which would have vested or been granted after the Termination Date, or which could have been exercised after the Termination Date but for this Section 7, including but not limited to damages in lieu of notice at common law.

## 8. CHANGE OF CONTROL

- (a) In the event a Change of Control occurs, all Options which have not otherwise vested in accordance with their terms shall immediately vest and be exercisable, notwithstanding the other terms of the Options or the Plan for a period of time ending on the earlier of the expiry time of the Option and the thirtieth (30th) day following the effective date of the Change of Control.
- (b) If approved by the Board, Options may provide that, whenever the Corporation's shareholders receive a Take-over Proposal, such Option may be exercised as to all or any of the Shares in respect of which such Option has not previously been exercised (including in respect of Options not otherwise vested at such time) by the Participant (the "**Take-over Acceleration Right**"), but any such Option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Take-Over Proposal. If for any reason any such Shares are not so tendered or, if tendered, are not, for any reason taken up and paid for by the offeree pursuant to the Take-Over Proposal, any such Shares so purchased by the Participant shall be and shall be deemed to be cancelled and returned to the treasury of the Corporation, and shall be added back to the number of Shares, if any, remaining unexercised under the Option (and shall thus be available for exercise of the Option in accordance with the terms thereof) and upon presentation of the Corporation of share certificates representing such Shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Participant all consideration paid by him or her in the initial purchase thereof. The Take-over Acceleration Right shall commence at such time as is determined by the Board, provided that, if the Board approves the Take-over Acceleration Right but does not determine commencement and termination dates regarding same, the Take-over Acceleration Right shall commence on the date of the Take-over Proposal and end on the earlier of the expiry time of the Option and the tenth (10th) day following the expiry date of the Take-over Proposal. Notwithstanding the foregoing, the Take-over Acceleration Right may be extended for such longer period as the Board may resolve.

## 9. AMENDMENT OR DISCONTINUANCE OF PLAN

- (a) Subject to the applicable rules of the Exchange and receipt of prior written approval from the Exchange, the Board may from time to time, in its absolute discretion and without the approval of the shareholders of the Corporation, make the following amendments to the Plan or any Option:
- (i) any amendment to the vesting provisions of the Plan and any Option, including to accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of an Option;
  - (ii) any amendment to the Plan or an Option as necessary to comply with applicable law or the requirements of the Exchange or any other regulatory body having authority over the Corporation, the Plan or the shareholders of the Corporation;
  - (iii) any amendment to the Plan and any Option to permit the conditional exercise of any Option in the event of a take-over bid or other transaction leading to a Change of Control of the Corporation, subject to customary provisions should such potential Change of Control not be completed within the applicable specified time and on such terms as the Corporation sees fit [and which for greater certainty, such amendment would empower the Board, in its sole discretion, in the event of a take-over bid or other transaction leading to a Change of Control, to accelerate the vesting of Options and to permit Participants to conditionally exercise their Options, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 9 is not completed within the time specified (as the same may be extended), then despite this Section 9 or the definition of "Change of Control", (i) any conditional exercise of vested Options will be deemed to be null, void and of no effect, and such conditionally exercised Options will for all purposes be deemed not to have been exercised, and (ii) Options which vested pursuant to this Section 9 will be returned by the Participant to the Corporation and reinstated as authorized but unissued Shares and the original terms applicable to such Options will be reinstated;
  - (iv) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;
  - (v) any amendment respecting the administration of the Plan; and
  - (vi) any other amendment that does not require the approval of the shareholders of the Corporation as expressly set out in this Section 9.
- (b) Approval of the Exchange and the shareholders of the Corporation will be required for the following amendments to the Plan or any Option:
- (i) any increase in the number of Shares reserved for issuance under the Plan;

- (ii) any amendment to increase or remove the Insider participation limits set out in Section 4(b);
  - (iii) the provision of financial assistance to a Participant in connection with the exercise of Options;
  - (iv) any reduction in the exercise price of an Option, cancellation and reissue of Options or substitution of Options with cash or other awards on terms that are more favourable to the Participants;
  - (v) any extension of the expiry of an Option, except as otherwise provided herein;
  - (vi) an amendment that would permit Options to be transferable or assignable other than for normal estate settlement purposes;
  - (vii) any amendment that would materially modify the eligibility requirements for participation in this Plan;
  - (viii) amendments to the limitations under Section 4(b)(iv) with respect to Options that may be granted to Non-Employee Directors; and
  - (ix) an amendment to any of the amending provisions set out in this Section 9(c) and Section 9(d).
- (c) Subject to the foregoing, the Board may, at any time and from time to time, without the approval of the holders of Shares, suspend, discontinue or amend this Plan or an Option; provided that unless Participants holding at least 75% of the Options then outstanding otherwise consent in writing, the Board may not suspend, discontinue or amend the Plan or amend any outstanding Option in a manner that would alter or impair any Option previously granted to a Participant under the Plan, and any such suspension, discontinuance or amendment of the Plan or amendment to an Option shall apply only in respect of Options granted on or after the date of such suspension, discontinuance or amendment.

## **10. COMPLIANCE WITH LAWS AND EXCHANGE RULES**

- (a) The Plan, the grant and exercise of Options under the Plan and the Corporation's obligation to issue Shares on exercise of Options will be subject to Applicable Law. No Option will be granted and no Shares will be issued under the Plan where such grant or issue would require registration of the Plan or of such Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue of Shares in violation of this provision will be void. Shares issued to holders of Options pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.
- (b) The Option agreement between the Corporation and each Participant to whom an Option is granted hereunder shall be governed by, interpreted and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The Corporation's obligation to issue and deliver Shares under any Option is subject to:

- (i) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (ii) the admission of such Shares to listing on any Exchange on which such Shares may then be listed; and
- (iii) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any Exchange on which such Shares are then listed.

#### **11. PARTICIPANTS' RIGHTS**

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Shares represented by such certificate or certificates (or electronic equivalent thereof).

No person has any right to compensation or damages for any loss in relation to this Plan, including any loss in relation to:

- (a) any loss or reduction of rights or expectations under the Plan in any circumstances (including termination of employment for any reason); and
- (b) any exercise of discretion or a decision taken in relation to a grant of Options or to the Plan, or any failure to exercise discretion or make a decision.

#### **12. OPTION AGREEMENT**

The Option agreement between the Corporation and each Participant to whom an Option is granted hereunder will be in writing and will set out the number of Shares subject to option, the Exercise Price, the vesting dates, the expiry date and any other terms approved by the Board, all in accordance with the provisions of this Plan. The agreement will be in such form as the Board may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options under the income tax or other applicable or relevant laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

#### **13. INDEPENDENT ADVICE**

Participants are encouraged to seek tax advice in respect of the grant and exercise of Options and the issuance of the resulting Shares.

#### **14. HOLD PERIOD**

In addition to any resale restrictions imposed under applicable securities laws, if required by the Exchange or any other regulatory authority, Options granted under the Plan and Shares issued on exercise of such Options may be required to be legended evidencing that the Options and the Shares issued upon exercise of the Options are subject to a hold period or restricted period as required by the Exchange or other applicable regulatory authority and the Participant by accepting the Option agrees to comply therewith.

#### **15. VOTING SHARES DULY ISSUED**

Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefore in accordance with the terms of the Option, and the issuance of Shares thereunder will not require a resolution or approval of the Board.

#### **16. MERGERS, AMALGAMATION AND SALE**

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 16, make provision that, upon exercise of an Option after the effective date of such merger, amalgamation or sale, the Participant shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Participant would have received as a result of such merger, amalgamation or sale if the Participant had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Participant in respect of the Shares subject to the Option shall terminate and be at an end and the Participant shall cease to have any further rights in respect thereof. Adjustments under this section or any determinations as to fair market value of any securities shall be made by the Board, and any reasonable determination made by the Board shall be binding and conclusive.

#### **17. OPTIONS TO COMPANIES**

The provisions herein in respect of the grant of Options shall apply, with appropriate modifications, to the grant of Options to a company either: (a) wholly-owned by any person whom Options may otherwise be granted hereunder; or (b) controlled by any person to whom Options may otherwise be granted hereunder (and the shares of which are held directly or indirectly by any such person and such person's spouse, minor children and/or minor grandchildren), subject to any requirements of any applicable regulatory authority having jurisdiction, including any Exchange.

#### **18. EFFECTIVE DATE**

The Plan shall be effective as of May 3, 2023, subject to ratification by the holders of the Corporation's Shares by ordinary resolution.

**SCHEDULE C**

**PRSU PLAN**



## PETROTAL CORP.

### APERFORMANCE AND RESTRICTED SHARE UNIT PLAN

#### ARTICLE 1 PURPOSE

##### 1.1 Purpose

The purpose of this Performance and Restricted Share Unit Plan is to provide directors, officers, employees and consultants of PetroTal Corp. or any of its subsidiaries with the opportunity to acquire Share Units (as defined below) to allow them to participate in the long-term success of the Corporation and to promote a greater alignment of their interests with the interests of the Corporation's shareholders.

#### ARTICLE 2 INTERPRETATION

##### 2.1 Definitions

For purposes of the Plan:

- (a) **"Active Employment"** means the period in which a Participant who is an employee of the Corporation or an affiliate performs work for the Corporation or an affiliate. For certainty, **"Active Employment"** shall be deemed to include any period constituting the minimum notice of termination period as may be required to be provided to a Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows or ought to have followed the later of the end of the statutory notice period or the Participant's last day of performing work for the Corporation or an affiliate, whether that period arises from a contractual or common law right;
- (b) **"Active Engagement"** means any period in which a Participant who is not an employee of the Corporation or an affiliate provides services to the Corporation or an affiliate. For certainty, **"Active Engagement"** shall exclude any period that follows, or ought to have followed, a Participant's last day of providing services to the Corporation or an affiliate, including at common law;
- (c) **"Adjustment Factor"** means the adjustment factor set out in the Award Notice for an award of Performance Share Units;
- (d) **"Applicable Withholding Amount"** is defined in Section 4.8(b);
- (e) **"Award Date"** means a date on which Share Units are awarded to a Participant in accordance with Section 4.1;
- (f) **"Award Market Value"** per Share Award means the VWAP on the Exchange for the five trading days immediately preceding the Award Date;
- (g) **"Award Notice"** means a notice substantially in the form of Schedule A, in the case of Restricted Share Units, and substantially in the form of Schedule B, in

the case of Performance Share Units, and containing such other terms and conditions relating to an award of Share Units as the Board may prescribe;

- (h) **"Blackout Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a Share Unit.
- (i) **"Board"** means the board of directors of the Corporation or its delegate pursuant to Section 3.1(b);
- (j) **"Cause"** means any grounds at common law for which an employer is entitled to dismiss an employee without notice or pay in lieu of notice, and includes, without limitation, the following:
  - (i) the Participant's breach of a material term of his or her employment agreement or employment, as applicable;
  - (ii) the Participant's repeated and demonstrated failure to perform the Participant's material duties of his or her position in a competent manner;
  - (iii) the conviction of the Participant for a criminal offence involving fraud or dishonesty, or which otherwise adversely impacts the reputation of the Corporation;
  - (iv) the Participant's willful failure to act honestly and in the best interests of the Corporation;
  - (v) the Participant's breach of his or her fiduciary duties, as applicable;
  - (vi) any actions or omissions on the part of the Participant constituting gross misconduct or
  - (vii) gross negligence resulting in material harm to the Corporation or which otherwise adversely impacts the reputation of the Corporation in a material nature;
- (k) **"Change of Control"** means and shall be deemed to have occurred upon the happening of any of the following events:
  - (i) the acceptance by the holders of Shares, representing in aggregate, more than 50% of all issued Shares of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Shares; or
  - (ii) the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired) directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares, if any, representing (assuming the full exercise of such rights to Shares) more than 50% of the combined voting rights of the Corporation's then outstanding Shares; or

- (iii) the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; provided that no change of control shall be deemed to have occurred if (A) the transaction contemplated by such agreement referred to herein is not completed; or (B) upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date; or
- (iv) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation winding up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement); or
- (v) individuals who were members of the Board immediately prior to a meeting of shareholders of the Corporation involving a contest for or an item of business relating to the election of directors, not constituting a majority of the Board following such election; or
- (vi) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii), (iv) and (v) and referred to above; or
- (vii) a determination by the Board, acting in good faith, that a change of control has occurred for the purpose of this clause.

For purposes of this Plan, the Board may, by resolution, clarify the date as of which a Change of Control shall be deemed to have occurred.

- (l) "**Committee**" means the Corporate Governance and Compensation Committee of the Board or such other Committee of the Board as may be appointed by the Board to administer the Plan;
- (m) "**Corporation**" means PetroTal Corp. and its successors and assigns;
- (n) "**Disabled**" and "**Disability**" mean the permanent and total incapacity of a Participant as determined by the Board for purposes of this Plan;
- (o) "**Distribution Date**" means the date determined in accordance with Sections 4.6 or 4.12, as applicable;
- (p) "**Dividend Equivalent**" means a bookkeeping entry whereby each Share Unit is credited with the equivalent amount of the dividend paid on a Share in accordance with Section 4.5;

- (q) **"Dividend Market Value"** means the VWAP of the Shares on the Exchange for the five (5) trading days immediately following the dividend record date for the payment of any dividend made on the Shares;
- (r) **"Eligible Person"** means a Person entitled to receive Share Units in accordance with Section 3.3;
- (s) **"Exchange"** means the Toronto Stock Exchange and any successor thereof or, if the Shares are not then listed and posted for trading on the facilities of the Toronto Stock Exchange, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board;
- (t) **"Final Date"** is defined in Section 4.6(b);
- (u) **"Insider"** means an insider as defined in the policies of the Exchange;
- (v) **"Non-Employee Director"** means a director of the Corporation who is not an officer or employee of the Corporation or a subsidiary;
- (w) **"Participant"** means an Eligible Person who has been awarded Share Units under the Plan or to whom Share Units have been transferred in accordance with the Plan;
- (x) **"Payment Shares"** is defined in Section 4.8(a);
- (y) **"Performance Measures"** means, for any period, the performance measures to be taken into consideration in granting PSUs and determining the Adjustment Factor in respect of any PSU, which measures shall be established by the Board in its discretion at the time of the grant of the PSU and which may include, without limitation, the total shareholder return of the Shares compared to an index, subindex or identified group of peers and the Corporation's performance compared to identified operational or financial targets;
- (z) **"Performance Share Unit" or "PSU"** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry on the books of the Corporation in accordance with Article 4, based on the achievement of the performance criteria set out in the applicable Award Notice;
- (aa) **"Permitted Assign"** means, with respect to any Participant:
  - (i) a trustee, custodian or administrator acting on behalf of, or for the benefit of, the Participant,
  - (ii) a holding entity of the Participant,
  - (iii) a spouse of the Participant,
  - (iv) a trustee, custodian or administrator acting on behalf of, or for the benefit of, the spouse of the Participant, or

- (v) a holding entity of the spouse of the Participant;
- (bb) **"Person"** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, fund, organization or other group of organized persons, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (cc) **"Plan"** means this Performance and Restricted Share Unit Plan as amended, restated, supplemented or otherwise modified from time to time;
- (dd) **"Restricted Share Unit" or "RSU"** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry on the books of the Corporation in accordance with Article 4;
- (ee) **"Retirement"** means the retirement of a Participant who has greater than or equal to five (5) years of service to the Corporation or its subsidiaries and is older than sixty (60) years of age or as otherwise approved by the Board;
- (ff) **"Security-Based Compensation Arrangements"** means any share rights incentive plan, share option, share option plan, employee share purchase plan in existence from time to time where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation's treasury, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury in accordance with section 613(c) of the Exchange Company Manual;
- (gg) **"Settlement Market Value"** per Share means the VWAP on the Exchange for the five trading days immediately preceding the Distribution Date;
- (hh) **"Share"** means a common share of the Corporation or, in the event of an adjustment contemplated by Section 4.6, such number or type of securities as the Board may determine;
- (ii) **"Share Unit"** means a Performance Share Unit or a Restricted Share Unit, as applicable;
- (jj) **"Termination Date"** means, in respect of a Participant, such Participant's last day of Active Employment or Active Engagement (as applicable) with the Corporation or an affiliate, whether such date is selected by the Participant, by mutual agreement between the Corporation or an affiliate and the Participant, or unilaterally by the Corporation or an affiliate;
- (kk) **"U.S. Taxpayer"** means a Participant who is a U.S. citizen, U.S. permanent resident or U.S. tax resident for the purposes of the U.S. Internal Revenue Code

(the "**Code**") or a Participant for whom the award of Share Units under this Plan would otherwise be subject to U.S. taxation under the United States Internal Revenue Code. A Participant shall be considered a U.S. taxpayer solely to the extent such Participant's Share Units are subject to U.S. taxation; and

- (II) "**VWAP**" means the volume weighted average trading price of the listed Shares, calculated by dividing the total value by the total volume of Shares traded for the relevant period.

## **2.2 Certain Rules of Interpretation**

- (a) Whenever the Board or, where applicable, the Committee or any sub-delegate of the Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term "discretion" means the sole and absolute discretion of the Board or the Committee or the sub-delegate of the Committee, as the case may be.
- (b) As used herein, the terms "Article" and "Section" mean and refer to the specified Article or Section of this Plan.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, all references to money amounts are to Canadian currency.

## **ARTICLE 3 ADMINISTRATION**

### **3.1 Administration of the Plan**

- (a) This Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board shall be binding and conclusive upon the Corporation and on all Eligible Persons, Participants, Permitted Assigns and all other Persons.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to the Committee, on such terms as it considers appropriate, all or any of the powers, duties and functions relating to the granting of Share Units and the administration of the Plan, including the power to sub-delegate, to the extent permitted by applicable law, to any specified officer of the Corporation all or any of the powers delegated to the Committee. Any decision made or action taken by the Committee or the specified officer arising out of or in connection with the administration or interpretation of this Plan in this context is final, binding and conclusive on the Corporation, the Participants and all other Persons.

### 3.2 Determination of Value if Shares Not Publicly Traded

If the Shares are not publicly traded on the Exchange at the relevant time such that the Award Market Value, the Dividend Market Value and/or the Settlement Market Value cannot be determined in accordance herein, such value shall be determined by the Board acting in good faith.

### 3.3 Eligibility

Share Units shall be granted only to persons (each, an "**Eligible Person**") who are directors, officers, employees, or consultants of the Corporation or a subsidiary of the Corporation as the Board determines should receive Share Units in accordance with the applicable laws and the policies and rules of the Exchange. Notwithstanding the foregoing, Non-Employee Directors are not eligible to be awarded PSUs and are only eligible to be awarded RSUs under the Plan.

The Board reserves the right to restrict eligibility or otherwise limit the number of Persons eligible for participation in the Plan at any time. Eligibility to participate does not confer upon any individual a right to receive an award of Share Units pursuant to the Plan.

### 3.4 Total Shares Subject to Share Units

Unless otherwise approved by the Exchange and the shareholders of the Corporation:

- (a) the securities that may be issued to Participants pursuant to this Plan shall consist of those authorized but unissued Shares which the Board and/or Committee has, in its discretion, reserved and approved for issuance under the Plan from time to time;
- (b) subject to Section 4.13, the aggregate number of Shares that may be issuable pursuant to the Plan and all other Security-Based Compensation Arrangements shall not exceed 10% of the issued and outstanding Shares from time to time;
- (c) the Board shall not grant Share Units under the Plan if the number of Shares issuable pursuant to outstanding Share Units, when combined with the number of Shares issuable pursuant to outstanding stock options granted under the Corporation's stock option plan and outstanding securities under any other Security-Based Compensation Arrangements of the Corporation, would exceed 10% of the issued and outstanding Shares at the time of the grant;
- (d) the number of securities issuable to Insiders of the Corporation, at any time, under all Security-Based Compensation Arrangements including, without limitation, this Plan, shall not exceed 10% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis;
- (e) the number of securities issued to Insiders of the Corporation, within any one-year period, under all Security-Based Compensation Arrangements including, without limitation, this Plan, shall not exceed 10% of the issued and outstanding securities of the Corporation at the time of grant calculated on a non-diluted basis;

- (f) the aggregate: (i) number of Shares that may be reserved for issuance pursuant to the exercise of RSUs granted to Non-Employee Directors pursuant to this Plan shall not exceed 1.0% of the Shares outstanding from time to time; and (ii) value of RSUs granted to any one Non-Employee Director in any calendar year under the Plan and under any other Security-Based Compensation Arrangements shall not exceed \$150,000;
- (g) to the extent Share Units are exercised or to the extent any Share Units are terminated for any reason or are cancelled, the Shares subject to such Share Units shall be added back to the number of Shares reserved for issuance under the Plan and such Shares will again become available for Share Unit grants under the Plan; and
- (h) if the acquisition of Shares by the Corporation for cancellation should result in any of the tests above no longer being met, this shall not constitute non-compliance with this Section 3.4 for any awards outstanding prior to such purchase of Shares for cancellation.

For purposes of the calculations in this Section 3.4 only, it shall be assumed that all issued and outstanding Share Units will be settled by the issuance of Shares from treasury, notwithstanding the Corporation's right pursuant to Section 4.7 to settle Share Units in cash or by purchasing Shares on the open market.

### **3.5 Participant's Agreement to be Bound**

- (a) Participation in the Plan is entirely voluntary and is at the discretion of the Eligible Person, and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. Should any Eligible Person elect to participate in the Plan by electing to receive Share Units through delivery of an acknowledgement in the manner specified in Section 3.5(b) or otherwise, such acknowledgement shall be construed as acceptance by the Eligible Person, of the terms and conditions of the Plan, and all rules and procedures adopted hereunder, as amended, assigned or assumed from time to time in accordance with the terms hereof.
- (b) In order to participate in the Plan, an Eligible Person shall acknowledge each Award Notice and such other matters as deemed necessary by the Committee, in its sole discretion, including those matters specified in Schedule A or Schedule B, as applicable, by delivering their countersigned acknowledgement on the Award Notice within 15 days of the delivery of an Award Notice. If such acknowledgement is not so delivered within the time specified in this Section 3.5(b), the Corporation shall not credit any Share Units to the Participant's account, unless waived by the Committee, in its sole discretion.

## **ARTICLE 4 AWARD OF SHARE UNITS**

### **4.1 Award of Share Units**

- (a) Subject to the provisions of the Plan and such other terms and conditions as the Committee or the Board may prescribe, the Committee may, from time to time



grant Share Units to any Eligible Person. Upon receipt of an acknowledgement in the manner specified in Section 3.5, Share Units shall be credited to an account maintained for each Participant on the books of the Corporation, effective as of the Award Date for that grant. The number of Share Units (including fractional Share Units) to be credited as of the Award Date shall be determined by the Committee in its sole discretion.

- (b) Participants may be selected and awards may be made at any time. Participants need not be selected and awards need not be made at the same time by the Committee. Any award made to a Participant shall not obligate the Committee to make any subsequent awards to that Participant. The award of Share Units in any year to any Eligible Person is intended to be in the nature of a bonus for services rendered or to be rendered in respect of or over any specified period.

#### **4.2 Vesting Period**

Each Share Unit will vest on such terms as shall be specified by the Board or Committee at the time of granting an award of Share Units as reflected in the Award Notice, except as otherwise provided in this Plan. Unless otherwise stipulated by the Board at the time of grant and subject to earlier vesting in accordance with the terms of this Plan:

- (a) RSUs granted hereunder shall vest as to 33 1/3% on each of the first, second and third anniversaries of the Award Date; and
- (b) PSUs granted hereunder shall vest on the third anniversary of the Award Date.

#### **4.3 Performance Vesting**

- (a) Prior to the Distribution Date in respect of any PSU, the Board or Committee shall assess the performance of the Corporation for the applicable period. The weighting of the individual measures comprising the Performance Measures shall be determined by the Board or Committee, as applicable, in its sole discretion having regard to the principal purposes of the Plan and, upon the assessment of all Performance Measures, the Board or Committee shall determine the Adjustment Factor for the applicable period in its sole discretion. The applicable Adjustment Factor may be between a minimum of zero and such maximum as determined by the Board or Committee (provided such maximum shall not exceed 2.0).
- (b) The number of PSUs which vest on a vesting date specified in an Award Notice is the number of PSUs scheduled to vest on such date multiplied by the Adjustment Factor.

#### **4.4 Award Notice**

All awards of Share Units under Section 4.1 will be evidenced by an Award Notice. Such Award Notice will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Board or Committee may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Notice to a Participant once the Board or Committee has approved the grant of Share Units to that particular Eligible Person.

#### 4.5 Credits for Dividends

In the event that the Corporation pays a normal cash dividend in accordance with its dividend policy on the Shares, a Participant's account shall be credited with Dividend Equivalents in the form of additional Share Units as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such Dividend Equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of Share Units recorded in the Participant's account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places. Any additional Share Units resulting from such Dividend Equivalents shall have the same vesting schedule, Distribution Date and other terms as the Share Units to which they relate. The foregoing does not obligate the Corporation to pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

#### 4.6 Distribution Date of Awards

- (a) Unless otherwise determined by the Board in its sole discretion, the date of settlement of any Share Unit (a "**Distribution Date**") shall be the applicable vesting date for such Share Unit established pursuant to Section 4.2; provided that, for greater certainty, the Board may in its sole discretion impose additional or different conditions to the determination of the Distribution Date of any Share Unit.
- (b) Notwithstanding anything to the contrary in this Section, no Distribution Date in respect of any Share Unit may occur after the earlier of: (i) the thirtieth day after the Participant ceases to be eligible to participate under the Plan (including for the reasons described in Sections 4.9, 4.10, 4.11 and 4.12); or (ii) the fifth anniversary of the Award Date (the earlier of the two being the "**Final Date**").
- (c) Notwithstanding anything to the contrary in this Section, with respect to any Share Units awarded to a Participant who is a U.S. Taxpayer, the Distribution Date shall be the applicable vesting date established pursuant to Section 4.2.

#### 4.7 Settlement of Share Units

On the Distribution Date, the Board or Committee, as applicable, in its sole discretion, shall have the option of settling the Shares issuable in respect of Share Units by any or all of the following methods: (a) settlement in Shares acquired by the Corporation on the Exchange; (b) the issuance of Shares from the treasury of the Corporation; or (c) for any Participant who is not a U.S. Taxpayer, payment by the Corporation of a cash amount per Share Unit equal to the Settlement Market Value of the Payment Shares on the Distribution Date, net of applicable withholding tax.

#### 4.8 Distribution of Shares

- (a) Subject to any election by the Board or Committee, as applicable, to settle a Share Unit in cash, as soon as practicable after each Distribution Date or on the Final Date (if the Distribution Date is the Final Date), the Corporation shall issue to the Participant or, if Section 4.12 applies, to the Participant's estate, a number of Shares equal to the number of Share Units in the Participant's account that became payable on the Distribution Date (the "**Payment Shares**"). As of the

Distribution Date, the Share Units in respect of which such Shares are issued or cash is paid shall be cancelled and no further payments shall be made to the Participant under the Plan in relation to such Share Units.

- (b) As a condition to the issue of Shares in payment of any Share Units, the Corporation may require that the Participant: (i) pay to the Corporation such amount as the Corporation is obligated to remit to the relevant taxing authority in respect of the issuance of the Shares in payment of the Share Units (the "**Applicable Withholding Amount**"); (ii) withhold the Applicable Withholding Amount from any remuneration or other amount otherwise payable by the Corporation to the Participant; (iii) require a sale of a number of Shares issued upon payment of the Share Units and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy the Applicable Withholding Amount; or (iv) enter into any other arrangements suitable to the Corporation to enable the Corporation to satisfy the Applicable Withholding Amount, including any combination of the foregoing. On or prior to the Distribution Date, the Corporation shall advise the Participant in writing of any Applicable Withholding Amount required in connection with the issue of Shares in settlement of the Share Units.

#### **4.9 Resignation or Termination**

Notwithstanding Sections 4.6 and 4.8, and subject to any written resolution passed by the Board or Committee, if any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Corporation or any subsidiaries (as the case may be): (i) for any reason other than resignation, termination with Cause, death or Disability, then all Share Units granted to the Participant under the Plan that have not yet vested within 90 days after the Termination Date shall terminate without payment and shall be of no further force or effect; and (ii) by reason of resignation or termination with Cause, then all Share Units granted to the Participant under the Plan that have not yet vested as of the Termination Date shall terminate without payment and shall be of no further force or effect. All grants of Share Units to US Taxpayers shall be deemed to adjust the 90 day term specified herein to 74 days. For the avoidance of doubt, no period of notice or payment in lieu of notice that is given or that ought to have been given to a Participant under applicable law or contract in respect of the Participant's termination of employment, or in respect of a period after the Participant's last day of actual and active employment shall be considered for the purposes of determining the vesting of Share Units. A Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any Share Units which would have vested or been granted after the Termination Date, including but not limited to damages in lieu of notice at common law.

#### **4.10 Disability**

Subject to any express resolution passed by the Board or Committee, if any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Corporation or any subsidiaries (as the case may be) by reason of Disability, any vested Share Units held by such Participant under the Plan at the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation or any subsidiaries as the case may be, shall be automatically settled and the Distribution Date shall be the 90th day after such date and all unvested Share Units shall terminate without payment and shall be of no further force or effect.

#### **4.11 Retirement**

Subject to any express resolution passed by the Board, if any Participant shall cease to hold the position or positions of director, officer or employee of the Corporation or any subsidiaries (as the case may be) by reason of Retirement, any Share Units held by such Participant under the Plan at the date such Participant ceases to hold the position or positions of director, officer or employee of the Corporation or any subsidiaries (as the case may be), shall continue to vest in the manner set forth in the applicable Award Notice for such Share Units, except, at the discretion of the Board, for any Share Units which are awarded to such director, officer or employee during the calendar year in which the director, officer or employee retires, all of which Share Units shall expire.

#### **4.12 Death of Participant Prior to Distribution**

Notwithstanding Sections 4.6 and 4.8 of the Plan, but subject to any express resolution passed by the Board or Committee, upon the death of a Participant, any vested Share Units held by such Participant or any Share Units which shall vest within one year after the death of the Participant under the Plan shall be automatically settled and the Distribution Date shall be within one year after the death of the Participant and all other unvested Share Units shall terminate without payment and shall be of no further force or effect.

#### **4.13 Adjustments to Share Units**

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders (other than the payment of dividends in respect of the Shares as contemplated by Section 4.5), the account of each Participant and the Share Units outstanding under the Plan shall be adjusted in such manner, if any, as the Board may in its discretion, subject to approval by the Exchange, deem appropriate to preserve, proportionally, the interests of Participants under the Plan.

#### **4.14 Change of Control**

- (a) Unless otherwise determined by the Board in its sole discretion, upon a Change of Control, all unvested Share Units shall become automatically vested and the Performance Measures shall take into account, in determination of any Adjustment Factor in respect of any Performance Share Units, the period up to and including the Change of Control.
- (b) Shares issuable in respect of Share Units shall be, and shall be deemed to be, issued to Participants effective immediately prior to the completion of the transaction which would result in the Change of Control unless issued prior thereto in accordance with this Plan.

#### **4.15 Discretion to Permit Vesting**

Notwithstanding the provisions of Sections 4.2, 4.9, 4.10, 4.11 and 4.12, the Board may, in its sole discretion, at any time prior to or following the events contemplated in such Sections, permit the vesting of any or all Share Units held by a Participant and the issuance of the Payment Shares or payment of cash in respect of such Share Units in the manner and on the terms authorized by the Board, provided that the Board will not, in any case, authorize the

vesting of a Share Units or the issuance of a Payment Share or payment of cash pursuant to this Section beyond the Final Date applicable to the particular Share Unit.

#### **4.16 Blackout Periods**

Subject to the rules and regulations of the Exchange, notwithstanding any other provisions of this Plan, if the Distribution Date of any Share Unit occurs during or within 10 business days following the end of a Blackout Period, the Distribution Date of such Share Unit shall be extended for a period of 10 business days following the end of the Blackout Period (or such longer period as permitted by the Exchange and approved by the Board).

### **ARTICLE 5 GENERAL**

#### **5.1 Amendment, Suspension, or Termination of Plan**

- (a) Subject to Sections 5.1(b) and 5.1(c) below, the Board may, without notice or shareholder approval, at any time or from time to time, amend, suspend or terminate the Plan or awards granted hereunder for any purpose which, in the good faith opinion of the Board, may be expedient or desirable, including making such amendments to the Plan to comply with rules and policies of the Exchange. Any amendments to the Plan are subject to approval by the the Exchange.
- (b) Notwithstanding Section 5.1(a) but subject to 5.1(f), the Board shall not alter or impair any rights or increase any obligations with respect to a Share Unit previously granted under the Plan without the consent of the Participant.
- (c) Notwithstanding Section 5.1(a), none of the following amendments shall be made to this Plan or awards granted hereunder without approval of the Exchange (to the extent the Corporation has any securities listed on such exchange) and the approval of shareholders:
  - (i) amendments to the Plan which would increase the number of securities issuable under the Plan otherwise than in accordance with the terms of this Plan;
  - (ii) amendments to the Plan which would increase the number of securities issuable to Insiders otherwise than in accordance with the terms of this Plan;
  - (iii) amendments that would extend the Distribution Date of any Share Units held by Insiders beyond the original Final Date of the Share Units;
  - (iv) amendments that would reduce the Award Market Value of any Share Units held by Insiders otherwise than in accordance with the terms of this Plan;
  - (v) the addition of any form of financial assistance to a Participant;

- (vi) amendments to the restriction under Section 5.5 to permit a Participant to transfer any Share Units to a new beneficial holder other than for estate settlement purposes;
  - (viii) amendments to the limitations under Section 3.4(f) with respect to RSUs that may be granted to Non-Employee Directors; and
  - (vii) amendments to this Section 5.1.
- (d) If the Board terminates or suspends the Plan, no new Share Units will be credited to the account of a Participant. Previously credited Share Units whether or not vested, may, at the Board's election, be accelerated (if unvested) and/or Shares issuable in respect of such Share Units may be distributed to Participants or may remain outstanding. In the event that a Share Unit remains outstanding following a suspension or termination of the Plan, such Share Unit shall not be entitled to Dividend Equivalents unless at the time of termination or suspension the Board determines that the entitlement to Dividend Equivalents after termination or during suspension, as applicable, should be continued.
- (e) The Board shall not require the consent of any affected Participant in connection with a termination of the Plan in which the vesting of all Share Units held by the Participant are accelerated and the Payment Shares are issued to the Participant or cash is paid in respect of all such Share Units.
- (f) The Plan will terminate on the date upon which no further Share Units remain outstanding.

Such amendments shall require the approval of the holders of the Corporation's Shares by ordinary resolution.

## **5.2 Compliance with Laws/U.S. Tax Matters**

The administration of the Plan shall be subject to and made in conformity with all applicable laws and any regulations of a duly constituted regulatory authority. If at any time the Board determines that the listing, registration or qualification of the Shares subject to the Share Unit upon any securities exchange or under any provincial, state, federal or other applicable law, or the consent or approval of any governmental body, securities exchange, or the holders of the Shares generally, is necessary or desirable, as a condition of, or in connection with, the granting of such Share Units or the issue of Shares thereunder, no such Share Unit may be awarded or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

The Share Units awarded to Participants who are U.S. Taxpayers are intended to be exempt from Section 409A of the United States Internal Revenue Code and the provisions of this Plan shall be interpreted consistent with that intent.

## **5.3 Reorganization of the Corporation**

The existence of any Share Units shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or to create or issue any bonds, debentures, shares or other securities of the Corporation or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation, or any amalgamation, combination, merger or consolidation involving the

Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### **5.4 Assignment**

Rights and obligations under the Plan may be assigned by the Corporation to a successor in the business of the Corporation, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Corporation, or any company acquiring all or substantially all of the assets or business of the Corporation.

#### **5.5 Share Units Non-Transferable**

Share Units are non-transferable except to a Permitted Assign. Certificates representing Share Units will not be issued by the Corporation.

#### **5.6 Participation to be Determined by Board; No Additional Rights**

The participation of any Participant in the Plan shall be determined by resolution of the Board or the Committee, if such authority is delegated thereto. Nothing in this Plan shall be construed to provide the Participant with any rights whatsoever to participate or to continue participation in this Plan, or to compensation or damages in lieu of participation. The Corporation does not assume responsibility for the personal income tax liability or other tax consequences for the Participants and they are advised to consult with their own tax advisors.

No person has any right to compensation or damages for any loss in relation to this Plan, including any loss in relation to:

- (a) any loss or reduction of rights or expectations under the Plan in any circumstances (including termination of employment for any reason); and
- (b) any exercise of discretion or a decision taken in relation to a grant of Share Units or to the Plan, or any failure to exercise discretion or make a decision.

#### **5.7 No Shareholder Rights**

Under no circumstances shall Share Units be considered Shares or other securities of the Corporation, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Corporation, nor shall any Participant be considered the owner of Shares by virtue of the award of Share Units. A Participant will acquire rights to Shares in respect of Share Units only upon the allotment and issuance to the Participant of such Shares in accordance with this Plan.

#### **5.8 Fractions**

No fractional Share will be issued pursuant to an award granted hereunder. The number of Shares issuable upon payment of any award granted under this Plan will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional Share so disregarded.

## **5.9 Unfunded and Unsecured Plan**

Unless otherwise determined by the Board, the Plan shall be unfunded and the Corporation will not secure its obligations under the Plan. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation.

## **5.10 Market Fluctuations**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Corporation makes no representations or warranties to Participants with respect to the Plan or the Shares whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to accept all risks associated with a decline in the market price of Shares.

## **5.11 Participant Information**

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Participant acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to other third parties in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Corporation to make such disclosure on the Participant's behalf.

## **5.12 Indemnification**

Every director of the Corporation will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such director may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the director, otherwise than by the Corporation, for or in respect of any act done or omitted by the director in respect of administering this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

## **5.13 Effective Date of the Plan**

The Plan shall be effective as of May 30, 2018, as amended and restated effective as of October 31, 2019, as further amended and restated effective as of May 3, 2023, subject to ratification by the holders of the Corporation's Shares by ordinary resolution.

## **5.14 Governing Law**

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to principles of conflict of laws.



**SCHEDULE A**

**FORM OF AWARD NOTICE FOR RESTRICTED SHARE UNITS**

The Corporation hereby grants the following award to the Participant named below in accordance with and subject to the terms, conditions and restrictions of this Award Notice ("**Notice**"), together with the provisions of the Performance and Restricted Share Unit Plan of the Corporation (the "**Plan**"):

Name and Address of Participant: \_\_\_\_\_

Participant **IS** [  ] / **IS NOT** [  ] (**select one**) a U.S. Taxpayer (as defined in the Plan).

Date of Grant: \_\_\_\_\_

Total Number of RSUs: \_\_\_\_\_

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Notice and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.
2. The Participant acknowledges and agrees that he or she has received the Plan and has read and understands the terms of the Plan and agrees to be bound by the terms and conditions of the Plan and the Award Notice. If the agreement and acknowledgement by the Participant at the end of this Award Notice is not received by the Corporation within 15 days of the delivery of this Award Notice, the Corporation shall not credit any RSUs to the Participant's account, unless waived by the Committee, in its sole discretion.
3. Subject to any acceleration in vesting as provided in the Plan, each RSU vests as follows:


4. No fractional Share will be issued upon exercise of a vested RSU pursuant to an award granted hereunder. The number of Shares issuable upon payment of any award granted under the Plan will be rounded down to the nearest whole number of Shares. No payment or other adjustment will be made with respect to the fractional Share so disregarded.
5. Each notice relating to an award of RSUs, including the acknowledgement in this Award Notice, must be in writing and signed by the Participant or the Participant's legal representative. All notices to the Corporation must be delivered to the Chief Financial

Officer of the Corporation. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

6. When the issuance of Shares upon the vesting of RSUs may, in the opinion of the Corporation, conflict or be inconsistent with any applicable law or any regulations of any regulatory authority having jurisdiction, the Corporation reserves the right to refuse to issue such Shares for so long as such conflict or inconsistency remains outstanding.
7. As a condition to settling the RSUs in accordance with the Plan, the Corporation has the right to withhold all applicable taxes. The Corporation does not assume responsibility for the personal income or other tax consequences of the Participant and has advised the Participant to consult with its own tax advisor.
8. Participant's rights in respect of the RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents or documentation that the Committee may determine to be necessary or advisable to administer the Plan.
9. The Corporation may affix to certificates for Shares issued pursuant to this Award Notice any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under any applicable securities laws) and may advise the transfer agent to place a stop order against any legended Shares.
10. The Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with RSUs under this Award Notice, and its determination shall be final, binding and conclusive.
11. For absolute certainty, by accepting and executing this Notice, the Participant specifically represents, warrants and acknowledges that he or she has read and understood the terms and conditions set out in 5.6 of the Plan which (i) state that a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any RSUs which would have vested or been granted after their Termination Date including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of contractual or common law reasonable notice that exceeds the Participant's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating a Participant's entitlement under the Plan. By accepting and executing this Notice, the Participant further waives any eligibility to receive damages or payment in lieu of any forfeited RSUs under the Plan that would have vested or accrued during any contractual or common law reasonable notice period that exceeds a Participant's minimum statutory notice period under the applicable employment standards legislation (if any).
12. By signing below, I acknowledge that I have received a copy of the Plan and that my execution of the Notice is done freely and voluntarily, without inducement or duress, having had an opportunity to review, make inquiries, and seek independent legal advice as to the terms and conditions of the Notice and the Plan.

**PETROTAL CORP.**

By: \_\_\_\_\_

Name:

Title:

Agreed to and Acknowledged by the Participant, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Name: **[Insert name of Participant]**

**SCHEDULE B****FORM OF AWARD NOTICE FOR PERFORMANCE SHARE UNITS**

The Corporation hereby grants the following award to the Participant named below in accordance with and subject to the terms, conditions and restrictions of this Award Notice ("**Notice**"), together with the provisions of the Performance and Restricted Share Unit Plan of the Corporation (the "**Plan**");

Name and Address of Participant: \_\_\_\_\_

Participant IS [  ] / IS NOT [  ] (select one) a U.S. Taxpayer (as defined in the Plan).

Date of Grant: \_\_\_\_\_

Total Number of PSUs: \_\_\_\_\_

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Notice and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.
2. The Participant acknowledges and agrees that he or she has received the Plan and has read and understands the terms of the Plan and agrees to be bound by the terms and conditions of the Plan and the Award Notice. If the agreement and acknowledgement by the Participant at the end of this Award Notice is not received by the Corporation within 15 days of the delivery of this Award Notice, the Corporation shall not credit any PSUs to the Participant's account, unless waived by the Committee, in its sole discretion.
3. Subject to any acceleration in vesting as provided in the Plan, each PSU vests as follows:


4. The Adjustment Factor for the PSUs is determined as follows:

**[INSERT TABLE WITH PERFORMANCE MEASURES AND THRESHOLD, TARGET AND MAXIMUM PERFORMANCE LEVELS]**

The Adjustment Factor for performance between the numbers set out above is interpolated on a straight line basis.

5. No fractional Share will be issued upon exercise of a vested PSU pursuant to an award granted hereunder. The number of Shares issuable upon payment of any award granted under the Plan will be rounded down to the nearest whole number of Shares. No

payment or other adjustment will be made with respect to the fractional Share so disregarded.

6. Each notice relating to an award of PSUs, including the acknowledgement in this Award Notice, must be in writing and signed by the Participant or the Participant's legal representative. All notices to the Corporation must be delivered to the Chief Financial Officer of the Corporation. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.
7. When the issuance of Shares upon the vesting of PSUs may, in the opinion of the Corporation, conflict or be inconsistent with any applicable law or any regulations of any regulatory authority having jurisdiction, the Corporation reserves the right to refuse to issue such Shares for so long as such conflict or inconsistency remains outstanding.
8. As a condition to settling the PSUs in accordance with the Plan, the Corporation has the right to withhold all applicable taxes. The Corporation does not assume responsibility for the personal income or other tax consequences of the Participant and has advised the Participant to consult with its own tax advisor.
9. Participant's rights in respect of the PSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents or documentation that the Committee may determine to be necessary or advisable to administer the Plan.
10. The Corporation may affix to certificates for Shares issued pursuant to this Award Notice any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under any applicable securities laws) and may advise the transfer agent to place a stop order against any legended Shares.
11. The Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with PSUs under this Award Notice, and its determination shall be final, binding and conclusive.
12. For absolute certainty, by accepting and executing this Notice, the Participant specifically represents, warrants and acknowledges that he or she has read and understood the terms and conditions set out in 5.6 of the Plan which (i) state that a Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any RSUs which would have vested or been granted after their Termination Date including but not limited to damages in lieu of notice at common law; and (ii) have the effect that no period of contractual or common law reasonable notice that exceeds the Participant's minimum statutory notice period under applicable employment standards legislation (if any), shall be used for the purposes of calculating a Participant's entitlement under the Plan. By accepting and executing this Notice, the Participant further waives any eligibility to receive damages or payment in lieu of any forfeited RSUs under the Plan that would have vested or accrued during any contractual or common law reasonable notice period that exceeds a Participant's minimum statutory notice period under the applicable employment standards legislation (if any).
13. By signing below, I acknowledge that I have received a copy of the Plan and that my execution of the Notice is done freely and voluntarily, without inducement or duress,

having had an opportunity to review, make inquiries, and seek independent legal advice as to the terms and conditions of the Notice and the Plan.

**PETROTAL CORP.**

By: \_\_\_\_\_

Name:

Title:

Agreed to and Acknowledged by the Participant, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Name: **[Insert name of Participant]**

## SCHEDULE D BOARD OF DIRECTORS MANDATE

### A. GENERAL

The Board of Directors (the "**Board**") of PetroTal Corp. (the "**Corporation**") is responsible for the stewardship of the Corporation's affairs and the activities of management of the Corporation in the conduct of day to day business, all for the benefit of its shareholders.

The primary responsibilities of the Board are:

- (a) to maximize long term shareholder value;
- (b) to approve the strategic plan of the Corporation;
- (c) to ensure that processes, controls and systems are in place for the management of the business and affairs of the Corporation and to address applicable legal and regulatory compliance matters;
- (d) to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Corporation;
- (e) to ensure that the Corporation meets its obligations on an ongoing basis and operates in a safe and reliable manner; and
- (f) to monitor the performance of the management of the Corporation to ensure that it meets its duties and responsibilities to the shareholders.

### B. COMPOSITION AND OPERATION

The number of directors shall be not less than the minimum and not more than the maximum number specified in the Corporation's articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. At least 25 percent of the directors must be Canadian residents. The Board will analyze the application of the "independent" standard as such term is referred to in National Instrument 58-101-*Disclosure of Corporate Governance Practices*, to individual members of the Board on an annual basis and disclose that analysis. The Board will in each year appoint a chairperson of the Board (the "**Chair**").

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act (Alberta)* (the "**ABCA**"), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

### C. MEETINGS

The Board shall have a minimum of four regularly scheduled meetings per year. Special meetings are called as necessary. Occasional Board trips are scheduled, if possible, in conjunction with regular Board meetings, to offer directors the opportunity to visit sites and facilities at different operational locations. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

The Board will schedule executive sessions where directors meet with or without management participation at each regularly-scheduled meeting of the Board.

## **D. SPECIFIC DUTIES**

### **(a) Oversight and Overall Responsibility**

In fulfilling its responsibility for the stewardship of the affairs of the Corporation, the Board shall be specifically responsible for:

- (i) providing leadership and direction to the Corporation and management with the view to maximizing shareholder value. Directors are expected to provide creative vision, initiative and experience in the course of fulfilling their leadership role;
- (ii) satisfying itself as to the integrity of the Chief Executive Officer (the "**CEO**") and other senior officers of the Corporation and ensuring that a culture of integrity is maintained throughout the Corporation;
- (iii) approving the significant policies and procedures by which the Corporation is operated and monitoring compliance with such policies and procedures, and, in particular, compliance by all directors, officers and employees with the provisions of the Code of Business Conduct and Ethics;
- (iv) reviewing and approving material transactions involving the Corporation, including the acquisitions and dispositions of material assets by the Corporation and material capital expenditures by the Corporation;
- (v) approving budgets, monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary;
- (vi) establishing methods by which interested parties may communicate directly with the Chair or with the independent directors as a group and cause such methods to be disclosed;
- (vii) developing written position descriptions for the Chair and for the chair of each Board committee; and
- (viii) making regular assessments of the Board and its individual members, as well as the effectiveness and contributions of each Board committee.

### **(b) Legal Requirements**

- i) The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
- ii) The Board has the statutory responsibility to:
  - (1) manage the business and affairs of the Corporation;
  - (2) act honestly and in good faith with a view to the best interests of the Corporation;
  - (3) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - (4) act in accordance with its obligations contained in the ABCA and the regulations thereto, the articles and by-laws of the Corporation, and other relevant legislation and regulations.



- iii) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
- (1) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - (2) the filling of a vacancy among the directors or in the office of auditor;
  - (3) the appointment of additional directors;
  - (4) the issuance of securities except in the manner and on the terms authorized by the Board;
  - (5) the declaration of dividends;
  - (6) the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
  - (7) the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;
  - (8) the approval of management proxy circulars;
  - (9) the approval of any financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and
  - (10) the adoption, amendment or repeal of any by-laws of the Corporation.

**(c) Independence**

The Board shall have the responsibility to:

- (i) implement appropriate structures and procedures to permit the Board to function independently of management (including, without limitation, through the holding of meetings at which non-independent directors and management are not in attendance, if and when appropriate);
- i) implement a system which enables an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances; and
  - ii) provide an orientation and education program for newly appointed members of the Board.

**(d) Strategy Determination**

The Board shall:

- (i) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business; and
- i) annually review operating and financial performance results relative to established strategy, budgets and objectives.

**(e) Managing Risk**

The Board has the responsibility to identify and understand the principal risks of the Corporation's business, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that appropriate systems are in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

**(f) Appointment, Training and Monitoring of Senior Management**

The Board shall:

- (i) appoint the CEO and other senior officers of the Corporation, approve (upon recommendations from the Corporate Governance and Compensation Committee) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
- i) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
- ii) establish limits of authority delegated to management; and
- iii) develop a written position description for the CEO.

**(g) Reporting and Communication**

The Board has the responsibility to:

- i) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- ii) verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;
- iii) verify that the financial results of the Corporation are reported fairly and in accordance with International Financial Reporting Standards from time to time;
- iv) verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- v) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and
- vi) develop appropriate measures for receiving stakeholder feedback.

**(h) Monitoring and Acting**

The Board has the responsibility to:

- i) review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;
- ii) verify that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards;

- iii) approve and monitor compliance with significant policies and procedures by which the Corporation operates;
- iv) monitor the Corporation's progress towards its goals and objectives and to work with management to revise and alter its direction in response to changing circumstances;
- v) take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant; and
- vi) verify that the Corporation has implemented appropriate internal control and management information systems.

**(i) Other Activities**

The Board may perform any other activities consistent with this mandate, the articles and by-laws of the Corporation and any other governing laws as the Board deems necessary or appropriate including, but not limited to:

- i) preparing and distributing the schedule of Board meetings for each upcoming year;
- ii) calling meetings of the Board at such time and such place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Corporation; and
- iii) ensuring that all regularly-scheduled Board meetings and committee meetings are properly attended by directors. Directors may participate in such meetings by conference call if attendance in person is not possible.

**(j) Code of Business Conduct and Ethics**

The Board shall be responsible to adopt a "Code of Business Conduct and Ethics" for the Corporation which shall address:

- i) conflicts of interest;
- ii) the protection and proper use of the Corporation's assets and opportunities;
- iii) the confidentiality of information;
- iv) fair dealing with various stakeholders of the Corporation;
- v) compliance with laws, rules and regulations; and
- vi) the reporting of any illegal or unethical behaviour.

**E. BOARD COMMITTEES**

The Board shall at all times maintain: (a) an Audit Committee; (b) a Reserves Committee; (c) a Corporate Governance and Compensation Committee; and (d) a Health, Safety, Environment and Social Committee, each of which must report to the Board. Each such committee must operate in accordance with the by-laws, applicable law, its committee charter and the applicable rules of any stock exchange on which the shares are traded. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by its by-laws and applicable law, and as the Board sees fit. The purpose of the Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the charter

of a particular committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

**F. DIRECTOR ACCESS TO MANAGEMENT**

The Corporation shall provide each director with complete access to the management of the Corporation, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation's management, business and operations. Prior to any director of the Corporation initiating a discussion with any employee of the Corporation, including management, such director shall have the obligation to provide notice to the Chair and the Chief Executive Officer of the Corporation that the director intends on initiating such a discussion.

**G. DIRECTOR COMPENSATION**

The Board, upon recommendation of the Corporate Governance and Compensation Committee, will determine and review the form and amount of compensation to directors.

**SCHEDULE E  
AUDIT COMMITTEE CHARTER**

**I. THE BOARD OF DIRECTORS' MANDATE FOR THE AUDIT COMMITTEE**

The Board of Directors (the "**Board**") has responsibility for the stewardship of PetroTal Corp. (the "**Corporation**"). To discharge that responsibility, the Board is obligated by the *Business Corporations Act* (Alberta) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Public financial reporting and disclosure by the Corporation are fundamental to the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure is to gain reasonable assurance of the following:

- (a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirement of governments, regulatory agencies and stock exchanges, if applicable, relating to financial reporting and disclosure;
- (b) that the accounting principles, significant judgements and disclosures which underlie or are incorporated in the Corporation's financial statements are appropriate in the prevailing circumstances;
- (c) that the Corporation's quarterly and annual financial statements are accurate within a reasonable level of materiality and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles; and
- (d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public, to the extent required by applicable securities laws, in a timely manner in accordance with corporate and securities law and with stock exchange regulations, if applicable.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reliably met unless the following activities (the "**Fundamental Activities**") are, in all material respects, conducted effectively:

- (a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions and consistent with internal financial controls implemented by companies of similar size and peer group as the Corporation;
- (b) the internal financial controls are regularly assessed for effectiveness and efficiency consistent with assessments performed by companies of similar size and peer group as the Corporation;
- (c) the Corporation's quarterly and annual financial statements are properly prepared by management to comply with International Financial Reporting Standards ("**IFRS**"); and
- (d) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure and to conform to applicable corporate and securities law, the Board has established the Audit Committee (the "**Committee**") of the Board.

The role of the Committee is to assist the Board in its oversight of the integrity of the financial and related information of the Corporation, including its consolidated financial statements, the internal controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements and to review the independence, qualifications and performance of the external auditor of the Corporation. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them.

## **II. COMPOSITION OF COMMITTEE**

The Committee shall be appointed annually by the Board and consist of at least three members from among the directors of the Corporation, each of whom shall be an independent director (as determined under applicable laws). Officers of the Corporation, who are also directors, may not serve as members of the Committee.

The Board shall designate the Chair of the Committee.

In the event of a vacancy arising in the Committee or a loss of independence of any member, the Committee will fill the vacancy within six months or by the following annual shareholders' meeting if sooner.

## **III. RELIANCE ON EXPERTS**

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation represented to him by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

## **IV. LIMITATIONS ON COMMITTEE'S DUTIES**

In contributing to the Committee's discharging of its duties under Terms of Reference, each member of the Corporation shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to endeavor to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

## **V. AUDIT COMMITTEE TERMS OF REFERENCE**

The Committee's Terms of Reference outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. Terms of Reference reflect the following:

- Operating Principles;
- Operating Procedures; and
- Specific Responsibilities and Duties.

While the Committee has the responsibilities set forth in its terms of reference, it is not the duty of the Committee to prepare the financial statements, plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with IFRS and applicable rules and regulations. Primary responsibility for the financial reporting, information systems, risk management, and disclosure controls and internal controls of the Corporation is vested in management.

## **1. Operating Principles**

The Committee shall fulfill its responsibilities within the context of the following principles:

### **(a) Committee Values**

The Committee expects the management of the Corporation to operate in compliance with corporate policies; reflecting laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

### **(b) Communications**

The Committee and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee chairs, the external auditors, and other key Committee advisors or Corporation staff members as applicable.

### **(c) Delegation**

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

### **(d) Financial Literacy**

All Committee members should be sufficiently versed in financial matters to read and understand the Corporation's financial statements and also to understand the Corporation's accounting practices and policies and the major judgements involved in preparing the financial statements.

### **(e) Annual Audit Committee Work Plan**

The Committee, in consultation with management and the external auditors, shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in these Terms of Reference. In addition, the Committee, in consultation with management and the external auditors, shall participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The work plan will be focused primarily on the annual and interim financial statements of the Corporation; however, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the Committee's Terms of Reference.

### **(f) Meeting Agenda**

Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with Committee members, senior management and the external auditors.

### **(g) Committee Expectations and Information Needs**

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that

written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.

(h) Access to Committee

Representatives of the external auditor and management of the Corporation shall have access to the Committee each in the absence of the other.

(i) External Resources

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise, including independent counsel.

(j) In Camera Meetings

At the discretion of the Committee, the members of the Committee shall meet in private session with the external auditors. In addition, at the discretion of the Committee, the members of the Committee shall meet in private with the management of the Corporation, without the auditors being present at such meeting.

(k) Reporting to the Board

The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

(l) The External Auditors

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall report directly to and be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

## **2. Operating Procedures**

(a) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chair, upon the request of two members of the Committee or at the request of the external auditors.

(b) A quorum shall be a majority of the members.

(c) Unless the Committee otherwise specifies, the Secretary (or his or her deputy) of the Corporation shall act as Secretary of all meetings of the Committee.

(d) In the absence of the Chair of the Committee, the members shall appoint an acting Chair.

(e) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

(f) Notice of the time and place of every meeting shall be given in writing by any means of transmitted or recorded communication, including facsimile, email or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member of the Committee may in any manner waive a notice of the meeting. Attendance of a member of the Committee at a meeting constitutes waiver of notice of the meeting, except where a



member of the Committee attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called for.

- (g) Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with the other members of the Committee, senior management and the external auditors.
- (h) Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceeds and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board).

### **3. Specific Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### **(a) Financial Reporting**

- (i) Review, prior to public release, the Corporation's annual and quarterly financial statements with management and the external auditors with a view to gaining reasonable assurance that the statements (A) are accurate within reasonable levels of materiality, (B) complete, (C) represent fairly the Corporation's financial position and performance in accordance with IFRS. The Committee shall report thereon to the Board before such financial statements are approved by the Board;
- (ii) Receive from the external auditors reports of their review of the annual and quarterly financial statements and any management letters issued to the management of the Corporation;
- (iii) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- (iv) Review, prior to public release, to the extent required pursuant to applicable securities laws, and, if appropriate, recommend approval to the Board, of news releases, to the extent required pursuant to applicable securities laws, and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;
- (v) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents that may be issued by the Corporation; and
- (vi) Review and validate procedures for the receipt, retention and resolution of complaints received by the Corporation from any party regarding accounting, auditing or internal controls. For greater certainty, the Committee's responsibilities in this area will not include complaints about minor operational issues. (Examples of minor operational issues include late payment of invoices, minor disputes over accounts owing or receivable, revenue and expense allocations and other similar items characteristic of the normal daily operations of the accounting department of an oil and gas company.)

(b) **Accounting Policies**

- (i) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgements, including changes or variations thereto.
- (ii) Obtain reasonable assurance that they are in compliance with IFRS from management and external auditors and report thereon to the Board.
- (iii) Review with management and the external auditors the apparent degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgements and provisions along with quality of financial reporting.
- (iv) Participate, if requested, in the resolution of disagreements, between management and the external auditors.
- (v) Review with management the policies and procedures used for the categorization of flow-through expenditures and the qualification of such expenditures to satisfy the Corporation's existing obligations.

(c) **Risk and Uncertainty**

- (i) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:
  - A. reviewing with management the Corporation's tolerance for financial risks;
  - B. reviewing with management its assessment of the significant financial risks facing the Corporation;
  - C. reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks; and
  - D. reviewing with management its plans, processes and programs to manage and control such risks.
- (i) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- (ii) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
- (iii) Review the adequacy of insurance coverages maintained by the Corporation; and
- (iv) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

**(d) Financial Controls and Control Deviations**

- (i) Review the plans of the external auditors to gain reasonable assurance that the evaluation and testing of applicable internal financial controls is comprehensive, coordinated and cost-effective;
- (ii) Receive regular reports from management and the external auditors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto;
- (iii) Institute a procedure that will permit any employee, including management employees, to bring to the attention of the Chair of the Committee, under conditions of confidentiality, concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgement, through existing reporting structures in the Corporation; and
- (iv) Receive and periodically assess reports from management on the policies and procedures used to assess and ensure the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements.

**(e) Compliance with Laws and Regulations**

- (i) Review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
  - A. tax and financial reporting laws and regulations;
  - B. legal withholding requirements; and
  - C. other laws and regulations which expose directors to liability.
- (ii) Review the filing status of the Corporation's tax returns, flow-through share renunciation filings and those of its subsidiaries.

**(f) Relationship with External Auditors**

- (i) Recommend to the Board the nomination of the external auditors;
- (ii) Approve the remuneration and the terms of engagement of the external auditors as set forth in the Engagement Letter. The Chair of the Committee has the authority to pre-approve non-audit services which may be required from time to time;
- (iii) Review the performance of the external auditors annually or more frequently as required;
- (iv) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (v) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;

- (vi) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ;
  - (vii) Meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
  - (viii) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee; and
  - (ix) Establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the judgement of the external auditors, merit the Committee's attention. In particular, the external auditors will advise the Committee as to disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved.
- (g) **Other Responsibilities**
- (i) After consultation with the Chief Financial Officer and the external auditors, consider at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
  - (ii) Approve in advance non-audit services, including tax advisory and compliance services, provided by the external auditors. However, the Committee can establish a threshold amount for fees for non-audit services to be provided by the external auditors without advance approval of the Committee. The nature of such services and the associated cost will be provided to the Committee at the next following meeting;
  - (iii) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
  - (iv) Perform such other functions as may from time to time be assigned to the Committee by the Board;
  - (v) Review and update the Terms of Reference on a regular basis for approval by the Board; and
  - (vi) The Committee will review disclosures regarding the organization and duties of the Committee to be included in any public document, including quarterly and annual reports to shareholders, information circulars and annual information forms.