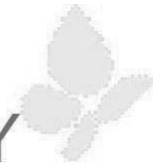


**PIERIDAE ENERGY**



**Notice of Annual and Special Meeting of  
Shareholders to be held on May 26, 2020**

**Management Information Circular**

**April 17, 2020**

## PIERIDAE ENERGY LIMITED

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Please join us at our 2020 annual and special meeting of shareholders, which will be held in a virtual-only meeting format.

#### When

May 26, 2020  
8:30 a.m. (Mountain time)

#### Where

The meeting will be held via live audio webcast online at: <http://web.lumiagm.com/123385574>.

In order to proactively deal with the unprecedented public health impact of the coronavirus disease 2019 (COVID-19), and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, Pieridae Energy Limited will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Thus, shareholders will have the opportunity to participate in the meeting online regardless of their geographic location. During the meeting, participants will have the opportunity to ask questions and vote on a number of important matters. Interested shareholders are encouraged to participate in the meeting. Inside this document, you will find important information and detailed instructions about how to participate in the meeting on a virtual basis.

#### What the meeting will cover

**Receiving** our 2019 consolidated financial statements and the related auditor's report

**Fixing** the number of directors to be elected at eight

**Electing** our directors

**Appointing** Ernst & Young LLP as auditors of Pieridae Energy Limited

**Approving** the Stock Option Plan

**Approving** the adoption of By-Law No. 3

**Considering** any other business which may be properly brought before the Meeting or any adjournment or postponement thereof

(Refer to attached Management Information Circular for more details.)

#### Your vote is important

The management information circular tells you about the items of business, who can vote and how you can vote. Please read it carefully and remember to vote.

**Shareholders that are unable to participate in the Meeting** or any adjournment or postponement thereof via live audio webcast are requested to date, sign and return the accompanying form of proxy or voting instruction form issued by your broker or other intermediary, and mail it in the envelope provided so that **it is received no later than 8:30 am (Mountain time) on May 22, 2020** to: Computershare Trust Company of Canada, Attention: Proxy department, 8th floor, 100 University Avenue, Toronto, Ontario M6J 2Y1 Alternatively, Shareholders may use the internet ([www.investorvote.com](http://www.investorvote.com)) or the telephone (1-866-732-

VOTE (8683) to transmit voting instructions. In each case, proxies must be received not later than 8:30 am (Mountain time) on May 22, 2020, or 48 hours before the time of the adjourned or postponed meeting (excluding weekends and holidays).

Non-Registered Shareholders (as defined in the accompanying management information circular) who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

**If you are a Non-Registered Shareholder and do not complete and return the materials in accordance with such instructions, you may not be entitled to vote at the Meeting, either online or by proxy.**

If you have any questions about the meeting or about voting, you should contact Computershare Trust Company of Canada by telephone (toll-free) at 1-800-564-6253.

**By order of the board of directors of Pieridae Energy Limited**

dated at Calgary, Alberta this 17th day of April 2020

*“Thomas Ciz”*

Thomas Ciz  
Corporate Secretary

## **MANAGEMENT INFORMATION CIRCULAR**

You have received this Management Information Circular (the “**Circular**”) because you owned common shares (“**Common Shares**”) of Pieridae Energy Limited (the “**Corporation**” or “**Pieridae**”) as of the close of business on April 17, 2020 (the “**Record Date**”).

You are entitled to receive notice of, and to vote your shares at, our annual and special meeting of shareholders (the “**Meeting**”) on May 26, 2020 or at any adjournment or postponement thereof.

We are soliciting your proxy for the Meeting, which means we are contacting you to encourage you to vote. We do this mainly by mail, but we may also phone you. If we use a third party to contact you on our behalf, we will pay the associated cost (which we expect to be nominal).

In order to proactively cope with the unprecedented public health impact of the coronavirus disease 2019 (COVID-19), and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Corporation will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Thus, shareholders of the Corporation (the “**Shareholders**”) will have the opportunity to participate in the Meeting online regardless of their geographic location. During the Meeting, participants will have the opportunity to ask questions and vote on a number of important matters. Interested persons are encouraged to participate in the Meeting.

Within the Circular you will find important information about the meeting, the items of business to be addressed during the meeting and detailed instructions about how to participate in the Meeting, and to vote your Common Shares, on a virtual basis. Unless otherwise indicated, all information contained in this Circular is given as of the Record Date and all dollar amounts referenced therein are stated in Canadian dollars.

**The board of directors of the Corporation has approved this Circular and its distribution to the Shareholders.**

Dated at Calgary, Alberta on April 17, 2020.

Pieridae Energy Limited

*“Alfred Sorensen”*

**Alfred Sorensen**  
Chief Executive Officer  
Pieridae Energy Limited

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## PROXY INFORMATION

### VOTING

At least two persons who hold or represent by proxy at least 5% of the issued and outstanding Common Shares must be present at the Meeting for it to proceed. If you submit a properly executed form of proxy or vote by telephone or the internet, you will be considered to be part of the quorum.

As at the Record Date, the Corporation has 157,641,871 Common Shares issued and outstanding. The outstanding Common Shares are listed on the TSX Venture Exchange (the “TSXV”) under the symbol “PEA”.

We must receive a simple majority of votes cast (50% plus one vote) for all items put forward at the Meeting to be approved. Computershare Trust Company of Canada (“Computershare”), our transfer agent and registrar, will count the votes in its capacity as the Meeting’s scrutineer.

### WHO CAN VOTE

If you held Common Shares at 5:00 p.m. (Mountain time) on the Record Date (April 17, 2020), you are entitled to receive notice of and vote at the Meeting. Each Common Share you own entitles you to one vote at the meeting or any adjournment or postponement.

We are not aware of any person who beneficially owns or exercises control or direction over (directly or indirectly) more than 10% of the voting rights attached to Common Shares as at the Record Date, except the following:

- (a) Alberta Investment Management Corporation is the registered holder of 23,419,546 (or approximately 14.9%) of the issued and outstanding Common Shares on the Record Date; and
- (b) Erikson National Energy Inc.<sup>1</sup> is the registered holder of 23,255,813 (or approximately 14.8%) of the issued and outstanding Common Shares on the Record Date.

### HOW TO VOTE

You can vote in one of two ways:

- (a) by participating in the meeting via live audio webcast online at: <http://web.lumiagm.com/123385574>; or
- (b) by having someone else vote for you at the meeting via live audio webcast (called voting by proxy).

The rules depend on whether you’re a registered shareholder or a non-registered (beneficial) shareholder.

#### *registered shareholders*

You are a *registered shareholder* of Common Shares if you hold the share certificate in your name or your shares are recorded electronically in the direct registration system (a “**Registered Shareholder**”). We have sent you a *proxy form* with this package.

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<sup>1</sup> Mark Horrox, one of the Corporation’s directors being put forth for re-election at the Meeting, is a director of Erikson National Energy Inc.

### *non-registered (beneficial) shareholders*

You are a *non-registered shareholder* of Common Shares if you hold your shares through an intermediary (a “**Non-Registered Shareholder**”) where the shares are registered in your intermediary’s name and you are the beneficial shareholder. More particularly, you are a Non-Registered Shareholder if your Common Shares are held on your behalf but registered either: (a) in the name of an intermediary that you deal with in respect of the Common Shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the intermediary is a participant.

We do not have the names of Non-Registered Shareholders or a record of the number of shares that are owned by Non-Registered Shareholders.

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as Non-Objecting Beneficial Owners (“**NOBOs**”). Non-Registered Shareholders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as Objecting Beneficial Owners (“**OBOs**”).

In accordance with the requirements as set out in National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular, the form of proxy and the supplemental mailing list return card (collectively, the “**Meeting Materials**”) to intermediaries for onward distribution to NOBOs and OBOs. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. The Corporation will pay for intermediaries to deliver the Meeting Materials to OBOs.

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Non-Registered Shareholders should carefully follow the instructions of their intermediary, including those regarding when and where the proxy, proxy authorization form or voting instruction form is to be delivered. Only Registered Shareholders have the right to revoke a proxy. A Non-Registered Shareholder who wishes to change its vote must arrange for its intermediary to revoke its proxy on its behalf. Your intermediary will send you a *voting instruction form*. You must comply with the instructions on the voting instruction form and return it your intermediary for your vote to be counted at the Meeting.

#### VOTING PROCEDURE

	registered shareholders	non-registered (beneficial) shareholders
<b>Voting by proxy</b>	<p>Your shares will be voted at the meeting according to your instructions. Send your voting instructions by using your <i>proxy form</i>.</p> <p>You can send your instructions by mail in the addressed envelope enclosed herewith to Computershare. Follow the instructions on the form carefully. <b>Your instructions must be received by 8:30 am (Mountain time) on May 22, 2020 for your vote to be counted.</b> If you’re mailing the form, be sure to allow enough time for the envelope to be delivered.</p> <p>If you are appointing a proxyholder other than Myron A. Tétreault or alternatively, Alfred</p>	<p>Your shares will be voted at the meeting according to your instructions. Send your voting instructions using your <i>voting instruction form</i>.</p> <p>Most intermediaries allow you to send your instructions by mail, internet, telephone or fax, but each has its own process so make sure you follow the instructions on the form. <b>Your intermediary must receive your instructions in enough time to act on them. Check the deadline on the form.</b> If you’re mailing your instructions,</p>



	registered shareholders	non-registered (beneficial) shareholders
	<p>Sorensen, you must register such proxyholder, which is an additional step to be completed once you have submitted your form of proxy. Failure to register the proxyholder with our transfer agent will result in the proxyholder not receiving a Control Number to participate in the Meeting and only being able to attend as a guest.</p> <p>If the meeting is adjourned or postponed, your proxy must be received 48 hours before the time of the reconvened meeting (excluding weekends and holidays).</p> <p>You may also vote by telephone by calling 1-866-732-8683 (toll-free) or by using the internet at:</p> <p><a href="http://www.investorvote.com">www.investorvote.com</a>.</p>	<p>be sure to allow enough time for the envelope to be delivered.</p> <p>If you are appointing a proxyholder other than Myron A. Tétreault or alternatively, Alfred Sorensen, you must register such proxyholder, which is an additional step to be completed once you have submitted your form of proxy. Failure to register the proxyholder with our transfer agent will result in the proxyholder not receiving a Control Number to participate in the Meeting and only being able to attend as a guest.</p>
<b>Voting at the Meeting via live audio webcast</b>	<p>Do not complete and return the proxy form – your vote will be taken and counted at the meeting, via webcast.</p> <p>Log in online at: <a href="http://web.lumiagm.com/123385574">http://web.lumiagm.com/123385574</a>.</p> <p>We recommend that you login in at least one hour before the Meeting starts. Click “Login” and then enter your Control Number and Password “pieridae2020” (case sensitive).</p>	<p>To vote at the Meeting, you should strike out the names of the Management Proxyholders named in the form and insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as a proxyholder, as described below.</p>
<b>Register your proxyholder</b>	<p>To register a third-party proxyholder, shareholders must visit:</p> <p><a href="http://www.computershare.com/PEAQ">http://www.computershare.com/PEAQ</a></p> <p>by 8:30 am (Mountain Time) on May 22, 2020 and provide Computershare with the requested information including your Holder ID.</p> <p>Computershare will provide the third-party proxyholder with a control number by e-mail. This control number is required to vote at the meeting.</p>	<p>To register a third-party proxyholder, shareholders must visit:</p> <p><a href="http://www.computershare.com/PEAQ">http://www.computershare.com/PEAQ</a></p> <p>by 8:30 am (Mountain Time) on May 22, 2020 and provide Computershare with the requested information including your CUID.</p> <p>Computershare will provide the third-party proxyholder with a control number by email. This control number is required to vote at the meeting.</p>
<b>Changing your vote</b>	<p>If you voted by phone or internet, then voting again by phone or internet will revoke your previous vote.</p> <p>If you faxed or mailed your proxy, you can revoke your vote and provide new voting instructions by fax or mail. The letter must be signed by you or your authorized attorney. If the shareholder is a corporation, the instructions must include a corporate seal or</p>	<p>The votes of a properly appointed proxyholder are not counted until the proxyholder attends the meeting. Therefore, it will not be possible for a non-registered (beneficial) shareholder to revoke their proxy vote.</p>

	registered shareholders	non-registered (beneficial) shareholders
	<p>be signed by an authorized officer or attorney.</p> <p>Your previous instructions will be revoked as long as:</p> <ul style="list-style-type: none"> <li>• they are received by 8:30 am (Mountain time) on May 22, 2020, or</li> <li>• you provide them in any other way permitted by law.</li> </ul> <p>If you have followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke your previous proxy.</p>	
<p><b>More about voting by proxy</b></p>	<p>When you send in the proxy form, by default you are appointing Myron A. Tétreault and in the alternative, Alfred Sorensen, to act as your proxyholder and vote on your behalf. They will vote your shares according to the voting instructions you provide on the proxy form. If you do not provide voting instructions, they will vote FOR the resolutions to be voted on at the meeting. The proxy form confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date of the Circular, Management is not aware of any such amendment, variation or other matter to come before the Meeting.</p> <p>You also have the right to appoint someone else to represent you at the Meeting or at any adjournment or postponement thereof. This person does not need to be a shareholder of the Corporation. Simply write that person’s name in the blank space provided on the proxy form. That person does not need to be a shareholder. Your vote will be counted as long as the person you appoint attends the Meeting and votes on your behalf. If amendments or new items are brought before the Meeting, your proxyholder can vote as he or she sees fit.</p>	

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, the management of the Corporation (the “**Management**”) is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation’s last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and executive officers of the Corporation may receive incentive stock options pursuant to the Stock Option Plan.

## SHAREHOLDER QUESTIONS AND ANSWERS

### *Why is Pieridae having a virtual only Meeting?*

In order to proactively deal with the unprecedented public health impact of the coronavirus disease 2019 (COVID-19), and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Corporation will hold the Meeting in a virtual only format, which will be conducted *via* live audio webcast. Thus, Shareholders will have the opportunity to participate in the Meeting online regardless of their geographic location.

### *How will Shareholders be able to participate at the Meeting?*

Registered Shareholders and duly appointed third party proxyholders who participate at the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided that they are connected to the internet and comply with all of the requirements set out below under “How do I vote” and “How do I participate at the Meeting?”.

Non-Registered Shareholders should have received this Circular, together with either (a) the voting instruction form (or proxy authorization form) from your intermediary to be completed and signed by them and returned to the intermediary in accordance with the instructions provided by the intermediary, or (b) a form of proxy, which has already been signed by the intermediary and is restricted as to the number of Common Shares beneficially owned by you. The voting instructions, proxy authorization form or form of proxy is to be completed by you and delivered to Computershare’s address: Attention: Proxy Department, 8th floor, 100 University Avenue, Toronto, Ontario M6J 2Y1 by 8:30 am on May 22, 2020 or by 48 hours before the Meeting is reconvened if it was postponed or adjourned or by any other manner permitted by law. To participate in, and to vote during, the Meeting, a Non-Registered Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to participate and vote, will be forwarded to the Non-Registered Shareholder.

Non-Registered Shareholders who have not duly appointed themselves as proxyholders may still participate in the Meeting as a “guest”. Guests will be able to listen to the Meeting but will not be able to ask questions or vote at the Meeting. See “How do I vote” and “How do I participate at the Meeting?” below.

### *Who is soliciting my proxy?*

The Management of Pieridae is soliciting your proxy for use at the Meeting to be held on May 26, 2020.

### *Will the financial statements of the Corporation be presented at the Meeting?*

The financial statements for the year ended December 31, 2019, together with the auditors’ report on these statements, will be presented at the Meeting as the first order of business.

### *On what will I be asked to vote?*

You will be asked to vote on the following:

- (a) to fix the number directors of the Corporation to be elected as eight;
- (b) to elect the directors of the Corporation for the ensuing year;
- (c) to appoint Ernst & Young LLP as the auditors of the Corporation for the ensuing year and authorize the board of directors to fix their remuneration;
- (d) to consider and, if deemed advisable, to pass an ordinary resolution approving the Stock Option Plan (as defined and described below);
- (e) to consider and, if deemed advisable, to pass an ordinary resolution approving the adoption of By Law No. 3 (as defined and described below); and
- (f) to transact any other business which may be properly brought before the Meeting.

### *How will these matters be decided at the Meeting?*

A majority of votes cast by the Shareholders, either by proxy or in person, will constitute approval of each of the matters specified in this Circular.

### *How many votes do I have?*

You will have one vote for each Common Share that you hold at the close of business on the Record Date (April 17, 2020).

### *How many Common Shares are eligible to vote?*

At the close of business on the Record Date, there were 157,641,871 Common Shares issued and outstanding. Each Common Share held by you at that Record Date entitles you to one vote.

### *How do I vote?*

If you are eligible to vote and your Common Shares are registered in your name at the close of business on the Record Date, you can vote your Common Shares:

- (a) by completing a ballot online during the Meeting, as further described below under the heading “*How do I participate at the Meeting?*”; or
- (b) by proxy, as further described below under the heading “*How can a Registered Shareholder vote by proxy?*”; or
- (c) by phone by calling the toll-free number listed on the form of proxy from a touch tone phone, entering your Control Number listed on the form of proxy and following the voting instructions.

In order to vote the Common Shares that you acquired after the Record Date, you must, no later than the commencement of the Meeting:

- (d) request that the Corporation add your name to the list of voters; and
- (e) properly establish ownership of the Common Shares or produce properly endorsed share certificates evidencing that the Common Shares have been transferred to you.

If your Common Shares are registered in the name of an intermediary, such as a bank, trust company, securities broker or other financial institution, (an “**Intermediary**”) please see the instructions below under the heading “*How can a Non-Registered Shareholder vote?*”.

### *How do I participate in the Meeting?*

Pieridae is holding the Meeting in a virtual only format, which will be conducted *via* live audio webcast. Consequently, Shareholders will not be able to attend the Meeting in person.

Participating in the Meeting online enables Registered Shareholders and duly appointed proxyholders, including Non-Registered Shareholders who have duly appointed themselves as proxyholder, to participate at the Meeting and ask questions, all in real time. Registered Shareholders and duly appointed proxyholders can vote at the appropriate times during the Meeting.

Guests, including Non-Registered Shareholders who have not duly appointed themselves as proxyholder, may log in to the Meeting as a Guest, as set out below, and may listen to the Meeting but will not be able to vote.

Log in online at <http://web.lumiagm.com/123385574> and proceed based on the following instructions.

#### **Instructions for Registered Shareholders and Proxyholders**

Click “Login” and then enter your Control Number (see below) and Password “pieridae2020” (case sensitive).

Registered shareholders:

The Control Number is located on the form of proxy or in the email notification you received is your Control Number.

Duly appointed proxyholders:

Computershare will provide the proxyholder with a Control Number by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed AND has registered as described under the heading “*Appointment of a third party as proxy*” above.

#### **Instructions for Guests**

Click “Guest” and then complete the online form.

If you participate in the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure and we recommend that you log in at least one hour before the Meeting is scheduled to begin.

#### ***How can a Non-Registered Shareholder vote?***

If your Common Shares are not registered in your name, they will be held by an Intermediary such as a bank, trust company, securities broker or other financial institution. **Each Intermediary has its own procedures that should be carefully followed by Non-Registered Shareholders to ensure that their Common Shares are voted at the Meeting, including when and where the proxy or voting instruction form (or proxy authorization form) is to be delivered.**

#### ***How can a Shareholder vote by proxy?***

The following applies to Shareholders who wish to appoint someone as their proxyholder other than the Management Proxyholders named in the form of proxy or voting instruction form. This includes Non-

Registered Shareholders who wish to appoint themselves as proxyholder to participate and vote at the Meeting.

Shareholders who wish to appoint someone other than the Management Proxyholders as their proxyholder to participate in, and to vote their Common Shares during, the Meeting as their proxy (including Non-Registered Shareholders who wish to appoint themselves as their proxyholder to participate in, and to vote their Common Shares during, the Meeting) MUST submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder AND register that proxyholder online, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Control Number that is required to vote at the Meeting.

Step 1: Submit your form of proxy or voting instruction form: To appoint someone other than the Management Proxyholders as proxyholder, insert that person's full legal name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form.

If you are a Non-Registered Shareholder and wish to vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your Intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described below. By doing so, you are instructing your Intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. Please also see further instructions below under the heading "How do I participate at the Meeting?".

If you are a Non-Registered Shareholder located in the U.S.A. and wish to vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described below under "How do I participate at the Meeting?", you must obtain a valid legal proxy from your Intermediary. Follow the instructions from your Intermediary included with the legal proxy form and the voting information form sent to you, or contact your Intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your Intermediary, you must then submit such legal proxy to Computershare. Requests for registration from Non-Registered Shareholders located in the U.S.A. that wish to vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail or by courier to: [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com) (if by e-mail), or Computershare, Attention: Proxy Dept., 8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1, Canada (if by courier), and in both cases, must be labeled "Legal Proxy" and received no later than the voting deadline of 8:30 a.m. (Mountain Time) on May 22, 2020.

Step 2: Register your proxyholder: To register a third party proxyholder, shareholders must visit [www.computershare.com/PEAQ](http://www.computershare.com/PEAQ) by 8:30 a.m. (Mountain Time) on May 22, 2020 and provide Computershare with the required proxyholder contact information so that Computershare may provide the proxyholder with a Control Number via email. Without a Control Number, proxyholders will not be able to vote at the Meeting but will be able to participate as a guest.

### *How will my proxy be voted?*

On the form of proxy, you can indicate how you would like your proxyholder to vote your Common Shares for any matter put to a vote at the Meeting and on any ballot, and your Common Shares will be voted accordingly.

If you do not indicate how you want your Common Shares to be voted, the Management Proxyholders named in the form of proxy intend to vote your Common Shares in the following manner:

- (a) **FOR** fixing of the number of the number directors of the Corporation to be elected as eight;
- (b) **FOR** the election of Management's nominees for directors;
- (c) **FOR** the appointment of Management's nominee, Ernst & Young LLP, as the auditors and for the authorization of the directors to fix their remuneration;
- (d) **FOR** the approval of the Stock Option Plan;
- (e) **FOR** the approval of the adoption of By Law No. 3; and
- (f) **FOR** transacting any other business which may be properly brought before the Meeting.

### *What if I want to revoke my proxy?*

If you are a registered shareholder you can revoke your voting instructions by sending us a notice in writing (from you or a person authorized to sign on your behalf). This request must be delivered to Computershare's address: Attention: Proxy Department, 8th floor, 100 University Avenue, Toronto, Ontario M6J 2Y1 by 8:30 am on May 22, 2020 or by 48 hours before the Meeting is reconvened if it was postponed or adjourned or by any other manner permitted by law. Alternatively, if you have followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke your previous proxy.

If you are a beneficial shareholder, contact your intermediary to find out how to change or revoke your voting instructions and the timing requirements. Intermediaries may set deadlines for the receipt of revocation notices that are farther in advance of the Meeting than those set out above and, accordingly, any such revocation should be completed well in advance of the deadline prescribed in the proxy card or voting instruction form to ensure it is given effect at the meeting.

### *How are proxy solicited?*

The solicitation of proxies will be primarily by mail; however, proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The cost of this solicitation will be paid by the Corporation.

### *How are Meeting Materials delivered to Shareholders?*

Meeting Materials are sent to Registered Shareholders directly. Meeting Materials are sent to Intermediaries to be forwarded to all Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory

requirements from the Intermediary holding on your behalf. The Corporation pays the cost of delivery of Meeting Materials for all Registered Shareholders and Non-Registered Shareholders, including to Intermediaries for delivery to objecting Non-Registered Shareholders.

## BUSINESS OF THE MEETING

### RECEIVING THE ANNUAL REPORT

A copy of the annual report of the Corporation (the “**Annual Report**”), including the consolidated financial statements of the Corporation for the year ended December 31, 2019, the report of Auditors thereon and the related management discussion and analysis (“**MD&A**”), will be sent under a separate cover to all Registered Shareholders and to those Non-Registered Shareholders who have requested a copy of the Annual Report.

The Annual Report is also available on the Corporation’s website at [www.pieridaenergy.com](http://www.pieridaenergy.com) and under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com).

### ELECTION OF DIRECTORS

Each member of the board of directors of the Corporation (the “**Board**”) is elected at each annual meeting of Shareholders to hold office until the conclusion of the next such annual meeting unless prior to that meeting, the director resigns or the position becomes vacant for any reason. In such an event, the bylaws of the Corporation permit the Board to fill such vacancy subject to the provisions of the *Canada Business Corporations Act*, R.S.C. 1985, c C-44, as amended, (the “**CBCA**”). In addition, the articles of the Corporation (the “**Articles**”) permit the Board to appoint one or more additional directors of the Corporation who shall hold office for a term expiring not later than the close of the next annual meeting of Shareholders but the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of Shareholders. On October 30, 2019 the Board exercised its authority under the Articles by appointing Mark Horrox as a director of the Corporation.

The Articles allow for a minimum of three, and a maximum of eleven, directors of the Corporation. The current number of directors of the Corporation is eight and the Board has fixed the number of directors to be elected at the Meeting at eight, with the eight proposed nominees for election to the Board (collectively, the “**Nominees**” and each, a “**Nominee**”) being:

NAME OF NOMINEE	DATE FIRST ELECTED OR APPOINTED AS A DIRECTOR OF THE CORPORATION	NAME OF NOMINEE	DATE FIRST ELECTED OR APPOINTED AS A DIRECTOR OF THE CORPORATION
Myron Tétreault	March 20, 2009	Charle Gamba	June 18, 2019
Charles Boulanger	December 11, 2012	Mark Horrox	November 1, 2019
Kjell Pedersen	June 27, 2018	Alfred Sorensen	May 29, 2012
Andrew Judson	June 12, 2015	Kiren Singh	nominee



Except for Alfred Sorensen and Myron Tétreault, all of the other Nominees are considered to be independent. See “*Information Concerning Governance*” for a further discussion of independence of the Nominees.

Each Nominee who is elected as a director will hold that office until the conclusion of the next annual meeting of the Corporation or until the successor of such director is duly elected or appointed in the event that such office is earlier vacated. In the absence of a contrary instruction or if no choice is specified in the proxy with respect to the following matter, the Management Proxyholders intend to vote FOR the fixing of the number of directors to be elected at the Meeting at eight and FOR the election as directors of the Nominees whose names are set forth above. Except for Kiren Singh who is not currently a director of the Corporation, each such Nominee has been a director since the date indicated opposite the proposed Nominee’s name in the above table.

*Certain Information Regarding the Nominees for Election to the Board*

**Myron A. Tétreault — Chairman of the Board**

<p>Name of Nominee: Myron Tétreault</p> <p>Credentials: B.B.A., J.D. Age: 52 Residence: Calgary, Alberta, Canada</p> <p>Non-Independent</p>	<p>Mr. Tétreault has been chairman of Calafate Holdings Ltd. since 1999 and serves as the Lead Director of PHX Energy Services Corp. He is also a co-founder and director of Fitzroy Developments Ltd., Fitzroyalty Land Opportunities Fund LP, and the Chairman of West Aspen Holdings Ltd. and Stoked Oats Ltd. In the recent past, Mr. Tétreault was co-founder and director of Northern Vision Development Corp. for 14 years and a co-founder and director of Webber Academy Foundation for 24 years. Mr. Tétreault obtained his Bachelor of Business Administration degree (<i>cum laude</i>) from the University of Ottawa in 1988 and his Juris Doctor degree (with distinction) from the University of Saskatchewan in 1992. He is also a member of the Law Society of Alberta.</p>	
<p>Board memberships of other public corporations: PHX Energy Services Corp.</p>		
<p>Voting Results at 2019 annual meeting: For: 90.15%</p>	<p>Director since March 20, 2009</p>	
<p>Withheld: 9.85%</p> <p>Number of Common Shares beneficially owned, controlled or directed: 583,284</p>	<p>Board meeting attendance:</p>	<p>15 out of 15</p>
	<p>Audit Committee meeting attendance:</p>	<p>3 out of 3<sup>2</sup></p>
	<p>Governance &amp; Compensation Committee meeting attendance:</p>	<p>2 out of 2<sup>3</sup></p>

<sup>2</sup> During 2019 the Audit Committee met five times. Mr. Tétreault ceased to be a member of that committee part-way during the year.  
<sup>3</sup> During 2019 the Governance & Compensation Committee met three times. Mr. Tétreault became a member of that committee part-way during the year.

## Charles Boulanger — Director

<p>Name of Nominee: Charles Boulanger</p> <p>Credentials: B.Sc.A., Mechanical Engineering</p> <p>Age: 62</p> <p>Residence: Quebec City, Quebec, Canada</p> <p>Independent</p>	<p>Mr. Boulanger is the chief executive officer of Leddartech Inc., a private company with a unique, patented solid-state LiDAR technology. He is also the president of Moody Management Inc., a private investment firm. Mr. Boulanger has over 35 years of experience in senior management positions in several industrial sectors with companies such as Shell Canada Limited, a subsidiary of Royal Dutch Shell, Irving Oil, a subsidiary of Irving Group of Companies, GSI Environmental Inc. and Prolab Technolub Inc. He currently sits on the boards of Chimie Parachem s.e.c., and LeddarTech Inc. Mr. Boulanger earned a degree in mechanical engineering from Université Laval in 1981 and graduated from the senior management program at the International Center for Research and Studies in Management (CIEM) in 1990.</p>		
Board memberships of other public corporations: none			
Voting results apt 2019 annual meeting	For:	99.87%	Director since December 11, 2012
	Withheld:	0.13%	Board meeting attendance:
Number of Common Shares beneficially owned, controlled or directed: 270,795	Audit Committee meeting attendance:		5 out of 5
	Reserves & HSE Committee meeting attendance:		4 out of 4

## Kjell Pedersen — Director

<p>Name of Nominee: Kjell Pedersen</p> <p>Credentials: Masters degree, petroleum engineering</p> <p>Age: 67</p> <p>Residence: Stavanger, Norway</p> <p>Independent</p>	<p>A citizen of Norway, Mr. Pedersen has 40 years of experience in oil and gas exploration and production in Europe and North America. Mr. Pedersen has been director of Det Norske Oljeselskap AS (currently AkerBP), chairman of the construction company Aibel AS, vice-chair of Anticosti Hydrocarbons (Canada) and chief executive officer of Petoro AS from 2001 until retirement in 2013. He began his career as a drilling engineer with Exxon Corporation and during his 23 years with ExxonMobil Corporation, held various high management positions in engineering, operations and gas commercial areas in Norway, the U.S.A., Germany and the U.K.</p>		
Board memberships of other public corporations: none			
Voting results at 2019 annual meeting:	For:	99.89%	Director since June 27, 2018
	Withheld:	0.11%	Board meeting attendance:
Number of Common Shares beneficially owned, controlled or directed: 46,829	Reserves & HSE Committee meeting attendance:		4 out of 4
	Governance & Compensation Committee meeting attendance:		3 out of 3

## Andrew Judson – Director

Name of Nominee: Andrew Judson  Credentials: B.A., M.B.A. Age: 52 Residence: Calgary, Alberta, Canada  Independent		Mr. Judson is a director of Condor Petroleum Inc., a public Canadian company operating oil and gas developments in Turkey and Kazakhstan. Previously, Mr. Judson was a director of and senior advisor to Daytona Power Corp., a corporation developing pumped hydro storage projects in the South Western U.S.A. and was managing director of Camcor Partners Inc. Mr. Judson has more than 25 years of experience in Canadian energy capital markets and has advised some of the largest institutional investors in Canada, the U.S.A. and Europe on energy investments.	
Board memberships of other public corporations: Condor Petroleum Inc.			
Voting results at 2019 annual meeting:	for: 99.89%	Director since June 12, 2015	
	withheld: 0.11%	Board meeting attendance:	15 out of 15
Number of Common Shares beneficially owned, controlled or directed: 51,682	Audit Committee meeting attendance:		5 out of 5
	Governance & Compensation Committee meeting attendance:		3 out of 3

## Charle Gamba — Director

Name of Nominee: Charle Gamba  Credentials: M.Sc. (geology), Ph.D. Age: 55 Residence: Bogota S.F., Colombia  Independent		Mr. Gamba is currently chief executive officer and president of Canacol Energy Ltd., which he founded in 2008. He has held a variety of technical and management roles with major and mid-sized international oil companies, with most of his professional career focused on exploration and production in South America. He holds an M.Sc. and a Ph.D. in geology.	
Board memberships of other public corporations: Horizon Petroleum Ltd. <sup>4</sup> (independent director from 2012 to present)			
Voting results at 2019 annual meeting:	for: 98.01%	Director since June 18, 2019	
	withheld: 1.99%	Board meeting attendance:	5 out of 5 <sup>5</sup>
Number of Common Shares beneficially owned, controlled or directed: 224,718	Audit Committee meeting attendance:		1 out of 2 <sup>6</sup>
	Reserves & HSE Committee meeting attendance:		2 out of 2 <sup>7</sup>

<sup>4</sup> The shares of Horizon Petroleum Ltd. trade on the TSXV under the symbol "HPL".

<sup>5</sup> During 2019 the Board met fifteen times. Mr. Gamba became a member of the Board on June 18, 2019.

<sup>6</sup> During 2019 the Audit Committee met five times. Mr. Gamba became a member of that committee part-way during the year.

<sup>7</sup> During 2019 the Reserves & HSE Committee met four times. Mr. Gamba became a member of that committee part-way during the year.

### Mark Horrox – Director

<p>Name of Nominee: Mark Horrox</p> <p>Credentials: B.A. (honours), M.B.A.</p> <p>Age: 41</p> <p>Residence: Toronto, Ontario, Canada</p> <p>Independent</p>	<p>Mr. Horrox is a Principal at Third Eye Capital Corporation (“TEC”). He has 20 years of global experience investing in companies undergoing change or growth. His responsibilities at TEC include advancing the firm's investment activities in the Canadian energy market. Mr. Horrox is the director of Erikson National Energy Inc., a portfolio company of TEC, and is a director of other TEC-backed resource companies. He holds a Master of Business Administration (M.B.A.) from London Business School.</p>	
<p>Board memberships of other public corporations: none</p>		
<p>Voting Results at 2019 annual meeting: – not applicable</p>	<p>Director since November 1, 2019</p>	
	<table border="1"> <tr> <td>Board meeting attendance:</td> <td>1 out of 1<sup>8</sup></td> </tr> </table>	Board meeting attendance:
Board meeting attendance:	1 out of 1 <sup>8</sup>	
<p>Number of Common Shares beneficially owned, controlled or directed: Nil</p>	<p>Mr. Horrox did not serve on any committees of the Board during 2019.</p>	

### Alfred Sorensen – Chief Executive Officer and Director

<p>Name of Nominee: Alfred Sorensen</p> <p>Credentials: B.Comm., CPA, CA</p> <p>Age: 58</p> <p>Residence: Calgary, Alberta, Canada</p> <p>Non-Independent</p>	<p>Mr. Sorensen is the chief executive officer of Pieridae Energy Limited and has been since its founding in 2012. He is a chartered accountant and a leader in the energy industry with over 30 years of Canadian and international experience. Mr. Sorensen served as the chief executive officer of Canadian Spirit Resources from 2013 to 2015.</p>	
<p>Board memberships of other public corporations: Canadian Spirit Resources Inc.</p>		
<p>Voting results at 2019 annual meeting:</p> <p>For: 99.89%</p> <p>Withheld: 0.11%</p>	<p>Director since May 29, 2012</p>	
	<table border="1"> <tr> <td>Board meeting attendance:</td> <td>14 out of 15</td> </tr> </table>	Board meeting attendance:
Board meeting attendance:	14 out of 15	
<p>Number of Common Shares beneficially owned, controlled or directed: 11,662,492</p>	<p>Mr. Sorensen did not serve on any committees of the Board during 2019.</p>	

<sup>8</sup> During 2019 the Board met fifteen times. Mr. Horrox became a member of the Board on November 1, 2019.

## Kiren Singh – Nominee

<p>Name of Nominee: Kiren Singh</p> <p>Credentials: B.Comm., MBA, CFA, CRM, ICD.D</p> <p>Age: 55</p> <p>Residence: Canmore, Alberta, Canada</p> <p>Independent</p>	<p>Ms. Singh is a financial executive and corporate director. Ms. Singh served as Chief Financial Officer, Vice President Risk Management and Treasurer during her 30-year career in the energy sector where she led and participated in more than \$4.5B corporate financings and \$11B of global project financings and insurance programs representing privately held and publicly traded Canadian (Toronto Stock Exchange) and US (New York Stock Exchange) corporations including Gibson Energy Inc., OPTI Canada Inc., Value Creation Inc., Exxon Mobil Corporation and Mobil Corporation. Ms. Singh serves on the boards of Dynamic Risk Assessment Systems Inc. (Chair, Finance and Risk Committee); Agriculture Financial Services Corp. (Audit and Risk Committees); and, Travel Alberta (Chair, Audit and Finance Committee). She holds an MBA and Bachelor of Commerce (University of Calgary); and a CFA (CFA Institute), CRM (Global Risk Management Institute) and ICD.D (University of Toronto).</p>
Board memberships of other public corporations: none	
Voting Results at 2019 annual meeting: not applicable	Nominee
Number of Common Shares beneficially owned, controlled or directed: 182,800	

The following table indicates the competencies and skills possessed by each Nominee (as determined by the Governance & Compensation Committee) in those particular categories that are most relevant to the Corporation and important to enable the Board to discharge its statutory and common law responsibilities.

	RANGE							
	3 = HIGH EXPERTISE    2 = MODERATE EXPERTISE    1 = MINIMAL OR NO EXPERTISE							
	MYRON TÉTREALT	CHARLES BOULANGER	KJELL PEDERSEN	ANDREW JUDSON	CHARLE GAMBA	MARK HORROX	KIREN SINGH	ALFRED SORENSEN
NATURAL GAS INDUSTRY (UPSTREAM)	2	2	3	2	2	1	2	1
NATURAL GAS INDUSTRY (MIDSTREAM)	2	2	2	2	2	1	2	1
NATURAL GAS INDUSTRY (DOWNSTREAM)	1	2	2	1	2	1	2	3
INTERNATIONAL BUSINESS	2	3	2	2	2	2	3	3
EQUITY PROCUREMENT	3	3	1	3	2	2	3	3

	RANGE							
	3 = HIGH EXPERTISE    2 = MODERATE EXPERTISE    1 = MINIMAL OR NO EXPERTISE							
	MYRON TÉTREALT	CHARLES BOULANGER	KJELL PEDERSEN	ANDREW JUDSON	CHARLE GAMBA	MARK HORROX	KIREN SINGH	ALFRED SORENSEN
PROJECT FINANCE	2	1	1	1	2	2	3	2
PROJECT CONSTRUCTION	2	2	2	1	2	1	3	1
INFORMATION TECHNOLOGY	2	1	1	1	1	1	2	1
LEGAL AND REGULATORY	3	2	1	2	1	2	2	2
RISK MANAGEMENT	2	2	2	1	2	2	3	3
STRATEGIC PLANNING	3	3	2	2	2	3	3	2
INTERNATIONAL FINANCIAL REPORTING STANDARDS	2	2	1	2	2	2	2	3

### *Cease Trade Orders, Bankruptcies, Penalties and Sanctions*

Except as noted below, to the knowledge of the Corporation, none of the Nominees are, as at the date of this Circular, or have been, within the 10 years before the date of this Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Corporation) that: (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “Order”) that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or (b) was subject to an Order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; (c) are, as at the date of this Circular, or have been within ten years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. In addition, to the knowledge of the Corporation, no Nominees have been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a security regulatory authority or has entered into a settlement agreement with a security regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director. except as described below.

Mr. Charle Gamba was formerly a director of Solimar Energy Limited (“**Solimar**”) from September 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management's discussion and analysis for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

No proposed director of the Corporation is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Corporation acting solely in such capacity and except for Mr. Horrox who is being put forth as the representative of Third Eye Capital Corporation on the Corporation’s board of directors, pursuant to an agreement entered into among Third Eye Capital Corporation, Erikson National Energy Inc. and the Corporation.

### *Majority Voting Policy*

Pieridae believes that each member of the Board should have the confidence and support of the Shareholders. To that end, the Corporation approved and adopted on February 6, 2020 a majority voting policy for directors which provides that if any nominee in an uncontested election fails to receive votes in favour of his or her election that collectively constitute a majority (50% + 1) of the votes cast, that nominee will be considered by the Board not to have received the support of the Shareholders, even though duly elected as a matter of corporate law, and will be expected to submit his or her resignation to the Board immediately upon its acceptance by the Board.

In determining the Board’s acceptance of a resignation, the Board will refer the resignation to the Governance & Compensation Committee for determination of the possible existence of any exceptional circumstances relating to the nominee, the composition of the Board or the voting results that should delay the acceptance of the resignation or justify rejecting it. The majority voting policy does not apply if there are contested director elections. The Corporation shall promptly issue a news release regarding the election of directors and the Board’s decision on any such resignation.

### **APPOINTMENT OF AUDITORS**

The Board proposes to appoint Ernst & Young LLP, chartered professional accountants, as auditors of the Corporation at remuneration to be fixed by the Board.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to the following matter, the Management Proxyholders intend to vote FOR the appointment of Ernst & Young LLP as auditors of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed and authorizing the Board to fix the remuneration of the auditors.

### *External Auditor Service Fees*

In addition to taking care of the audit of the financial statements, the Corporation’s auditor has provided other services to it and invoiced the following fees over the course of the last two fiscal years:

Fees	Fiscal Year ended on December 31, 2019	Fiscal Year ended on December 31, 2018
	(\$)	(\$)
Audit Fees <sup>(a)</sup>	348,400	249,105 <sup>(b)</sup>
Audit-Related Fees	-	337,900 <sup>(c)</sup>
Tax Fees	3,177 <sup>(d)</sup>	30,483 <sup>(e)</sup>
All Other Fees	-	-
Total of all Fees:	351,577	617,488

**Notes:**

- (a) Represents the total amount of all fees invoiced by the external auditor of the Corporation for audit services.
- (b) Includes \$89,380 of audit fees incurred by Pieridae Alberta Production Ltd. (formerly Ikkuma Resources Corp.).
- (c) Includes \$310,000 incurred by Pieridae Alberta Production Ltd. in connection with its take-over by Pieridae and the carve-out of Briko Energy Corp.
- (d) Tax compliance matters for Pieridae and its subsidiaries for the fiscal year ended on December 31, 2018.
- (e) Tax compliance preparation services for Pieridae and its subsidiaries, of which \$8,560 related to tax preparation fees incurred by Pieridae Alberta Production Ltd.

The Corporation is relying on section 6.1 of NI 52-110, which exempts the Corporation from the application of Parts 3 and 5 of NI 52-110 as it is a venture issuer as defined by NI 52-110.

*Pre-approval Policies and Procedures*

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services. Please refer to Schedule D.

**PROPOSED APPROVAL OF STOCK OPTION PLAN**

At the Meeting, Shareholders will be asked to approve a stock option plan in the form attached as Schedule A of this Circular (the “**Stock Option Plan**”). Pieridae has adopted the Stock Option Plan for the benefit of its employees, directors, officers and consultants in order to provide additional incentives to attract, retain and motivate directors, officers, employees and consultants.

The Stock Option Plan is a “rolling” stock option plan under which stock options may be granted up to a maximum of 10% of the Common Shares issued and outstanding at the time of the grant. The number of Common Shares that may be reserved under the Stock Option Plan automatically increases or decreases as the number of issued and outstanding Common Shares increases or decreases.

The Stock Option Plan was last approved by the Shareholders on June 27, 2018. The Stock Option Plan was not presented to the Shareholders for consideration and approval at the annual and special meeting of shareholders held on June 18, 2019, as required by TSXV policy. Therefore, the Board adopted a second, fixed number stock option plan (“**Stock Option Plan Two**”), as permitted pursuant to Section 3.9 of Policy 4.4 of the TSXV, to permit stock option grants until the Stock Option Plan was able to be put forward for approval by the Shareholders at the Meeting. More specifically, Stock Option Plan Two authorized the Corporation to grant stock options up to a maximum of 8,412,199 Common Shares which is equal to the difference between 10% of the then total number of issued and outstanding Common Shares and the number



of Common Shares that underlie all unexercised and unexpired stock options that were previously granted by the Corporation under the Stock Option Plan.

The following is a summary of certain key terms of the proposed new Stock Option Plan. This Stock Option Plan, if approved by the Shareholders at the Meeting, will be the operative plan for all stock option grants going forward. No further grants of stock options will be made under Stock Option Plan Two but such plan will continue to govern the stock options that were granted thereunder in 2019.

Pursuant to the Stock Option Plan, the number of Common Shares issuable under the Stock Option Plan, together with all of the Corporation's other previously established or proposed share compensation arrangements (including Stock Option Plan Two), may not exceed 10% of the total number of issued and outstanding Common Shares. In addition, the following restrictions apply to the Stock Option Plan: (i) the number of Common Shares reserved for issuance to any one individual under the Stock Option Plan will not exceed 5% of the issued and outstanding Common Shares, unless the Corporation has obtained disinterested shareholder approval, (ii) the aggregate number of Common Shares reserved for issuance to all individuals conducting investor relations activities in any 12-month period will not exceed 2% of the issued and outstanding Common Shares with no more than ¼ of the options vesting in any three-month period, and (iii) the number of Common Shares reserved for issuance to any one consultant in any 12 month period under the Stock Option Plan will not exceed 2% of the issued and outstanding Common Shares.

Options granted under the Stock Option Plan are non-transferable and vest in accordance with the schedule established at the time of each grant (generally immediately for grants to directors and in four (4) equal annual tranches commencing as of the date of the grant for all other grants). Options are exercisable for a period of up to five (5) years from the date of the grant.

Employees, directors, senior executives, consultants of Pieridae, or persons performing investor relations activities ("**Optionees**"), are entitled to participate in the Stock Option Plan while they are engaged with Pieridae. If a participant under the Stock Option Plan dies while engaged with Pieridae, the right of that participant (or of that participant's legal representative) to participate in the Stock Option Plan terminates as of the date of death, but any vested options may be exercised until the earlier of one year after the date of death of such participant and the date of expiration of the term otherwise applicable.

If an Optionee at any time ceases to be employed by the Corporation (other than as a consequence of the termination of employment for cause), or ceases to hold an office of the Corporation, or ceases to be engaged by the Corporation as a Consultant, for any reason other than death and options are held by the Optionee at that time, such Optionee's right to participate in the Stock Option Plan terminates as at the date of cessation of employment, but the Optionee shall be entitled to exercise any vested Options until (a) the date that is one year after the dated of cessation of employment if such Option was granted to the Optionee by the Corporation at any time on or before October 24, 2017, and, (b) in any other case, the date that is ninety (90) days after the date of cessation of employment, or for such longer period as agreed by the Board and approved by the TSXV at any time prior to expiry of the option.

If a participant under the Stock Option Plan ceases to be employed by or provide services to Pieridae as a result of termination for cause, all options, whether or not vested, will terminate as of the date termination notice was given without any right of exercise unless the Board extends the date of such termination to a later date, which must not exceed the earlier of the expiry date of the option and the date that is twelve months after the participant ceases to be an eligible person under the Stock Option Plan.

Options granted under the Stock Option Plan may only be exercised during the lifetime of a participant by such participant personally and no assignment or transfer of options, whether voluntary, involuntary, by

operation of law or otherwise, vests any interest or right in such options whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such options will terminate and be of no further force or effect. However, the Board retains discretion to waive this requirement, subject to the approval of the TSXV, and permit the participant or its legal representative to exercise all or any unvested part of an option if the option would have otherwise vested but for the participant ceasing to be an eligible person.

The Stock Option Plan is administered by the Board, which has authority and discretion, subject to the express provisions of the plan, to interpret the Stock Option Plan, to amend the Stock Option Plan and to make all other determinations deemed necessary or advisable for the administration of the Stock Option Plan. The Board has the right, in its sole discretion, to amend, suspend or terminate the Stock Option Plan or any portion thereof at any time, in accordance with applicable legislation, without obtaining the approval of shareholders; provided that any amendment to any provision of the Stock Option Plan will be subject to any required regulatory approval, stock exchange rules and the approval of shareholders where such approval is required under applicable law. Notwithstanding the foregoing, Pieridae will be required to obtain the approval of disinterested shareholders if: (i) the number of shares reserved, to be issued upon the exercise of stock options granted to insiders is more than 10% of the issued and outstanding Common Shares, (ii) the insiders are granted, within a 12 month period, more than 10% of the issued and outstanding Common Shares, (iii) any one individual within a 12-month period, is granted a number of options that would entitle such individual to a number of Common Shares exceeding 5% of the issued and outstanding Common Shares, and (iv) the Corporation reduces the exercise price for outstanding options granted to an insider of Pieridae.

As of the Record Date, the 6,252,747 Common Share underlying the then outstanding Stock Options of Pieridae had a weighted average exercise price of approximately \$2.40 per Common Share. The following table summarizes Stock Options outstanding as of the Record Date:

<b>Group</b>	<b>Number of Options granted to Group</b>	<b>Aggregate Number of Shares Issuable</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
Employees and officers	6,250	6,250	6.60	May 27, 2020
Directors	119,577	40,831	4.08	November 24, 2020
Employees and officers	16,666	16,666	4.08	November 24, 2020
Employees and officers	29,166	15,625	2.52	August 25, 2021
Directors	8,333	8,333	2.52	August 25, 2021
Employees and officers	114,580	35,520	1.98	November 16, 2021
Directors	23,958	23,958	1.98	November 16, 2021
Employees and officers	441,150	441,150	4.08	June 8, 2021
Directors	441,150	441,150	4.08	June 13, 2021
Employees and officers	441,150	441,150	5.67	August 1, 2021
Directors	300,000	300,000	5.67	January 28, 2023
Employees and officers	707,400	432,500	5.67	January 28, 2023
Directors	125,000	125,000	5.67	June 27, 2023
Employees and officers	10,000	10,000	5.67	September 6, 2023
Directors	525,000	525,000	0.89	July 3, 2024
Employees and officers	2,624,341	2,274,614	0.89	July 3, 2024
Employees and officers	1,115,000	1,115,000	0.92	October 21, 2024

The following table discloses the securities of Pieridae that have been issued in the 12 months prior to the date of this Circular:

Date	No. of Securities	Aggregate Issue Price	Issue Price per Common Share	Nature of Consideration
June 27, 2019	2,558,139	\$2,200,000	\$0.86	Cash
July 3, 2019	33,584	\$29,890	\$0.89	Share based compensation
October 16, 2019	50,901,691	\$43,775,454	\$0.86	Cash
October 16, 2019	15,219,619	\$15,000,000	\$0.99	Cash
October 16, 2019	4,624,561	\$4,393,333	\$0.95	Cash
December 20, 2019	101,590	\$88,383	\$0.87	Share based compensation
January 16, 2020	80,697	\$63,751	\$0.79	Share based compensation
Total	70,881,045	\$63,287,060	\$0.89	

#### PROPOSED RESOLUTION AND BOARD RECOMMENDATION

In order to be effective, the resolution respecting the Stock Option Plan (the “**Stock Option Plan Resolution**”) must be approved by a majority of the votes cast by the Shareholders present or represented by proxy at the Meeting.

The text of the Stock Option Plan Resolution is set out below.

“IT IS RESOLVED as an ordinary resolution that:

- (a) subject to regulatory approval, and with or without amendments as may be required by the TSX Venture Exchange, the stock option plan which was adopted by the board of directors of Pieridae Energy Limited on November 23, 2017 and re-adopted by the board of directors on March 19, 2020, the text of which is reproduced in Schedule A to the Circular, (the “**Stock Option Plan**”) is hereby ratified, confirmed and approved as the stock option plan of Pieridae Energy Limited;
- (b) Pieridae Energy Limited is authorized to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan; and
- (c) any director or officer of Pieridae Energy Limited is hereby authorized to execute and deliver, whether under corporate seal or otherwise, any agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in his or her discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution.”

The Board recommends that Shareholders vote FOR the approval of the Stock Option Plan Resolution.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to the following matter, the Management Proxyholders intend to vote FOR the Stock Option Plan Resolution.

### PROPOSED APPROVAL OF THE BY-LAW NO. 3

On February 6, 2020 the Board approved the adoption of By-Law No. 3 relating to the advance notice of nominations of directors of the Corporation (the “**Advance Notice By-Law**”), the full text of which is reproduced in Schedule B to this Circular. At the Meeting, Shareholders will be asked to ratify, confirm and approve the Advance Notice By-Law. The following is a summary of certain key terms of the Advance Notice By-Law.

The Advance Notice By-Law is the framework by which the company seeks to fix a deadline by which shareholders of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form. The Advance Notice By-Law allows the Corporation and its shareholders to receive adequate prior notice of director nominations, as well as sufficient information on all the nominees for election to the Board. The Corporation and its shareholders will thus be able to evaluate the proposed nominees' qualifications and suitability as directors. The Advance Notice By-Law will also facilitate an orderly and efficient meeting process.

Pursuant to the Advance Notice By-Law, if a shareholder intends to nominate a person for election as a director of Pieridae at the meeting, other than pursuant to a shareholder proposal, such nominations must comply with the procedures set out in the Advance Notice By-Law, including providing timely notice in proper written form. This notice must be given:

- (a) in the case of an annual meeting of shareholders (including an annual and special meeting of shareholders), not less than thirty (30) days prior to the date of an annual meeting of shareholders; provided, however, that if the meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the meeting was made by the Corporation, notice shall be made not later than the close of business on the tenth (10th) day following the Notice Date;
- (b) in the case of a special meeting of shareholders (excluding a special meeting that is also an annual meeting) called for the purpose of electing directors, not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made by the Corporation; and
- (c) in the case of a shareholder meeting called for the purpose of electing directors where notice-and-access is used for delivery of proxy related materials, not less than forty days prior to the date of the meeting (but in any event, not prior to the Notice Date in respect of the annual meeting of shareholders or the special meeting of shareholders, as the case may be); provided, however, that in the event that the meeting is to be held on a date that is less than fifty (50) days after the Notice Date, notice shall be made, in the case of an annual meeting of shareholders, not later than the close of business on the tenth (10th) day following the Notice Date in respect of the annual meeting of shareholders and, in the case of a special meeting of shareholders, not later than the close of business on the fifteenth (15th) day following the Notice Date in respect of the special meeting of shareholders.

To be in proper written form, a nominating shareholder's notice must include the information specified in the Advance Notice By-Law regarding both the nominating shareholder and the person whom the nominating shareholder proposes to nominate for election as well as a written consent signed by the proposed nominee. This notice must be updated, if necessary, so that the information provided is true and correct as of the record date for the meeting.

The chair of the meeting has the power to determine whether a nomination was made in accordance with the procedures set forth in the Advance Notice-By-Law. The Board may, in its sole discretion, waive any requirement in the Advance Notice By-Law.

#### PROPOSED RESOLUTION AND BOARD RECOMMENDATION

In order to be effective, the resolution ratifying, confirming and approving the Advance Notice By-Law (the “**Advance Notice By-Law Resolution**”) must be approved by a majority of the votes cast by the Shareholders present or represented by proxy at the Meeting. Pursuant to the CBCA, if the Advance Notice By-Law is not ratified, confirmed and approved by Shareholders at the Meeting, it will cease to be effective from and after the date of the Meeting.

The text of the Advance Notice By-Law Resolution is set out below.

“IT IS RESOLVED as an ordinary resolution that:

- (a) Bylaw No. 3 relating to the advance notice of nominations of directors which was adopted by the board of directors of Pieridae Energy Limited on February 6, 2020, the text of which is reproduced in Schedule B to the management information circular of Pieridae Energy Limited dated April 17, 2020, is hereby ratified, confirmed and approved as a bylaw of Pieridae Energy Limited; and
- (b) any director or officer of Pieridae Energy Limited is hereby authorized to execute and deliver, whether under corporate seal or otherwise, the document referred to above and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in his or her discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution.”

The Board believes that the Advance Notice By-Law is in the best interests of the Corporation and its Shareholders as it would provide for a fair, transparent and orderly procedure for future elections of directors. Accordingly, the Board recommends that you vote FOR the ordinary resolution to approve the Advance Notice By-Law.

In the absence of a contrary instruction or if no choice is specified in the proxy with respect to the following matter, the Management Proxyholders intend to vote FOR the approval of the Advance Notice By-Law.

#### STATEMENT OF EXECUTIVE COMPENSATION

For the financial year ended December 31, 2019, the Corporation had six named executive officers (each an “**NEO**” and collectively, the “**NEOs**”) namely, Alfred Sorensen (CEO), Robert Dargewitz (CFO), Melanie Litoski (former CFO <sup>9</sup>), Tim de Freitas (Chief Operating Officer), Thom Dawson (Senior Vice President, Business Development) and Martin Bélanger (former Senior Vice President, Goldboro LNG <sup>10</sup>).

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<sup>9</sup> Ms. Litoski resigned her employment with the Corporation on August 16, 2019.

<sup>10</sup> Mr. Bélanger resigned his employment with the Corporation on November 24, 2019.

## COMPENSATION DISCUSSION AND ANALYSIS

### *Objectives of NEO Compensation Program and Compensation Philosophy*

The objectives of the Corporation's NEO compensation program are to: (a) attract, motivate and retain highly qualified and dedicated individuals; (b) align the interests of the NEOs with those of the Corporation's shareholders; (c) establish an objective connection between NEO compensation and the Corporation's financial and business performance; and (d) incentivize the NEOs to lead the Corporation in achieving its corporate objectives and fulfilling its corporate strategy. The NEO compensation program is, therefore, designed to reward the NEOs for increasing shareholder value.

The Corporation maintains an incentive program which financially rewards NEOs to the degree that the Corporation achieves its pre-established annual goals. In addition, the Corporation recognizes the importance of ensuring that overall compensation for NEOs is not only internally equitable, but also competitive within the market segment. Specifically, the Governance & Compensation Committee's review and evaluation of corporate compensation will include measurement of, among others, the following areas: (a) the achievement of corporate objectives, such as financings, partnerships and other business development, in particular having regard to budgetary constraints and other challenges facing the Corporation; (b) the Corporation's financial condition; and (c) the Corporation's share price and market capitalization.

The Corporation's compensation program for employees (including NEOs) consists of two principal components: (a) compensation (other than paid under an "incentive plan" as defined by Form 51-102F6) consisting of base compensation and payments made under the matching RRSP plan and under the group retirement savings plan which is superseding the matching RRSP plan on April 30, 2020; and (b) compensation awarded under an incentive plan consisting of the discretionary bonus program and the stock option plan. Each component has a different function, as described in greater detail below, but all elements operate in unison to reward the NEOs appropriately for personal and corporate performance.

### *Base Compensation*

The Corporation enters into a written contract of service with each of its employees (including each NEO) which requires the Corporation to pay base wages (meaning the employee is statutorily entitled to be paid overtime) or base salaries (meaning the employee is not entitled to be paid overtime), as the case may be, as well as other monetary perquisites (collectively, "**base compensation**") to its employees in consideration for the performance of their respective duties of employment.

The payment of base compensation to employees, in amounts which are comparable to the amounts paid to similar positions in the natural resource industry, is essential to the Corporation's ability to attract and retain outstanding employees (including each NEO). Base compensation, and changes in base compensation, are established by the Corporation taking into account each employee's expertise and experience as well as their level of responsibility and competitive pay practices. Base compensation is reviewed periodically, and adjusted as appropriate, by the Corporation to reflect performance and market conditions.

Any increase in the base compensation of the CEO must be approved by the Board taking into consideration the recommendation of the Governance & Compensation Committee of the Board. The CEO is responsible for determining and approving any increase in the base compensation of other employees (including other NEOs).

### ***RRSP Matching Plan***

The Corporation's Employee RRSP matching plan (the "**RRSP Matching Plan**") is a non-equity, non-incentive plan that is available to all permanent employees (including the NEOs). Participation in the Employee RRSP Matching Plan is a component of compensation that incentivizes employees to save for future retirement. The Employee RRSP Matching Plan also serves to assist the Corporation in retaining staff as it is intended to simulate a pension plan by encouraging employees to save currently in a plan that is available in the future to fund post-retirement living.

Due to the fact that the group retirement savings plan (described below) offers participants greater flexibility than the RRSP Matching Plan while achieving the similar objectives, the Corporation terminated the RRSP Matching Plan with effect as of April 30, 2020.

### ***Group Retirement Savings Plan***

The Corporation's group retirement savings plan is a non-equity, non-incentive plan that is available to all permanent employees (including the NEOs). This plan is sponsored by the Corporation and is administered by The Manufacturers Life Insurance Company and was implemented in late 2019.

The plan's primary purpose is to provide a flexible and multi-faceted retirement savings vehicle to employees to assist them in saving for their retirement. This plan offers each participating employee the ability to make personal contributions to the plan (up to certain prescribed limits) which the employee may designate toward (a) a registered retirement savings plan (or spousal registered retirement savings plan), (b) a tax-free savings account and (c) a non-registered savings plan. In order to further assist employees, the Corporation has agreed to contribute to the registered retirement savings plan of each participating employee an amount equal to 6% of the employee's base compensation and an additional amount equal to the lesser of the contribution made by the participating employee to the group retirement savings plan and 4% of the employee's base compensation.

### ***Defined Benefit Pension Plan***

Refer to discussion below under the heading "*Pension Plan Benefits*".

### ***Discretionary Bonus Program***

The Corporation's discretionary bonus program is a non-equity incentive plan that is available to all permanent employees (including the NEOs). Participation in the program is a component of overall compensation that incentivizes employees to meet short-term, pre-determined objectives which are intended to improve the overall value of the Corporation. The discretionary bonus program also serves to assist the Corporation in rewarding and retaining valued employees and are understood to be common in the marketplace.

Under the discretionary bonus program, each employee (including each NEO) is eligible for an annual cash bonus which is quantified on a rational basis and informed by the employee's level of responsibility, base compensation, personal performance measured against pre-set objectives while also taking into account the overall performance of the Corporation. The amount of the proposed annual bonus award to each NEO and the aggregate amount of the proposed annual bonus award to all other employees is approved by the Board taking into consideration the recommendation of the Governance & Compensation Committee of the Board.

If warranted for performance or other reasons, special cash bonuses may also be considered from time to time.

### *Stock Option Plan*

The Corporation sponsors the Stock Option Plan which through the grant of stock options offers employees (including the NEOs) long term incentives for the creation of long-term shareholder value, as the value of the granted stock options is directly dependent on the market valuation of the Common Shares. The Stock Option Plan also serves to assist the Corporation in retaining valuable employees as the stock options granted under the Stock Option Plan typically vest over five years.

Each employee (including each NEO) is eligible for an annual stock option grant that may be approved from time to time by the Board on the recommendation of the Governance & Compensation Committee of the Board. The number of stock options granted is based on the employee's level of responsibility and personal performance and also competitive and market conditions. Special stock option grants may also be considered, if warranted, for performance or other reasons.

Each employee may be granted stock options upon the commencement of employment with the Corporation. When determining whether and how many new stock option grants will be made, the Board takes into account the amount and terms of any outstanding stock options.

The Stock Option Plan requires that the stock option exercise price may not be less than the market price of the Common Shares of the Corporation at the time the stock option is granted, subject to any discounts permitted by applicable securities laws and stock exchange rules. Stock options vest in accordance with the terms under which the stock options are granted which are at the discretion of the Board and stock options expire no later than five years after the date of the grant. The award of any stock options under the Stock Option Plan to employees will be subject to the approval of the Board, based on the recommendation of the Governance & Compensation Committee of the Board.

### *Risks Associated with Compensation Policies and Practices*

The Board and its Governance & Compensation Committee have considered the implications of the risks associated with the Corporations' compensation policies or practices and has concluded that the programs do not encourage excessive or inappropriate risk-taking and are aligned with the long-term interests of shareholders.

In particular, it is noted that awards are granted under the discretionary bonus program and under the stock option plan primarily on the basis of the degree to which pre-established individual and corporate objectives are achieved. In each case the Corporation has concluded at the time that each such objective is established that its concomitant risk profile is acceptable to the Corporation and the objective, if achieved, aligns with the long-term interests of its shareholders.

Additional alignment between the interests of directors and senior employees on the one hand with the interests of shareholders on the other hand, is achieved through the Share Ownership Policy (described below) which prohibits each director and senior employee to whom the Share Ownership Policy applies from entering into any agreement, and from effecting any hedge or other transaction, which has as one of its purposes, or has as one of its consequences or possible consequences, the amelioration, in whole or in part, of the economic impact of a decrease, or possible decrease, in the market value of the Common Shares which are held by such director or senior employee.



Each member of the Governance & Compensation Committee has been in a senior leadership position in various organizations, and in those capacities obtained direct experience relevant to executive compensation, and has the skills and experience that enable the Governance & Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

The Governance & Compensation Committee of the Board reviews the NEO's compensation based upon yearly corporate accomplishments, market and sector comparisons, corporate budget and individual requirements for retaining the NEOs.

#### SUMMARY COMPENSATION TABLE

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided to NEOs by Pieridae for services in all capacities to Pieridae during the last three financial years:

Name and principal position	Year	Salary	Share based awards	Option based awards	Non-equity incentive plan compensation (Bonus)	All other compensation	Total compensation
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Alfred Sorensen, CEO <sup>(a)</sup>	2019	300,000	Nil	77,885 <sup>(g)</sup> 52,200 <sup>(h)</sup>	129,065	41,380	600,530
	2018	294,231	Nil	238,174 <sup>(i)</sup>	90,000	17,500	639,905
	2017	137,500	Nil	N/A	Nil	N/A	137,500
Robert Dargewitz, CFO <sup>(b)</sup>	2019	241,154	Nil	62,308 <sup>(g)</sup> 32,625 <sup>(h)</sup>	103,047	52,529	491,633
	2018	71,077	Nil	11,570 <sup>(i)</sup>	16,304	2,962	101,913
	2017	N/A	N/A	N/A	N/A	Nil	N/A
Melanie Litoski, former CFO <sup>(c)</sup>	2019	180,254	Nil	64,904 <sup>(g)</sup>	Nil	23,284	268,442
	2018	57,692	Nil	N/A	13,469	2,308	73,469
	2017	N/A	N/A	N/A	N/A	Nil	N/A
Tim de Freitas, COO <sup>(d)</sup>	2019	265,000	Nil	68,799 <sup>(g)</sup> 52,200 <sup>(h)</sup>	101,154	67,419	554,572
	2018	242,881	Nil	Nil	Nil	195,087	437,968
	2017	235,000	Nil	Nil	Nil	18,800	253,800
Thom Dawson, Senior Vice-President, Bus. Development <sup>(e)</sup>	2019	250,000	Nil	64,904 <sup>(g)</sup> 32,625 <sup>(h)</sup>	80,266	36,330	431,520
	2018	245,200	Nil	183,211 <sup>(i)</sup>	59,531	38,649	496,056
	2017	129,335	Nil	N/A	Nil	N/A	129,335
Martin Bélanger, Senior Vice-President, Goldboro LNG Former Director <sup>(f)</sup>	2019	220,673	Nil	64,904 <sup>(g)</sup>	Nil	48,100	333,677
	2018	223,077	Nil	152,676 <sup>(i)</sup>	59,863	17,667	453,283
	2017	Nil	N/A	Nil	101,000	222,000	323,000

#### Notes:

(a) Mr. Sorensen has been the CEO of the corporation since the date of its incorporation on May 29, 2012 under the name of "Pieridae Energy Limited" (Former Pieridae) and continued as the CEO of the Corporation after the completion of the reverse takeover of Pétrolia Inc. by Former Pieridae on October 24, 2017. For fiscal year 2017, an amount of \$76,290 is included in the amounts presented in the "Total compensation" column which represents Mr. Sorensen's compensation as a CEO of Former Pieridae. In 2019, Mr. Sorensen does not receive any compensation for his role as a director.

(b) Mr. Dargewitz has been CFO of Pieridae since November 11, 2019. Prior thereto Mr. Dargewitz was interim CFO from August 16, 2019 until November 10, 2019 and was Senior Vice President, Finance and Risk Management from September 6, 2018 until November 10, 2019.

- (c) Ms. Litoski was CFO of Pieridae from October 1, 2018 until her resignation on August 16, 2019. Amounts reflected herein are actual amounts that were paid to Ms. Litoski in 2019 and have not been annualized.
- (d) Mr. de Freitas has been COO of Pieridae since December 21, 2018. Previously he was Chief Executive Officer and President of Ikkuma Resources Corp. Mr. de Freitas does not receive any compensation for his role as a director.
- (e) Mr. Dawson has been Senior Vice-President, Business Development of Pieridae since January 1, 2019 and was President-LNG of Pieridae from October 24, 2017 to December 31, 2018 and was COO of Former Pieridae from of its founding, May 29, 2012, until October 23, 2017. For fiscal year 2017, an amount of \$78,327 is included in the amounts presented in the “Total compensation” column which represents Mr. Dawson's compensation as a COO of Former Pieridae.
- (f) Mr. Bélanger was Senior Vice-President, Goldboro LNG since January 1, 2019 until his resignation on November 24, 2019. Amounts reflected herein are actual amounts that were paid to Mr. Belanger in 2019 and have not been annualized. Previously he was President - Production of Pieridae from October 24, 2017 to December 31, 2018, Interim President and CEO of Pétrolia Inc. from September 2016 until October 24, 2017 and Director of Pétrolia Inc. from March 2015 until October 2017. For fiscal year 2018, an amount of \$18,500 was included in the “Total Compensation” representing services provided under a consulting arrangement. The services of Mr. Bélanger, as Interim President and CEO of Pétrolia Inc. were provided by Mr. Bélanger under the terms of a Consulting Agreement.
- (g) To align with market practice, the estimated fair value of these options granted on April 24, 2019 has been calculated using the Black-Scholes-Merton model, with the following assumptions: expected volatility of 66%, risk-free interest rate of 1.44% and an expected life of 4.6 years.
- (h) The estimated fair value of these options granted on October 21, 2019 has been calculated using the Black-Scholes-Merton model, with the following assumptions: expected volatility of 67%, risk-free interest rate of 1.58% and an expected life of 3.3 years.
- (i) To align with market practice, the estimated fair value of these options granted on January 29, 2018 has been calculated using the Black-Scholes-Merton model, with the following assumptions: expected volatility of 69%, risk-free interest rate of 1.98% and an expected life of 3.75 years.
- (j) To align with market practice, the estimated fair value of these options granted on September 7, 2018 has been calculated using the Black-Scholes-Merton model, with the following assumptions: expected volatility of 69%, risk-free interest rate of 1.98% and an expected life of 3.75 years.

## INCENTIVE PLAN AWARDS

### *Outstanding Share-based and Option-based Awards*

The following table sets forth information in respect of all awards outstanding as at December 31, 2019 granted to the NEOs:

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price	Option expiry date	Value of unexercised in-the-money options <sup>(a)</sup>
	(#)	(\$)		(\$)
Alfred Sorensen	195,000	\$5.67	January 29, 2023	Nil
	163,934	\$0.89	July 3, 2024	Nil
	120,000	\$0.92	October 21, 2024	Nil
Robert Dargewitz	10,000	\$5.67	September 6, 2023	Nil
	131,148	\$0.89	July 3, 2024	Nil
	75,000	\$0.92	October 21, 2024	Nil
Melanie Litoski <sup>(b)</sup>	-	-	-	-
Tim de Freitas	144,809	\$0.89	July 3, 2024	Nil
	120,000	\$0.92	October 21, 2024	Nil

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price	Option expiry date	Value of unexercised in-the-money options <sup>(a)</sup>
	(#)	(\$)		(\$)
Thom Dawson	150,000	\$5.67	January 29, 2023	Nil
	136,612	\$0.89	July 3, 2024	Nil
	75,000	\$0.92	October 21, 2024	Nil
Martin Bélanger <sup>(c)</sup>	6,250	\$6.84	March 26, 2020 <sup>(d)</sup>	Nil
	6,250	\$6.60	May 28, 2020 <sup>(d)</sup>	Nil
	4,166	\$4.08	November 24, 2020 <sup>(d)</sup>	Nil
	12,500	\$2.52	November 24, 2020 <sup>(d)</sup>	Nil
	6,250 <sup>(f)</sup>	\$1.98	November 24, 2020 <sup>(d)</sup>	Nil
	50,000	\$5.67	February 24, 2020 <sup>(e)</sup>	Nil

**Notes:**

- (a) Based on the closing trading value on the TSXV of a Common Share on December 31, 2019 of \$0.73. Accordingly, all of the unexercised options are out-of-the-money.
- (b) All of Ms. Litoski's options that were unvested as of August 16, 2019 terminated at the time of her resignation on August 16, 2019. In addition, all of her options that were vested and unexercised as of August 16, 2019 were terminated on the 90<sup>th</sup> day after her resignation in accordance with the terms of Stock Option Plan Two which governed her options. Accordingly, as at December 31, 2019, Ms. Litoski held no unexercised options.
- (c) All of Mr. Bélanger's options that were unvested as of November 24, 2019 terminated at the time of his resignation on November 24, 2019.
- (d) All of Mr. Bélanger's options that were vested and unexercised as of November 24, 2019 and that were granted on or before October 24, 2017 will terminate on the earlier of (i) their expiry date determined in accordance with the terms of their grant and (ii) the first anniversary of his resignation on November 24, 2019 in accordance with the terms of the Stock Option Plan which governs those options.
- (e) All of Mr. Bélanger's options that were vested and unexpired as of November 24, 2019 and that were granted after October 24, 2017 will terminate on the 90<sup>th</sup> day after his resignation on November 24, 2019 in accordance with the terms of Stock Option Plan Two which governs those options.
- (f) A total of 1,875 of these options are held in escrow pursuant to the Escrow Agreements (defined below). Pursuant to the Escrow Agreements, these options can only be transferred in accordance with the TSXV policy.

***Incentive Plan Awards – Value Vested or Earned during the Year***

The following table provides the value vested in relation to awards held by each NEO during the last financial year:

Name	Option-based awards – Value vested during the year <sup>(a)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(b)</sup> (\$)
Alfred Sorensen	163,116	129,065
Robert Dargewicz	32,625	103,047
Melanie Litoski	Nil	Nil
Tim de Freitas	52,200	101,054
Thom Dawson	117,945	80,266
Martin Bélanger	71,100	Nil

**Notes:**

- (a) One-third of Options held by each NEO vested during 2019, none of which were in-the-money. This amount represents the value the NEO would have realized for Options that vested in 2019 if the Options had been exercised on the applicable vesting date, notwithstanding that such Options may not have actually been exercised by the NEO on the vesting date. The value vested during the year for Options has been calculated by determining the difference between the trading price of the Shares on the TSXV and the exercise price of the vested options on the applicable vesting dates (or the next trading day if the Options vested on a date when the TSXV was closed).
- (b) Represents the bonus awarded under the Corporation’s Discretionary Bonus Program that was earned during 2019 and approved by the Board. These amounts are paid out the following year.

**PENSION PLAN BENEFITS**

The Corporation does not sponsor a defined benefit pension plan for any of its directors or employees except for an individual pension plan for Thomas Ciz who has opted out of participating in the group retirement savings plan and the RRSP Matching Plan (each as described above). The Corporation funds contributions to the individual pension plan to the maximum extent permitted under the *Income Tax Act* (Canada) but is not liable under such pension plan, and is not obligated under relevant pension legislation, to fund the amount of any unfunded liability or any solvency deficiency that may arise at any time under that pension plan.

**MANDATORY SHARE OWNERSHIP POLICY**

The Board believes that, in order to achieve better alignment of the interests of the directors and the senior employees of the Corporation with those of the Corporation’s shareholders, its directors and each senior employee of the Corporation should maintain a minimum value of Common Share ownership. To that end, the Corporation has adopted a mandatory share ownership policy (the “**Share Ownership Policy**”) that requires each non-executive director (other than any such director who is nominated to the Board pursuant to a contractual obligation of the Corporation – which, in the Corporation’s present circumstances, means Mr. Mark Horrox is exempt from this policy) and each senior employee of the Corporation, no later than the day that is the later of (a) October 24, 2017 and (b) the day that the individual first became a director or a senior employee of the Corporation (the “**Application Date**”), to directly or indirectly acquire, and to hold throughout the period commencing on the Application Date and continuing while they remain a director or senior employee of the Corporation, Common Shares which in aggregate have a market value that: (i) is at least three times the annual retainer fee that is paid or payable to such director or three times the annual base salary that is paid or payable to the Chief Executive Officer, as the case may be, and (ii) is at least two times the annual base salary that is paid or payable to each other senior employee of the Corporation.

Directors and senior employees of the Corporation have confirmed their respective Common Share ownership position, which is reported in the table below for each such director and senior employee, and each has also confirmed that such position is their beneficial and legal ownership position.

Each director and senior employee to whom the Share Ownership Policy applies is prohibited by the Share Ownership Policy from entering into any agreement, and from effecting any hedge or other transaction, which has as one of its purposes, or has as one of its consequences or possible consequences, the amelioration, in whole or in part, of the economic impact of a decrease, or possible decrease, in the market value of the Common Shares which are held by such director or senior employee determined in accordance with this policy.

In connection with the reverse takeover of Pétrolia Inc. by Former Pieridae on October 24, 2017 resulting in the formation of the Corporation, certain of the directors and officers of Pétrolia Inc. and Former Pieridae entered into: (a) an escrow agreement (surplus security) and (b) an escrow agreement (value security), each pursuant to Policy 5.4 of the TSXV, (collectively, the “**Escrow Agreements**”) which requires, among other things, that their respective Common Shares, and stock options for the issuance of Common Shares, be held in escrow until their release periodically during a period of up to thirty six months commencing on October 24, 2017.

As the number of Common Shares that are beneficially owned, or controlled or directed, either directly or indirectly, by each non-executive director, and by each senior employee, is not within the knowledge of the Corporation, the information in the following table has been provided to the Corporation as at the Record Date by each such director or senior employee personally and individually.

NAME OF EACH DIRECTOR AND SENIOR EMPLOYEE	POSITION HELD	COMMENCEMENT DATE	APPLICATION DATE <sup>(a)</sup>	NUMBER OF COMMON SHARES HELD ON THE RECORD DATE	VALUE OF COMMON SHARES HELD ON THE RECORD DATE <sup>(e)</sup>
MYRON TÉTREAUULT	Director (Chair of the Board)	October 24, 2017	October 24, 2020	583,284	\$186,651
CHARLES BOULANGER	Director	October 24, 2017	October 24, 2020	270,795	\$86,654
KJELL PEDERSEN	Director	June 27, 2018	June 27, 2021	46,829	\$14,985
ANDREW JUDSON	Director	October 24, 2017	October 24, 2020	51,682	\$16,538
CHARLE GAMBA	Director	June 18, 2019	June 18, 2022	224,718	\$71,910
ALFRED SORENSEN	Director and Chief Executive Officer	October 24, 2017	October 24, 2020	11,662,492 <sup>(b)</sup>	\$3,731,997
TIM DE FREITAS	Director and Chief Operating Officer	December 20, 2018	December 20, 2021	231,862	\$74,196
ROBERT DARGEWITCZ	Chief Financial Officer	September 6, 2018	September 6, 2021	141,390	\$45,245
THOMAS DAWSON	Senior Vice President Bus. Development	October 24, 2017	October 24, 2020	2,629,848 <sup>(c)</sup>	\$841,551

NAME OF EACH DIRECTOR AND SENIOR EMPLOYEE	POSITION HELD	COMMENCEMENT DATE	APPLICATION DATE <sup>(a)</sup>	NUMBER OF COMMON SHARES HELD ON THE RECORD DATE	VALUE OF COMMON SHARES HELD ON THE RECORD DATE <sup>(e)</sup>
YVONNE MCLEOD	Senior Vice President Drilling, Compl. & HSE	December 20, 2018	December 20, 2021	83,523	\$27,367
CAROLYN NORMAND	Vice President Operations	October 17, 2019	October 17, 2022	Nil	Nil
GREG FELTHAM	Vice President Exploration	December 20, 2018	December 20, 2021	120,663	\$38,612
RICH ROWE	Vice President Land	December 20, 2018	December 20, 2021	59,768	\$19,126
MARK BROWN	Vice President Bus. Development	October 24, 2017	October 24, 2020	200,000	\$64,000
THOMAS CIZ	General Counsel & Corporate Secretary	October 24, 2017	October 24, 2020	778,277 <sup>(d)</sup>	\$249,049

**Notes:**

- (a) "Application Date" is the date that is three years after the later of (i) October 24, 2017 and (ii) the date that the individual first became a director or senior employee of the Corporation.
- (b) A total of 4,962,934 of the Common Shares are held in escrow pursuant to the terms of the Escrow Agreements.
- (c) A total of 1,431,534 of the Common Shares are held in escrow pursuant to the terms of the Escrow Agreements.
- (d) A total of 372,730 of the Common Shares are held in escrow pursuant to the terms of the Escrow Agreements.
- (e) The value of each Common Share as at the Record Date is \$0.32.

Based on the above table, only Alfred Sorensen and Thomas Dawson would be compliant with the Share Ownership Policy if the Application Date of each director and senior employee were the same day as the Record Date.

Consistent with the Share Ownership Policy, the forgoing information does not include Common Shares that are issuable upon the exercise of options, warrants or other convertible securities of the Corporation.

**TERMINATION AND CHANGE OF CONTROL BENEFITS**

As at December 31, 2019 the Corporation was a party to an employment agreement (each a "Contract of Service") with each of Messrs. Dargewitz, Dawson, de Freitas and Sorensen.

Each Contract of Service stipulates that the Corporation may terminate the Contract of Service without prior notice if the termination is for "just cause" or, if termination is "without just cause", by providing to the particular NEO either: (a) the minimum period of prior notice of termination that the Corporation is required to provide to the NEO pursuant to the employment standards legislation applicable in the province in which the NEO is employed or (b) a payment in lieu of notice in an amount that is equal to the amount of wages that would have been earned by the NEO during such minimum period of prior notice, computed in accordance with the employment standards legislation applicable in the province in which the NEO was employed.

Notwithstanding the foregoing, each Contract of Service also stipulates that if the Corporation terminates the employment of the particular NEO within one hundred (100) days before, or at any time after, the day that a person or entity (or a group of persons or group of entities acting jointly or in concert) becomes the owner of, or is able to exercise control or direction over, more than 50% of the Common Shares of the

Corporation, the minimum period of prior notice determined above shall be deemed to be the lesser of (a) twenty four months and (b) the aggregate of six months and one additional month for each calendar year throughout which the NEO was employed by the Corporation, by Pieridae Alberta Production Ltd. to the extent that such employment transpired after December 20, 2018 or by any other corporation affiliated with the Corporation.

Each Contract of Service includes, among other things, a covenant of confidentiality, non-solicitation and non-competition. If at any time the Contract of Service is terminated by the Corporation, or the employee resigns, the employee will continue to be subject to the covenant of confidentiality indefinitely and to be subject to the covenants of non-solicitation and non-competition for twelve months thereafter.

In addition, Mr. de Freitas' Contract of Service further stipulates that if the Corporation terminates his employment without cause at any time before December 20, 2020, the Corporation will be required to pay him the amount of \$225,600 as additional severance. Moreover, provided that de Freitas does not resign before December 20, 2020 and certain other conditions are satisfied, the Corporation will be required to pay him the amount of \$225,600 as a retention bonus.

Name	Payment in the event of termination of employment without cause with no change of control (\$)	Additional Payment in the event of termination of employment without cause after a change of control (\$)	Total Payment (\$)
Alfred Sorensen	11,507	363,493	375,000
Robert Dargewitz	4,795	141,038	145,833
Melanie Litoski <sup>(a)</sup>	N/A	N/A	N/A
Tim de Freitas	230,682	149,501	380,183
Thom Dawson	9,589	302,911	312,500
Martin Bélanger <sup>(b)</sup>	N/A	N/A	N/A

**Notes:**

- (a) Ms. Litoski resigned her employment with the Corporation on August 16, 2019. Consequently, she did not receive a payment from the Corporation.
- (b) Mr. Bélanger resigned his employment with the Corporation on November 24, 2019. Consequently, he did not receive a payment from the Corporation.

## STATEMENT OF DIRECTOR COMPENSATION

The Corporation has structured director compensation with the following goals in mind:

- the imperative of attracting and retaining knowledgeable and experienced individuals who have integrity and who possess the specific skills commensurate with the Corporation's requirements and objectives;
- external market competitiveness for talent and to the principles of equity and fairness while recognizing the Corporation's objectives of fiscal prudence and good governance;
- the need to align the Corporation's long-term success with the basis of compensation;
- the importance of recognizing the additional responsibilities undertaken by the Chair of the Board and the Chair of each committee; and

- the application of the Share Ownership Policy of the Corporation on directors (excluding those directors who have otherwise waived all compensation).

The following table discloses the annual fee that is payable by the Corporation, pursuant to its directors' compensation policy (the "**Directors' Compensation Policy**"), to each non-executive director of the Corporation in consideration for the services that each performed during 2019 as directors of the Corporation.

POSITION	VALUE
Chairman of the Board	\$135,000
Chairman of the Audit Committee	\$100,000
Chairman of all other Committees	\$95,000
other such Directors	\$85,000

During 2019 the Directors' Compensation Policy required that (a) one-half of the annual fee be satisfied by the issuance of Common Shares of the Corporation (the "**Payment in Shares**") and the remaining one-half of the annual fee be satisfied by the payment of cash (the "**Payment in Cash**") and (b) the annual fee be paid by the Corporation in four equal installments, each such installment to be paid on or about the end of the first pay period following the end of each such corresponding quarter, in consideration for the services rendered by the directors during such quarter. In that regard, each Payment in Shares was satisfied by the Corporation upon the issuance of such number of Common Shares as computed on the basis of the trading value of the Corporation's Common Shares on the public exchange at the time of issuance and each Payment in Cash was satisfied by the Corporation upon the payment of cash subject to applicable statutory withholding and remittance. Based on discussions with the TSXV the Directors' Compensation Policy was amended by the Corporation on March 19, 2020 to require that the entire annual fee payable to each non-executive director be satisfied by the quarterly payment of cash. The Board will conduct a review of director compensation in 2020.

For the year ended December 31, 2019, the directors of Pieridae earned an aggregate total of \$467,794 in director's fees (exclusive of option-based awards). The directors are reimbursed for all reasonable expenses incurred in the execution of their functions as directors of the Corporation.

#### DIRECTOR COMPENSATION TABLE

The following table sets forth information with respect to all compensation elements paid to the non-executive directors of Pieridae during the year ended December 31, 2019.

Name	Fees earned <sup>(a)</sup> (\$)	Share-based Awards <sup>(b)</sup> (\$)	Option-based Awards <sup>(c)</sup> (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total compensation (\$)
Myron Tétreault	84,375	50,625	64,139	Nil	Nil	199,139
Charles Boulanger	62,500	37,500	47,510	Nil	Nil	147,510
Andrew Judson	59,375	35,625	47,510	Nil	Nil	142,510
Kjell Pedersen	56,875	35,625	47,510	Nil	Nil	140,010



Name	Fees earned <sup>(a)</sup>	Share-based Awards <sup>(b)</sup>	Option-based Awards <sup>(c)</sup>	Non-equity incentive plan compensation	All other compensation	Total compensation
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Charle Gamba	22,647	22,647	42,759	Nil	Nil	88,053
Mark Horrox <sup>(d)</sup>	N/A	N/A	N/A	N/A	Nil	N/A
Matthew Rees <sup>(d) (e)</sup>	N/A	N/A	N/A	N/A	Nil	N/A

**Notes:**

- (a) Represents the Payment in Cash made to directors in 2019, as set forth in the Directors' Compensation Policy.
- (b) Represents the value of the payment in Common Shares that were issued to the directors for their service performed in the third and fourth quarters of 2019, as set forth in the Directors' Compensation Policy. In particular, these Common Shares were issued on December 6, 2019 at the then trading price of \$0.87 per Common Share (for services performed in the third quarter of 2019) and on January 16, 2020 at the then trading price of \$0.79 per Common Share (for services performed in the fourth quarter of 2019). As noted above under "Statement of Director Compensation", the Directors' Compensation Policy was amended by the Board on March 19, 2020 and, going forward, all directors' fees will be paid in cash.
- (c) To align with market practice, the estimated fair value of options granted on April 24, 2019 has been calculated using the Black-Scholes-Merton model, with the following assumptions: expected volatility of 66%, risk-free interest rate of 1.44% and an expected life of 4.6 years.
- (d) In accordance with the Directors' Compensation Policy adopted by the Corporation neither Mark Horrox nor Matthew Rees are entitled to receive compensation for serving as a director of the Corporation due to the fact that they have been appointed, or were nominated for election, to the Board at the request of a principal shareholder that owns more than 10% of the issued and outstanding Common Shares.
- (e) Mr. Rees resigned as director of the Corporation on April 24, 2019.

**SHARE-BASED AND OPTION-BASED AWARDS**

The following table provides information concerning awards to the non-executive directors of the Corporation during the year.

Name	Option-based Awards			
	Number of securities underlying unexercised options	Option exercise price	Option Expiry date	Value of unexercised in-the-money options <sup>(a)</sup>
	(#)	(\$)		(\$)
Myron Tétreault	135,000	0.89	July 3, 2024	Nil
Charles Boulanger	100,000	0.89	July 3, 2024	Nil
Andrew Judson	100,000	0.89	July 3, 2024	Nil
Kjell Pedersen	100,000	0.89	July 3, 2024	Nil
Charle Gamba	90,000	0.89	July 3, 2024	Nil
Mark Horrox <sup>(b)</sup>	N/A	N/A	N/A	N/A
Matthew Rees <sup>(b) (c)</sup>	N/A	N/A	N/A	N/A

**Notes:**

- (a) Based on the closing trading value on the TSXV of a Common Share on December 31, 2019 of \$0.73. Accordingly, all of the unexercised options are out-of-the-money.
- (b) In accordance with the Directors' Compensation Policy adopted by the Corporation neither Mark Horrox nor Matthew Rees are entitled to receive compensation for serving as a director of the Corporation due to the fact that they have been appointed, or were nominated for election, to the Board at the request of a principal shareholder that owns more than 10% of the issued and outstanding Common Shares.
- (c) Mr. Rees resigned as director of the Corporation on April 24, 2019.

#### INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table provides the value vested in relation to awards held by each non-executive director during the last financial year.

Name	Option-based awards (value vested during the year) <sup>(a)</sup>	Share-based awards (value vested during the year) <sup>(b)</sup>
	(\$)	(\$)
Myron Tétrault	Nil	50,625
Charles Boulanger	Nil	37,500
Kjell Pedersen	Nil	35,625
Andrew Judson	Nil	35,625
Charle Gamba	Nil	22,647
Mark Horrox <sup>(c)</sup>	N/A	N/A
Matthew Rees <sup>(c)(d)</sup>	N/A	N/A

**Notes:**

- (a) All options granted to non-executive directors vest immediately at the time of grant. Accordingly, because the exercise price is equal to the market price at the time of granting and vesting, the value vested during the year is nil.
- (b) These share-based awards are Common Shares that were issued by the Corporation, in accordance with the Directors' Compensation Policy to non-executive directors adopted by the Corporation, in partial consideration for services rendered by them as directors of the Corporation.
- (c) In accordance with the Directors' Compensation Policy adopted by the Corporation neither Mark Horrox nor Matthew Rees are entitled to receive compensation for serving as a director of the Corporation due to the fact that they have been appointed, or were nominated for election, to the Board at the request of a principal shareholder that owns more than 10% of the issued and outstanding Common Shares.
- (d) Mr. Rees resigned his office of director of the Corporation on April 24, 2019.

#### LIABILITY INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT

The Corporation maintains a policy of insurance for the benefit of its directors and members of its senior management which cover them from losses (including liabilities, claims, damages, costs, expenses and similar amounts) which they suffer or incur as a result or by reason of being, or having been, a director or a member of its senior management except to the extent that such losses are suffered or are incurred as a result of their own fraud, dishonesty or wilful default. The insurance policy, effective October 1, 2019, and expiring on September 30, 2020, provides coverage of \$20,000,000 per event and per policy year.

#### EQUITY COMPENSATION PLAN INFORMATION

Other than the Stock Option Plan and Stock Option Plan Number Two, the Corporation does not currently maintain any compensation plans under which Common Shares are authorized for issuance. The following table sets forth information regarding the Corporation's Stock Option Plan as at December 31, 2019:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issue under equity compensation plans <sup>(a)</sup>
		(\$)	
Equity compensation plans approved by security holders	2,477,458	4.95	Nil
Equity compensation plans not approved by security holders	3,914,614 <sup>(b)</sup>	0.90	2,020,127
Total	6,392,072	2.47	2,020,127

**Notes:**

- (a) The number of Common Shares remaining available for future issuance under equity compensation plans exclude the number of Common Shares that are to be issued upon the exercise of the options which are currently outstanding.
- (b) Represents the number of Common Shares to be issued upon exercise of outstanding options that were granted under Stock Option Plan Two, which was approved by the Board.

### *Stock Option Plan*

As of the Record Date stock options for the issuance of a total of 6,252,747 Common Shares are outstanding. See the section entitled “*Statement of Executive Compensation*” for additional information pertaining to stock options held by the executive officers and the directors of the Corporation.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the current or former directors, executive officers or employees of Pieridae, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to Pieridae or any of its subsidiaries at any time since January 1, 2019.

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

Other than as disclosed in this Circular, there were no material interests, direct or indirect, of any director or executive officer of the Corporation, any proposed director of the Corporation, any other “informed person” (as such term is defined in NI 51-102 – *Continuous Disclosure Obligations*), any person who, to the knowledge of the directors or officers of the Corporation, beneficially owns or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation, or any associate or affiliate of any of the foregoing, in any transaction since January 1, 2019 or in any proposed transaction which has materially affected, or would materially affect, the Corporation or any of its subsidiaries.

## **INFORMATION CONCERNING GOVERNANCE**

### **BOARD OF DIRECTORS**

The mandate of the Board is to supervise the management of the affairs of the Corporation and to act in the best interests of the Corporation. The Board has a written mandate which includes a position description of the Chair, the text of which is reproduced in Schedule C to this Circular.

The Board meets at least once quarterly and at each meeting it reviews the activities of the Corporation. The frequency of the meetings of the Board and the nature of the items on the agenda will vary depending on the activities and priorities of Pieridae. The non-executive directors do not hold regularly scheduled meetings at which members of management are not in attendance. However, during each meeting of the Board and each meeting of its committees an in camera session is held which excludes members of management (including directors who hold an executive office).

Independent members of the Board are Charles Boulanger, Andrew Judson, Kjell Pedersen, Charle Gamba and Mark Horrox. If elected, Ms. Singh would also be independent. Each of Alfred Sorensen, Tim de Freitas and Myron Tétreault is deemed to be a non-independent director of the Corporation pursuant to relevant securities legislation. An analysis of these conclusions is set out below.

Mr. Sorensen and Mr. de Freitas are deemed to be non-independent because the former is the Chief Executive Officer, and the latter is Chief Operating Officer, of the Corporation. Mr. Tétreault is deemed to be non-independent as he received more than \$75,000 in direct compensation from the Corporation during a 12 month period within the last three years – namely, the 12 month period ending March 31, 2018. This compensation was paid by the Corporation to Mr. Tétreault pursuant to a consulting agreement between the Corporation and Mr. Tétreault's holding corporation for services rendered to the Corporation other than service for acting as a member of the Board. This consulting agreement between Mr. Tétreault and the Corporation was terminated with effect as of March 31, 2018.

Though certain of the directors are not independent, each director is expected to exercise independent judgement at all times when discharging their responsibilities as a director of the Corporation. The Board is able to exercise independent supervision over management due to the fact that a majority of the members of the Board and of each of its committees is composed of non-executive directors and at every meeting of the Board and of each of its committees, the non-executive directors on the Board and each committee meet in camera in the absence of management. In addition, the Board's responsibilities include the appointment of the CEO, the approval of the CEO's primary duties as well as the terms and conditions (including compensation) of the CEO's employment by the Corporation. The role and responsibilities of the CEO are delineated and described in the Mandate of the Board and in the various policies approved by the Board and adopted by the Corporation, including the Policy Establishing Financial Authorities.

#### **ORIENTATION AND CONTINUING EDUCATION**

Directors keep themselves informed and receive copies of all up to date required information on boards of directors or committees. Due to the limited number of directors and the emerging nature of the Corporation, no formal training system has been established. Directors are expected to update their knowledge base on relevant matters. Due to the limited number of directors and the emerging nature of the Corporation, no formal continuing education program has been established.

#### **ETHICAL BUSINESS CONDUCT**

The directors and senior management of the Corporation lead by example in setting the highest standards in ethical business conduct.

The Board has adopted a written code of ethical conduct for the directors, officers and other employees of the Corporation. The code of ethical conduct is posted on the website which the Corporation maintains at <https://www.pieridaenergy.com>.

Each director, officer and other employee is required each year to certify their respective compliance with the code of conduct. In addition the Corporation has adopted and maintains a whistleblower policy whereby individuals are invited to report incidents of actual or suspected non-compliance with the code of conduct, or any policy adopted by the Corporation, to the Chair of the Audit Committee via a third party email address. All such reports are investigated in accordance with the whistleblower policy.

The Board has approved, and the Corporation has adopted, a disclosure policy which requires inter alia the disclosure of conflicts of interest. When the Board becomes aware of a transaction or an agreement in which a director or executive officer has a material interest, that transaction or agreement is carefully considered by those directors who do not have a conflict of interest and is discussed and voted upon by them without the participation of any director or executive officer who has a conflict of interest.

#### **NOMINATION OF DIRECTORS**

The Governance & Compensation Committee is responsible for reviewing and assessing the size, composition and operation of the Board and its committees to ensure effective decision-making and to identify and assess new candidates for nomination and election to the Board. The members of the Governance & Compensation Committee and the CEO identify the critical skills that are underrepresented on the Board and they collectively identify and interview potential candidates that possess those critical skills.

The Board regularly considers its size when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Governance & Compensation Committee regularly examines the composition of its then current Board and the competencies, skills and financial acumen of current directors.

#### **DIVERSITY POLICY STATEMENT**

Pieridae values the benefits that diversity can bring to its Board and senior management team. These benefits include the promotion of differing perspectives and the broadening of ideas while improving oversight, decision-making and governance. Moreover, diversity on the Board and the senior management team evidences the Corporation's dedication to diversity at all levels within the organization and its commitment to foster an inclusive corporate culture that is based on merit and is free of bias whether conscious or unconscious.

Pieridae believes that promotion of diversity within the organization is best served through an objective evaluation of the knowledge, experience, expertise and backgrounds of each nominee for director, and each potential employee, in close proximity to the needs of the Corporation and the enhanced diversity but without undue focus on any single diversity characteristic. Pieridae at all times strives to maintain a Board and a senior management team which is comprised of talented and dedicated individuals with a diverse mix of knowledge, experience, expertise and backgrounds who collectively are able to execute upon the strategic objectives of the Corporation while reflecting the diversity within the society in which the Corporation operates. Thus, Pieridae will always consider candidates based on objective criteria having due regard to the benefits of diversity and the needs of the Corporation when assessing the composition of the Board and the senior management team and when identifying suitable candidates for election or appointment to the Board or employment on the senior management team.

## CANADA BUSINESS CORPORATIONS ACT REQUIREMENTS ON DIVERSITY

The following information is hereby disclosed by the Corporation pursuant to Section 172.1 of the CBCA and Part 8.2 of the Canada Business Corporations Regulations, 2001 SOR/2001-512, as amended (collectively, the “**Applicable Legislation**”).

For the purposes of complying with these disclosure obligations under Applicable Legislation, “designated groups” means women, Aboriginal peoples<sup>11</sup>, persons with disabilities<sup>12</sup> and members of visible minorities<sup>13</sup> and, at the election of the Corporation, includes LGBT persons<sup>14</sup> and “members of senior management” means, collectively, each of the following individuals:

NAME OF INDIVIDUAL	POSITION HELD IN THE CORPORATION	NAME OF INDIVIDUAL	POSITION HELD IN THE CORPORATION
MYRON TÉTREAULT	Director (Chair of the Board)	CAROLYN NORMAND	Vice President Operations
ALFRED SORENSEN	Director and Chief Executive Officer	GREG FELTHAM	Vice President Exploration
TIM DE FREITAS	Director and Chief Operating Officer	RICH ROWE	Vice President Land
ROBERT DARGEWITCZ	Chief Financial Officer	MARK BROWN	Vice President Bus. Development
THOMAS DAWSON	Senior Vice President Bus. Development	ADAM GRAY	Controller
YVONNE MCLEOD	Senior Vice President Drilling, Completion & HSE	THOMAS CIZ	General Counsel & Corporate Secretary

As stated in its written diversity policy statement, Pieridae values the benefits that diversity can bring to its Board, management and employees. Thus the level of the representation of designated groups on its board of directors and among members of senior management will be considered by the Corporation among the relevant factors in identifying and nominating candidates for election or re-election on the Board and in appointing members of senior management. That said, at this time the Corporation has not, for any designated group, established a target number or a percentage, or a range of target numbers or percentages, for members of that group to hold positions on its Board or to be members of senior management by a specific date. Each candidate for nomination to the Board or for membership to senior management must be evaluated on a broad spectrum of criteria (including their degree of diversity) and in each case, the Corporation must engage the best candidate for each position.

As of the Record Date, the following table discloses the current level of diversity on the Corporation’s Board and among the membership of senior management.

<sup>11</sup> “Aboriginal peoples” means persons who are Indians, Inuit or Métis.

<sup>12</sup> “Persons with disabilities” means persons who have a long-term or recurring physical, mental, sensory, psychiatric or learning impairment and who either (a) consider themselves to be disadvantaged in employment by reason of that impairment, or (b) believe that a employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment, and includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace.

<sup>13</sup> “Members of visible minorities” means persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.

<sup>14</sup> “LGBT persons” means persons, other than members of any other designated group, who self-identify as either lesbian, gay, bisexual or transgender.

	BOARD		SENIOR MANAGEMENT	
	number	%	number	%
WOMEN	0	0.0%	2	16.7%
ABORIGINAL PEOPLES	0	0.0%	0	0%
PERSONS WITH DISABILITIES	0	0.0%	1	8.3%
MEMBERS OF VISIBLE MINORITIES	0	0.0%	1	8.3%
LGBT PERSONS	0	0.0%	1	8.3%

With the adoption of its written diversity policy statement, the Corporation will thereafter monitor the level of diversity, including with reference to each designated group, that exists within the organization and will prepare a written diversity report at least annually that discloses the level of that diversity that exists at that time on the Board, among the members of senior management and within the broader employee group. It is anticipated that over time, progress will be evident from a chronological comparison of the results disclosed in these written diversity reports.

Pieridae has neither adopted term limits for the directors on its Board nor adopted any particular mechanisms of board renewal due to the fact that the Corporation continues in its efforts to develop the Goldboro LNG project and the continuity of its directors is particularly important at this early stage in the Corporation's evolution.

#### COMPENSATION

See the sections entitled "*Statement of Executive Compensation*" and "*Statement of Director Compensation*".

#### BOARD COMMITTEES

The Board ensures the proper functioning of the Board, the Audit Committee and the Governance & Compensation as well as the Reserves & HSE Committee by periodically reviewing and assessing the effectiveness and contribution of individual directors. The Board has adopted a written mandate of each committee. Each such mandate includes a position description of the Chair of each committee. The mandate of the Audit Committee is attached as Schedule D to the Circular.

The Board has three standing committees:

- Audit;
- Governance & Compensation; and
- Reserve & Health, Safety and Environment.

#### *Audit Committee*

The charter of Pieridae's Audit Committee is presented in "D" of this Circular. The Audit Committee's general mandate is to examine and recommend to the Board the approval of Pieridae's annual and quarterly financial statements as well as the management reports and press releases related to these financial statements, and in particular:

- to study and assess all aspects of Pieridae's financial information reporting process, internal controls, risks, and insurance coverage;
- to present relevant recommendations on these subjects to the Board; and
- to supervise the establishment and management of policies and directives regarding financial information and internal control, and to ensure that the process of certifying the annual financial statements meets applicable standards.

In addition, this committee evaluates and supervises the risk-management program and provides pre-approval reviews of all transactions between related parties; after this evaluation, it provides its recommendations to the Board.

The Audit Committee ensures that the external auditors remain independent of the management of Pieridae. The Audit Committee reviews the proposed audit and its execution, evaluates the auditors' performance, and makes recommendations to the Board. The Audit Committee reviews the auditors' compensation, makes recommendations in this regard, and pre-authorizes appointments unrelated to auditing, as permitted by law.

When it considers it necessary, the Audit Committee meets jointly and separately with Pieridae management and with the external auditors to discuss Pieridae's financial affairs.

### *Composition*

The Audit Committee is comprised of Charles Boulanger, who serves as the chair of that committee, Andrew Judson and Charle Gamba (each of whom is considered to be independent member of that committee) and all members are financially literate as defined in National Instrument 52-110 *Audit Committees* (“**NI 52-110**”). According to NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

Under NI 52-110 Pieridae, as a venture issuer, is exempt from the requirement that each of the members of its Audit Committee be independent. However, in accordance with Policy 3.1 of the TSXV, the Audit Committee must include at least three directors, the majority of whom are not controlling shareholders of Pieridae, or employees or executive officers of Pieridae or of legal entities of its group.

### *Relevant Training and Experience*

The training and experience of each member of the Audit Committee relevant to his/her responsibilities as members of the Audit Committee are as follows:

#### **Charles BOULANGER**

Mr. Boulanger acquired a foundational level of knowledge of accounting and audit principles by having obtained an executive M.B.A. from CIREM (Centre for International Research and Studies in Management). That knowledge was further enhanced by his thirty-five years of experience in corporate leadership which included the management and implementation of several complex corporate structures (such as international joint ventures) and financings (totalling over \$700 million) as well as initial public



offerings and a leveraged buy-out. As a consequence, Mr. Boulanger has gained first-hand knowledge of the accounting treatment, financial statement presentation and audit implications, of these structures, financings and transactions. His knowledge base has been further supplemented through his prior service (since 2012) on the audit committee of Pétrolia Inc. and more recently of the Corporation.

### **Andrew JUDSON**

Mr. Judson holds an M.B.A. and has been employed in the investment industry on both the buy and sell sides for over twenty five years. His business experience includes the critical review of financial statements and information of companies engaged in the oil and gas industries. Mr. Judson has served on the audit committee of both for-profit and not-for-profit organizations.

### **Charle GAMBA**

Mr. Gamba is the chief executive officer of Canacol Energy Ltd, a leading oil and gas production company based in Columbia. Mr. Gamba has over thirty years of experience in the oil and gas industries and has had extensive exposure to oil and gas financial reporting based on IFRS. Mr. Gamba's experience also includes the identification and assessment of financial risk and its mitigation and has been responsible for the audit function.

### *Governance & Compensation Committee*

The Corporation has established a governance & compensation committee (the “**Governance & Compensation Committee**”) which is responsible for, among other things, the oversight of the Corporation's compensation plans.

Specifically, the Governance & Compensation Committee is charged with the overall responsibility of reviewing the Corporation's compensation philosophy and developing and fostering a compensation policy that rewards the creation of shareholder value and reflects an appropriate balance between short and long-term performance. It is important to the Corporation to ensure that it is capable of attracting, motivating and retaining individuals who will contribute to the success of the Corporation.

To that end, the Governance & Compensation Committee is specifically responsible for, among other things, establishing the overall compensation policies of the Corporation and monitoring their implementation, periodically reviewing those policies and specific compensation practices and plans of the Corporation and recommending appropriate changes to the Board for consideration, administering the Corporation's incentive plans, including the Stock Option Plan, in accordance with their terms and recommending to the Board the granting of incentives (including stock option grants) as appropriate. The Governance & Compensation Committee periodically reviews and approves the goals and objectives of the Corporation relative to the evaluation of the CEO's performance and compensation, and periodically reviews the level of compensation of the members of the Board and its committees and recommends appropriate changes to the Board for consideration.

In discharging its responsibilities, the Governance & Compensation Committee will seek the advice of the CEO. The CEO will not, however, participate in the deliberations of the Governance & Compensation Committee or the Board in regard to the evaluation of the CEO's performance or matters concerning his compensation. The Governance & Compensation Committee may not delegate any of its responsibilities under its mandate to another entity or to an individual without the approval of the Board.

### *Composition*

The Governance & Compensation Committee is currently comprised of Andrew Judson (serving as the Chair), Kjell Pedersen and Myron Tétreault.

A majority of the directors serving on the Governance & Compensation Committee are independent. Andrew Judson and Kjell Pedersen are considered to be independent, and Myron Tétreault is not considered to be independent, under National Instrument 58-101 *Disclosure of Corporate Governance Practices* (as defined under “Corporate Governance Matters – Approach to Corporate Governance”).

### *Reserves & Health, Safety & Environment Committee*

The Reserves & Health, Safety and Environment Committee (“**Reserves & HSE Committee**”) is responsible for, among other things, consulting with the Corporation's senior personnel responsible for oil and gas reserves and other information regarding the Corporation's oil and gas activities, and reviewing and reporting to the Board on: (i) the Corporation's procedures relating to the disclosure of such information; (ii) the appointment of, or any changes to, the independent consultants engaged to report on the Corporation's oil and gas reserves pursuant to the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”); and (iii) the Corporation's procedures for providing information to the consultants. The Reserves & HSE Committee is also responsible for, among other things, reviewing the health, safety and environment policies of the Corporation and exercising oversight of the Corporation’s compliance with all applicable law in the conduct of its activities. Prior to filing the Statement of Reserves Data and Other Oil and Gas Information and related consultants' report required under NI 51-101, the Reserves & HSE Committee meets with responsible management of the Corporation and the independent consultants to review the evaluation report, and thereafter reports to the Board and recommends, as appropriate, the approval, release and filing of the Statement of Reserves Data and Other Oil and Gas Information and related reports required under NI 51-101.

### *Composition*

The Reserves & HSE Committee is comprised of Kjell Pedersen, who serves as the chair, Charles Boulanger and Charle Gamba (each of whom is considered to be an independent member).

This Reserves & HSE Committee supervises matters in order to assist the directors of the Corporation in satisfying their responsibilities in respect of the timely compliance by the Corporation with its disclosure and related obligations under NI 51-101 and the protection by the Corporation of the health and safety of its employees and of the environment.

## **NON-ARM’S LENGTH TRANSACTIONS**

Pieridae had consulting agreements in place with Mr. Myron A. Tétreault (executive chairman of the board and director of Pétrolia Inc.) up until March 31, 2018, and Mr. Martin Bélanger (interim president and chief executive officer and director of Pétrolia Inc.) up until February 1, 2018, in connection with the services rendered by these individuals in their respective roles of executive chairman and interim president and chief executive officer of Pétrolia Inc. (see the “Summary Compensation Table in “Part III – Executive Compensation” of this Circular).

## **REGISTRAR AND TRANSFER AGENT**

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., having offices at 530 – 8th Ave SW, Suite 600, Calgary, Alberta, T2P 3S8.

## **OTHER BUSINESS**

Management knows of no amendment, variation or other matter to come before the Meeting other than those set forth in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the Common Shares represented by the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

## **SHAREHOLDER PROPOSALS**

Any Shareholder wishing to present a proposal to be considered at the next annual meeting in 2021 must transmit such proposal to the Corporation prior to January 16, 2021 in order for it to be included in the proxy solicitation documentation for such annual meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Corporation's comparative financial statements for the year ended December 31, 2019, and related and management discussion and analysis which can be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [www.pieridaenergy.com](http://www.pieridaenergy.com). Shareholders may also obtain these documents, without charge, upon request to the CFO at Pieridae Energy Limited, 308 – 4th Avenue SW, Suite 3100, Calgary, Alberta, T2P 0H7.

## **APPROVAL OF DIRECTORS**

The contents and the sending of this Circular have been approved by the directors of the Corporation.

DATED as of the 17<sup>th</sup> day of April 2020.

*(signed) Alfred Sorensen*

Alfred Sorensen  
President and Chief Executive Officer

**SCHEDULE A**  
Stock Option Plan

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**1 Definitions and interpretation**

1.1 Definitions

Unless otherwise required by the context or subject matter, the following terms, as used herein, have the meanings set forth below.

- a) **Board of Directors** means the board of directors of the Corporation.
- b) **Corporation** means Pieridae Energy Limited and any corporation which it controls pursuant to the *Canada Business Corporations Act*.
- c) **Consultant** means an individual or consulting firm, other than an employee or a director of the Corporation, respecting the conditions prescribed by section 1.2 of Policy 4.4 of the Exchange.
- d) **Consulting Firm** means for an individual consultant, a corporation or partnership of which the individual is an employee, shareholder or partner.
- e) **Date of Grant** means the date on which the Board of Directors grants a particular Option in favour of an individual.
- f) **Exchange** means the TSX Venture Exchange.
- g) **Exercise Notice** means the notice regarding the exercise of an Option duly executed by the Optionee.
- h) **Exercise Period** means the period during which a particular Option may be exercised, which runs from the Date of Grant inclusively, provided that all of the regulatory approvals have been obtained, up to and including the Expiry Date.
- i) **Exercise Price** means the price at which an Option may be exercised, as established pursuant to section 3.5 hereof.
- j) **Expiry Date** means the date established pursuant to section 3.3 hereof and after which a particular Option cannot be exercised.
- k) **Investor Relations** means any activity by or on behalf of the Corporation or a shareholder of the Corporation that promotes or reasonably could be expected to promote the purchase or sale of the Corporation's securities, with the exception of the activities excluded pursuant to Policy 1.1 of the Exchange.
- l) **Market Value** means the closing price of a Share sold in the last regular lot traded on the Exchange on the trading day immediately preceding the Date of Grant during which a regular lot of Shares has been traded on the Exchange. If no regular lot is traded on such date, the Market Value shall then be equal to the price of a Share sold in the last regular lot on the nearest trading day preceding the Date of Grant during which a regular lot has been traded.
- m) **Option Certificate** means the certificate representing an Option.

- n) **Option** or **Options** means, as the case may be, one or several options granted pursuant to the Plan for the purpose of purchasing Shares.
- o) **Optionee** means an employee, director, senior executive, Consultant, or person performing Investor Relations, or a former employee, director, senior executive, Consultant, or person performing Investor Relations holding unexercised and unexpired Options or, as the case may be, their Personal Representatives.
- p) **Personal Representative** means (i) in the case of a deceased Optionee, the liquidator of the succession or the court administrator of the deceased duly appointed by a court or a public body duly authorized with respect thereto; and (ii) in the case of an Optionee who, for any reason whatsoever, is incapable of managing his or her affairs, the person legally authorized to act on behalf of such Optionee.
- q) **Plan** means this Stock Option Plan.
- r) **Share** or **Shares** means, as the case may be, one or several common shares in the share capital of the Corporation.

## 1.2 Governing Law

The Plan is established pursuant to the laws in effect in the Province of Alberta and the policies of the Exchange, and its provisions shall be interpreted pursuant to such laws and policies.

## 1.3 Headings

The headings herein are for the convenience of the reader and shall in no way affect the interpretation of the Plan.

# 2 Purpose and Participation

## 2.1 Purpose

The Plan was designed to allow the Corporation, through Shares, to retain and motivate competent directors, senior executives, employees, Consultants and persons performing Investor Relations, to compensate directors, senior executives, employees, Consultants and persons performing Investor Relations to whom the Board of Directors may grant Options pursuant to the Plan from time to time further to their efforts in attaining the goals of the Corporation and to allow such individuals to purchase Shares as an investment, and to encourage them to act in this manner.

## 2.2 Participation

From time to time, the Board of Directors will designate, at its discretion, the directors, senior executives, employees, Consultants, and persons performing Investor Relations, as the case may be, who are to be granted Options and will establish the number of Shares with respect to which each Option may be exercised and grant the Options based on these decisions. The granting of an Option to a director, senior executive, employee, Consultant or person performing Investor Relations will not, at any time, entitle such person to receive Options thereafter, nor will it prevent such person from receiving Options thereafter.

### 2.3 Notice of Granted Options

- a) After the Board of Directors has approved the granting of an Option, the Chairman or another member of the Board of Directors designated for such purpose shall give written notice of the grant to the director, senior executive, employee, Consultant, or person performing Investor Relations and shall include therewith the Option Certificate representing the Option thus granted.
- b) In the case of Options granted to employees, Consultants, or employees of a holding company, the Corporation will declare that the Optionee is a bona fide employee, Consultant, or employee of a holding company, as the case may be.

### 2.4 Copies of the Text of the Plan

With the notice sent with the initial granting of an Option, each director, senior executive, employee, Consultant, or person performing Investor Relations must be provided with two copies of the text of the Plan, and within 10 days following the receipt of these copies, the aforementioned persons shall sign one of the copies and return it to the Board of Directors. The Board of Directors shall promptly provide each Optionee with two copies of any amendment to the Plan, and within 10 days thereof, said Optionee shall sign a copy of the amendment and return it to the Board of Directors.

### 2.5 Limitations

The Plan does not entitle an Optionee to act as senior executive or director of the Corporation or to continue to act as such, nor does it entitle it to be an employee of the Corporation or to continue as such, nor does it create an obligation on the part of either party with respect thereto. The Plan does not grant the Optionee any rights as a shareholder of the Corporation with respect to the Shares underlying the Options before such time as the Optionee has exercised his or her Options or a part thereof and before he or she is registered as a shareholder of the Corporation. All decisions regarding the granting of Options shall be made at the sole discretion of the Board of Directors. The Plan does not hinder, limit, force, restrict, or prevent the Board of Directors with respect to the allocation or the issuance of Shares or of any other security of the Corporation, except as specified in the Plan.

## 3 Terms and Conditions of the Options

### 3.1 Issuance of Shares by the Board of Directors

The Shares to be issued to Optionees upon the exercise of the Options must be authorized by the Board of Directors.

### 3.2 Number of Shares

- a) The Options to be granted under the Plan must not be exercisable for more than 10% of the common shares issued at the time the Options are granted, provided that if the Options expire or are terminated for any reason before they are exercised, the number of Shares underlying such expired or terminated Options may again be available under the Plan.
- b) The number of Shares reserved for issuance within a period of 12 months must not exceed the following percentage of issued and outstanding Shares of the Corporation:
  - (i) 2% in the case of a Consultant; and

- (ii) 2% for all persons performing Investor Relations, provided that such Options must vest in stages over such 12-month period with no more than 1/4 of the Options vesting in any three-month period; and
- (iii) 5% in the case of an individual, unless the Corporation has obtained disinterested shareholder approval.

### 3.3 Term of Options

Subject to sections 3.4 and 6.2, the Expiry Date of an Option is the date established by the Board of Directors at the time of the granting of the particular Option, provided that such date does not extend beyond the fifth anniversary of the Date of Grant of the Option.

### 3.4 Termination of Options

Optionees may exercise an Option in whole or in part, at any time or from time to time during the Exercise Period, provided that the Option has vested on or before such time pursuant to the terms of the Option Certificate evidencing such Option and provided that with respect to the exercise of a part of an Option, the Board of Directors shall be entitled, at any time and from time to time, to establish the number of Shares with respect to which an Optionee may exercise a part of the Option held by such Optionee. All of the Options or parts of an Option that have not been exercised during the Exercise Period will terminate and become null and void on the day following the Expiry Date. The Expiry Date of an Option will correspond to the earlier of either of the following dates, namely the date established by the Board of Directors at the time of the granting of the Option, or the date established pursuant to paragraphs (a) to (d) hereinafter:

- a) *Death* – Upon the death of an Optionee who is an employee, director, senior executive, Consultant, or person performing Investor Relations, any Options granted to such person or the remainder thereof may be exercised by his/her legatees in accordance with the terms and conditions of his/her last will or by his/her representative with respect to the estate. Options must be exercised no later than on the earlier of either of the following dates, namely (i) the Expiry Date of the Options, or (ii) the expiry of a period of 12 months following the death of the Optionee.
- b) *Cessation of Employment* – If an Optionee at any time on a particular day ceases to be employed by the Corporation (other than as a consequence of the termination of employment for cause), or ceases to hold an office of the Corporation, or ceases to be engaged by the Corporation as a Consultant, for any reason other than death and the Option is held by the Optionee at that time, the date established hereby in respect of such Option is three hundred and sixty five (365) days after the particular day if such Option was granted to the Optionee by the Corporation at any time on or before October 24, 2017, and in any other case, the date established hereby in respect of such Option is ninety (90) days after the particular day.
- c) Notwithstanding paragraphs (a) and (b) above, the Board of Directors may, at its discretion, by means of a prior notice sent to an Optionee or his or her Personal Representative, allow an Option, or part of an Option, to remain valid and in effect, and may direct that the Expiry Date of an Option or part of an Option held by the Optionee be deemed to be the date of the death, the retirement, the resignation, or the termination of employment, or a date after any of such events. *Termination of Employment for Cause* – If the employment of an

Optionee is terminated for cause, the Expiry Date of an Option shall be the date upon which the Corporation gave the Optionee a notice of the termination of his or her employment.

- d) *Discretion of the Board of Directors* – The Board of Directors may, at any time or from time to time, with the consent of an Optionee and, subject to the approval of the regulatory authorities, accelerate or postpone the Expiry Date of an Option or of any part of an Option held by the Optionee if the Board of Directors establishes, at its discretion, that this measure is warranted under the circumstances and provided that the Expiry Date of the Option does not extend beyond the fifth anniversary of the Date of Grant.

### 3.5 Exercise Price

- a) No consideration will be payable with respect to the granting of an Option. Consideration will be payable pursuant to paragraph 3.5 (b) hereunder.
- b) At the time of the granting of an Option, the Board of Directors shall establish the price at which an Optionee may purchase a Share upon the exercise of his or her Option. Said price will not be less than the Market Value.
- c) The Board of Directors may reduce the Exercise Price of an Option with the consent of the Optionee, subject to the prior approval of the disinterested shareholders of the Corporation if the Optionee is an insider of the Corporation.

### 3.6 Assignment of Options

Options may not be assigned or transferred. However, to the extent provided for pursuant to section 4.1, the Personal Representative of an Optionee may exercise Options during the Exercise Period.

### 3.7 Adjustments

Prior to the exercise in full of an Option, if a stock dividend is paid with respect to the Shares or if the Shares are consolidated, subdivided, converted, exchanged, or redesignated, or if they are in any way replaced (collectively designated herein as an “Event”), the Option, to the extent that it has not been exercised, will entitle the holder thereof, upon its exercise pursuant to its terms and conditions, to the number and type of Shares, other securities or assets that the holder would have been entitled to receive as a result of the Event as if such holder were the owner of the Shares subject to the unexercised part of the Option at the time the Event occurred, and the Exercise Price of the Option will be the same as if the Shares of the Corporation initially subject to the Option had been purchased pursuant hereto. No fractional Shares will be issued upon the exercise of the Options, and if an Optionee is entitled to a fraction of a Share as a result of an Event, then such Optionee will only be entitled to purchase the nearest lower full number of Shares and no payment or any other adjustment will be made with respect to the fractional participation that is not taken into account. If an Event occurs, the number of Shares that the Board of Directors has authorized pursuant to the Plan as set forth in section 3.2 will be adjusted accordingly.

### 3.8 Disinterested Shareholder Approval

- a) The Issuer must obtain disinterested shareholder approval in the following cases:
  - (i) a Stock Option Plan, combined with all the other Issuer’s applicable plans, or the Issuer’s other outstanding stock option plans, may result in any of the following situations:



- A. the number of shares reserved, to be issued upon the exercise of stock options granted to the insiders is more than 10% of the number of Shares issued;
  - B. the insiders are granted, within a 12 month period, more than 10% of the issued Shares;
  - C. an Optionee is issued, within a 12 month period, more than 5% of the issued Shares;
- (ii) the Issuer lowers the exercise price of stock options proposed that have been granted to insiders.
- b) If a) applies, the proposed allocations or the proposed plan shall be approved by a majority of the votes cast by all the shareholders at the shareholders' meeting, excluding the votes of the shareholders who beneficially own shares:
- (i) of insiders to whom Options may be granted pursuant to the Stock Option Plan;
  - (ii) of persons who are associated with the persons mentioned in b)(i).
- c) The holders of non-voting shares or subordinate voting shares shall be granted full voting rights in relation to a resolution that requires approval of disinterested shareholders.

#### **4 Exercise of Options**

##### **4.1 Exercise of Options**

Only the Optionee or his or her Personal Representative may exercise an Option. An Optionee or his or her Personal Representative may exercise an Option in whole or in part, at any time or from time to time during the Exercise Period provided that the Option has vested on or before such time pursuant to the terms of the Option Certificate evidencing such Option, by giving the Board of Directors an Exercise Notice, the applicable Option Certificate, and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares that are being purchased as a result of the exercise of the Option.

##### **4.2 Issuance of Shares**

As soon as possible after the receipt of the Exercise Notice, the Board of Directors will ensure that a certificate for the Shares thus purchased is delivered to the Optionee. If the number of Shares thus purchased is less than the number of Shares represented by the Option Certificate that is surrendered, the Board of Directors shall make a note thereon indicating the number of Shares with respect to which the Option was exercised and shall return such Option Certificate to the Optionee at the same time as the Share certificate mentioned above.

##### **4.3 Conditions of the Issuance**

The issuance of Shares by the Corporation as a result of the exercise of an Option will be subject to the laws, rules, and regulations of all the authorities and public bodies applicable with respect to the issuance and the distribution of Shares. The Optionee agrees to comply with all of these laws, rules, and regulations, to provide the Corporation with the information, reports, and covenants necessary in

order to comply with such laws, rules, and regulations, and to fully collaborate with the Corporation with respect to such compliance.

## **5 Administration**

### **5.1 Administration**

The Board of Directors is responsible for the administration of the Plan. The Board of Directors may, at any time and from time to time, establish, change, and repeal regulations that are in compliance with the Plan, as it deems necessary or advisable with respect to the proper administration and operation of the Plan, and such regulations are an integral part of the Plan. The Board of Directors may delegate some of its functions and administrative powers to a director, senior executive, or employee of the Corporation, as it deems appropriate.

### **5.2 Interpretation**

The Board of Directors' interpretation of any provision of the Plan and its decisions with respect thereto will be final and binding and will not be subject to any dispute on the part of an Optionee. No member of the Board of Directors nor any person acting pursuant to powers that have been delegated hereunder will be responsible for any of the measures taken or decisions made in good faith with respect to the Plan, and each member of the Board of Directors and each of these persons will be indemnified with respect to the measures or decisions as provided for by the Corporation.

## **6 Amendments to and Termination of the Plan**

### **6.1 Future Amendments**

The Board of Directors may, from time to time and subject to the approval of regulatory authorities, amend the Plan and the terms and conditions of any Option to be granted thereafter, and without limiting the generality of the foregoing, the Board of Directors may make such amendments in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, an Option or the Shares, or for any other purposes authorized by law. However, such amendments will not affect any rights of any Optionee pursuant to an Option, nor affect the terms and conditions of an Option that was granted to such Optionee prior to the amendment.

### **6.2 Advanced Exercise of Options**

Notwithstanding any provision to the contrary in the Plan or in a resolution of the Board of Directors passed to carry out such provision, if the Corporation and another company or corporation (with the exception of a wholly-owned subsidiary) have the intention of merging, or if the Corporation intends to proceed with its liquidation or dissolution, voluntary or otherwise, or if an offer is made to purchase all or part of the Corporation's outstanding Shares, the Board of Directors, by means of a written notice to this effect given to each Optionee, may then allow for the exercise of Options within 30 days after the date of the written notice and shall stipulate that at the end of the 30-day period, all of the rights of the Optionees with respect to the exercise of any non-exercised Options will immediately be terminated.

### **6.3 Retroactive Amendment**

The Board of Directors may, from time to time and subject to the approval of regulatory authorities, retroactively amend the Plan and, with the consent of the affected Optionees, retroactively amend the terms and conditions of the Options that have been granted until then.

#### 6.4 Termination of the Plan

The Board of Directors may terminate the Plan at any time, provided that such termination does not affect the rights of any Optionee pursuant to any Option and does not amend the terms and conditions of any Option that has been granted to such Optionee before the date of such termination and, notwithstanding such termination, the Corporation, the Options, and the Optionees will continue to be subject to the provisions of the Plan.

**SCHEDULE B**  
By-Law No. 3  
**(Advance Notice By-Law)**

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**1.01 DEFINITIONS**

For purposes of this By-law:

- (a) **Act** means the Canada Business Corporations Act, RSC 1985, c C-44;
- (b) **acting jointly or in concert** has the meaning ascribed thereto in National Instrument 62-104 – Take-Over Bids and Issuer Bids, as the same may be amended from time to time;
- (c) **affiliate** has the meaning ascribed thereto in the Act, as the same may be amended from time to time;
- (d) **Applicable Securities Laws** means the applicable securities legislation of each relevant province and territory of Canada, the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authority of each province and territory of Canada, in each such case as the same may be amended from time to time;
- (e) **associate** has the meaning ascribed thereto in National Instrument 62-104 – Take-Over Bids and Issuer Bids, as the same may be amended from time to time;
- (f) **business day** means any day, other than a Saturday, a Sunday or a statutory or civic holiday observed in the Province of Alberta; and
- (g) **public announcement** means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

**1.02 NOMINATION PROCEDURES**

Subject only to the Act, Applicable Securities Laws and the articles of the Corporation (the Articles), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the Board) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors,

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders of the Corporation made in accordance with the provisions of the Act; or
- (c) by any person (a **Nominating Shareholder**): (A) who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting of shareholders, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be

voted at such meeting; and (B) who complies with the notice procedures set forth below in this By-law.

### **1.03 NOMINATIONS FOR ELECTION**

Subject to Section 1.01(a) and (b), for the avoidance of doubt, the procedures set forth in this By-Law shall be the exclusive means for any person to bring nominations for election to the Board before any meeting of shareholders.

### **1.04 TIMELY NOTICE**

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely and in proper written form to the Corporate Secretary of the Corporation in accordance with this By-law.

### **1.05 MANNER OF TIMELY NOTICE**

To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:

- (a) in the case of an annual meeting (including an annual and special meeting) of shareholders, not less than thirty (30) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than fifty (50) days after the date on which the first public announcement (in respect of an annual meeting, the **Notice Date**) of the date of the annual meeting was made by the Corporation, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date;
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement (in respect of a special meeting, the **Notice Date**) of the date of the special meeting of shareholders was made by the Corporation; and
- (c) in the case of an annual meeting (including an annual and special meeting) of shareholders or a special meeting of shareholders called for the purpose of electing directors (whether or not also called for other purposes) where notice-and-access is used for delivery of proxy related materials, not less than forty (40) days prior to the date of the meeting (but in any event, not prior to the Notice Date in respect of the annual meeting of shareholders or the special meeting of shareholders, as the case may be); provided, however, that in the event that the meeting is to be held on a date that is less than fifty (50) days after the Notice Date, notice by the Nominating Shareholder shall be made, in the case of an annual meeting of shareholders, not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date in respect of the annual meeting of shareholders and, in the case of a special meeting of shareholders, not later than the close of business on the fifteenth (15<sup>th</sup>) day following the Notice Date in respect of the special meeting of shareholders.

Each of the notice periods set forth above shall reset if the meeting is adjourned and/or postponed, and for these purposes the date on which the first public announcement of the date of the meeting was made shall be the date of the first public announcement of the adjournment and/or postponement.

#### 1.06 PROPER FORM OF NOTICE

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must:

- (a) set forth, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (each, a **Proposed Nominee**):
  - (i) the name, age, business address and residential address of the Proposed Nominee;
  - (ii) the principal occupation, business or employment of the Proposed Nominee and the name and principal business of any company in which such employment is carried on, both presently and within the five preceding years;
  - (iii) whether the Proposed Nominee is a "resident Canadian" as defined in the Act;
  - (iv) whether the Proposed Nominee is a citizen and/or resident of the United States;
  - (v) the number of securities of each class of securities of the Corporation or of any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
  - (vi) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
- (b) set forth, as to each Nominating Shareholder and each beneficial owner, if any, on whose behalf the nomination is made:
  - (i) the name, and business or residential address, as applicable, of such person;
  - (ii) the number of securities of each class of securities of the Corporation or of any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person or any of its affiliates or associates, or any person acting jointly or in concert with any of them with respect to the Corporation or any of its securities, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (iii) any other information relating to such person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.
- (c) Subject to applicable law, all information received by the Corporation respecting the Proposed Nominee and/or the Nominating Shareholder that the Corporation determines is relevant to providing shareholders with sufficient information to make an informed voting decision on the Proposed Nominee will be made publicly available to shareholders, provided the Corporation may elect not to make such disclosure where the Proposed Nominee or Nominating Shareholder has

otherwise publicly disclosed such information or the Nominating Shareholder has indicated to the Corporation that it intends to deliver a dissident's proxy circular to the shareholders of the Corporation in connection with such nomination that will provide shareholders with all required and relevant information respecting the Proposed Nominee. In submitting such information to the Corporation, the Proposed Nominee and Nominating Shareholder shall have thereby consented to the disclosure contemplated hereby.

- (d) Reference to "Nominating Shareholder" in this section 1.05 shall be deemed to refer to each shareholder that nominates or seeks to nominate a person for election as a director in the case of a nomination proposal where more than one shareholder is involved in making the nomination proposal.

#### **1.07 NOTICE TO BE UPDATED**

All information to be provided pursuant to section 1.06 above (except as otherwise expressly provided for in section 1.06) shall be provided as of the date of such notice. In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

#### **1.08 POWER OF THE CHAIR**

The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

#### **1.09 DISCUSSION OF MATTERS**

Nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act or the discretion of the chair of the meeting.

#### **1.10 DELIVERY OF NOTICE**

Notwithstanding any other provision of this By-law, notice given to the Corporate Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (to the Corporate Secretary of the Corporation), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. Calgary time on a

day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

#### **1.11 BOARD DISCRETION**

Notwithstanding the foregoing, the Board may, in its sole discretion, waive all or any requirements in this By-law.

Subject to its confirmation by the shareholders in accordance with the Act, this by-law will come into force on the date approved by the board.



**SCHEDULE C**  
Board of Directors Mandate

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**1. Primary Objective**

The primary objective of the Board in discharging its mandate is the effective and efficient conduct by the Corporation of its business and affairs in accordance with its articles, by-laws and policies, and in a manner and to the extent consistent with applicable law and with the purpose of enhancing and preserving shareholder value while taking into account the legitimate interests of employees, customers, lenders and the wider communities.

Accordingly, the Board will be concerned with such matters as strategic and financial planning, risk assessment and mitigation, senior management determination, corporate governance, public disclosure and compliance monitoring.

**2. Directors**

Each director has the duty to act in the best interests of the Corporation and in so doing must thoroughly understand the nature and extent of the Corporation's business and affairs while maintaining an acute awareness of the political, economic, social, legal and environmental realities and constraints prevailing in all jurisdictions in which the Corporation conducts, or proposes to conduct, its business and affairs. In exercising their powers and in discharging their duties, the directors shall:

- act honestly and in good faith with a view to the best interests of the Corporation;
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- disclose to the Corporation the nature and extent of any interest that the director has in a material contract or material transaction with the Corporation if the director is a party to the contract or transaction, is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction or has a material interest in a party to the contract or transaction;
- comply with CBCA and the regulations enacted thereunder as well as with the Corporation's articles and by-laws; and
- comply with their obligations under applicable law and the policies adopted by the Corporation.

**3. Mandate**

**(a) statutory responsibilities**

The Board has the statutory responsibility:

- to supervise the management of the business and affairs of the Corporation;
- to review and to approve the annual consolidated financial statements of the Corporation;

- to place before the shareholders at every annual meeting the annual consolidated financial statements of the Corporation, the report of the auditor and any further information respecting the financial position of the Corporation and the results of its operations required by the articles and by-laws of the Corporation.

The Board is also responsible 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:

- any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- the filling of a vacancy among the directors or in the office of auditor, or appointment of additional directors;
- the declaration of dividends;
- the purchase, redemption or any other form of acquisition of securities issued by the Corporation;
- the approval of a management proxy circulars;
- the approval of any take-over bid circular or directors' circular;
- the approval of annual consolidated financial statements of the Corporation; and
- the adoption, amendment or repeal of the by-laws of the Corporation.

**(b) strategic and financial planning**

The Board has the responsibility:

- to review and consider for approval the strategic and financial objectives of the Corporation proposed by management;
- to review and consider for approval the operating and capital budgets of the Corporation proposed by management;
- to review and consider for approval all amendments or departures from the established strategic and financial objectives and budgets of the Corporation as proposed by management; and
- to review financial performance of the Corporation measured against the financial objectives and budgets of the Corporation.

**(c) risk assessment and mitigation**

The Board has the responsibility:

- to ensure that management has identified and assessed the principal risks attendant on the business and affairs of the Corporation and has achieved an appropriate balance between the risks incurred and the anticipated benefits; and
- to confirm that there are systems in place which effectively monitor and mitigate those risks with a view to achieving the strategic and financial objectives of the Corporation.

**(d) senior management determination**

The Board has the responsibility:

- to appoint the CEO and approve the primary duties of the CEO;
- to approve the terms and conditions (including compensation) of the CEO's employment by the Corporation;
- to monitor and assess the performance of the CEO measured against the strategic and financial objectives of the Corporation;
- if requested by the CEO, to advise and counsel the CEO in the execution of the CEO's duties;
- in consultation with the CEO, to approve the appointment of the other Officers and to approve the terms and conditions (including compensation) of those Officer's employment by the Corporation; and
- to assess the adequacy of the processes implemented by the Corporation to train and develop the Officers and other members of senior management and to achieve the orderly succession of management.

**(e) corporate governance**

The Board has the responsibility:

- to implement appropriate structures and procedures to permit the Board to function independently of management;
- to analyze the definition of independence and its application to individual directors on a periodic basis;
- to establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and individual directors;
- to establish committees and approve their respective mandates and the limits of authority delegated to each committee;
- to establish limits of authority delegated to Officers; and
- to assess the integrity and professional conduct of the Officers and other members of senior management, to monitor their compliance with applicable law and the policies adopted by the

Corporation and to evaluate their success in creating a corporate culture of integrity, professionalism and compliance with legal and corporate standards.

**(f) public disclosure**

The Board has the responsibility:

- to supervise the Corporation's compliance with its public disclosure obligations;
- to verify that the Corporation has in place policies and programs that ensure that the Corporation communicates effectively and on a timely basis with shareholders, employees, other stakeholders and the public generally;
- to verify that management of the Corporation discharges its responsibilities in relation to the preparation and fair presentation of the Corporation's annual consolidated financial statements in accordance with International Financial Reporting Standards;
- to verify that the financial performance of the Corporation is adequately reported to shareholders and regulators on a timely and regular basis;
- to verify the timely disclosure of any other developments that have, or could have, a material or significant impact on the business or affairs of the Corporation; and
- to report at least annually to the shareholders of the Corporation on its stewardship of the business and affairs of the Corporation.

**(g) compliance monitoring**

The Board has the responsibility to:

- to monitor the Corporation's compliance with applicable law in the conduct of its business and affairs including compliance with each of its contractual obligations;
- to monitor the Corporation's compliance with its policies and procedures in the conduct of its business and affairs including compliance with policies and procedures concerning such matters as the health and safety of its employees, the protection of the environment and ethical business conduct;
- to verify that the Corporation maintains adequate internal controls and information systems for the purpose of ensuring that the Corporation satisfies all of its compliance obligations; and
- to take remedial action if the Corporation fails to satisfy any of its compliance obligations.

**(h) other responsibilities**

The Board has the responsibility to:

- to ensure that all new directors receive an orientation respecting the Corporation's business and affairs and receive continuing education opportunities to enhance their skills; and

- to take such other action that is consistent with this mandate, the Corporation's articles, bylaws and policies and applicable law as the Board considers necessary or appropriate acting reasonably.

#### **4. Meetings and Operation**

The Chair or any two directors may call a meeting of the Board, at such time and at such place as they determine, by giving at least forty-eight hours' notice of such meeting to all directors.

The Board shall meet as often as it determines, but not less frequently than quarterly.

Independent directors shall meet regularly and as often as necessary to fulfill their responsibilities, without non-independent directors and management participation.

A quorum for meetings of the Board will be a majority of directors and the rules for calling, holding, conducting and adjourning meetings of the Board will be those prescribed by the articles and by-laws of the Corporation.

The affirmative vote of a majority of the directors participating in any meeting of the Board is necessary for the adoption of any resolution.

The Chair will preside at all meetings of the Board, unless the Chair is not present, in which case the directors that are present will designate from among such members the Chair for the purposes of the meeting.

Agendas, approved by the Chair, will be circulated to the directors along with background information on a timely basis prior to the Board meetings. Minutes of all meetings of the Board will be taken. The minutes of the Board will be recorded and maintained.

All directors are expected to allow sufficient time to review meeting materials and be prepared for Board meetings. Directors are expected to attend most, if not all, Board meetings.

A director or directors may participate in a meeting of the Board by means of such telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other, and a director participating in such a meeting by any such means is deemed to be present at that meeting.

The CEO will attend meetings of the Board where matters relating to the functions as the Board are dealt with, unless otherwise excused from all or part of any such meeting by the Chair. The Board may invite such other Officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Board and assist in the discussion and consideration of the matters being considered by the Board.

Subject to the articles and by-laws of the Corporation and applicable law, the Board may delegate powers, duties and responsibilities to committees of the Board and 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 full Board, determining directors' compensation and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

## **5. Independent Advisors**

The Board has the authority to retain such independent advisors as it may consider necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Corporation.

## **6. Responsibilities of the Chair**

The Chair of the Board is appointed at the pleasure of, and reports to the Board. The responsibilities of the Chair include:

- working collaboratively with the CEO to coordinate the affairs of the Board and to ensure effective relations with Officers, shareholders, other stakeholders and the public; and
- ensuring that the Board is organized properly, functions effectively, and meets its obligations and responsibilities in all aspects of its work.

### **(a) relationship with the CEO**

The Chair will maintain unfettered bi-lateral communication with the CEO. The Chair's interaction with all other Officers is permitted as appropriate.

The Chair will work collaboratively with the CEO:

- to act as the principal sounding board, counselor and confidant for the CEO, including helping to review strategies, define issues, maintain accountability, and build relationships;
- to ensure the CEO is aware of concerns of the directors, other Officers, shareholders, other stakeholders and the public;
- to assess, in conjunction with the relevant committees, the performance of the CEO and provide input with respect to compensation and succession;
- to work closely with the CEO to ensure management strategies, plans, and performance are appropriately presented to the Board; and
- at the request of the CEO, to provide assistance on major policy issues such as acquisitions, divestitures, and new strategic initiatives.

### **(b) relationship with the board**

The Chair will work collaboratively with the other members of the Board:

- to lead the Board in monitoring and evaluating the performance of the CEO, the accountability of the CEO, and the implementation of management succession and development plans;
- to ensure the Board receives adequate and regular updates from the CEO on all issues important to the interests of the Corporation;

- to maintain a liaison and communication with all directors and committee chairs to coordinate input from directors, and optimize the effectiveness of the Board and its committees; and
- in collaboration with the CEO, to ensure data requested by directors or committees is provided in a timely manner and meets their needs.

**(c) board meetings**

The Chair has the responsibility:

- to chair meetings of the Board;
- to ensure the directors are alert to their obligations to the Corporation, shareholders, management, other stakeholders and pursuant to law;
- to establish the frequency of meetings of the Board and review such frequency from time to time, as considered appropriate or as requested by the directors;
- to assist the appropriate committee in identifying a slate of directors to be nominated for election to the Board;
- to recommend board committees and their composition, review the need for, and the performance and suitability of, those committees and make such adjustments as are deemed necessary from time to time, all in conjunction with the CEO and the relevant committees;
- to prepare the agenda and coordinate the distribution of the agenda, information packages and related materials for meetings of the Board in consultation with the CEO;
- to coordinate the review and assessment of individual attendance, performance and compensation of directors and the size and composition, and overall performance of the Board, all in conjunction with the relevant committees of the Board;
- to endeavor to ensure that the Board's key discussions take place when as many of the directors as possible are present and that essential decisions are made when as many directors as possible are present (either in person or by telephone);
- to endeavor to ensure that Board meetings can be scheduled to deal with important business that arises outside of the regular periodic meetings;
- to endeavor to ensure that the Board is able to function independently of management;
- to consider, and allow for, when appropriate a meeting of all independent directors, so that Board meetings can take place without management being present;
- to endeavor to ensure reasonable procedures are in place to allow for directors to engage outside advisors at the expense of the Corporation, in appropriate circumstances; and
- to apply the Rules of Order:

- to ensure that the meeting is duly constituted;
- to ensure the meeting provides for reasonable accommodation;
- to confirm the admissibility of all persons at the meeting;
- to preserve order and the control of the meeting; and
- to ascertain the sense of the meeting by a vote on all questions properly brought before the meeting.

**(d) shareholder meetings**

The Chair has the responsibility:

- to chair meetings of shareholders;
- to ensure, in collaboration with the CEO and relevant committees, that the Corporation's management and, where applicable, the Board are appropriately represented at official functions and meetings with major shareholder groups, and other stakeholder groups;
- at the request of the CEO, to assist in representing the Corporation at specific shareholder presentations, or with senior levels of industry or government to promote specific corporate objectives;
- at the request of the CEO, to undertake public service activities in conjunction with the Corporation's charitable, educational and cultural objectives; and
- to apply the Rules of Order:
  - to ensure that the meeting is duly constituted;
  - to ensure the meeting provides for reasonable accommodation;
  - to confirm the admissibility of all persons at the meeting;
  - to preserve order and the control of the meeting;
  - to appoint scrutineers if requested and instructing them in their duties;
  - to rule on the validity of proxies; and
  - to ascertain the sense of the meeting by a vote on all questions properly brought before the meeting.



**SCHEDULE D**  
Audit Committee Mandate

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**1. Primary Objective**

The primary objective of the Committee in discharging its mandate on behalf of the Board is to assist the directors of the Corporation in satisfying their responsibilities in respect of the preparation and disclosure of the consolidated financial statements of the Corporation, the satisfactory performance of the independent audit function and the assessment and mitigation by the Corporation of risk attendant on its business and affairs.

Accordingly, the Committee will be concerned with such matters as the integrity of the Corporation's financial records and financial reporting, oversight of the audit function and the assessment and mitigation of risk.

**2. Membership**

The Committee shall consist of three or more directors appointed by the Board, at least a majority of which shall qualify as independent of the Corporation for purposes of National Instrument 52-110 (unless the Board determines that an exemption contained in NI 52-110 is available and determines to rely thereon).

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board in its business judgment.

The Board shall designate one member of the Committee as the Chair.

Any member of the Committee may be removed or replaced at any time by the Board. A member will cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation.

The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following the appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.

**3. Mandate**

**(a) statutory responsibilities**

The Committee has the statutory responsibility to review the consolidated financial statements of the Corporation before they are approved by the Board.

**(b) financial records and financial reporting**

The Committee has the responsibility:

- to review and evaluate accounting systems and procedures including the internal controls over the Corporation's financial records and financial reporting;
- to assess the integrity of the Corporation's financial records;
- to assist the directors in meeting their responsibilities in respect of the preparation and disclosure of financial statements of the Corporation and related matters;
- to review and evaluate the annual consolidated financial statements, the annual nonconsolidated financial statements and the interim consolidated and interim non-consolidated financial statements of the Corporation and in so doing, to review and to discuss with management such matters as:
  - any significant issues as to the adequacy of the internal controls and any special steps adopted in light of material control deficiencies;
  - significant accruals, reserves or other estimates such as the ceiling test calculation;
  - accounting treatment of unusual or non-recurring transactions;
  - compliance with any covenants under loan agreements;
  - disclosure requirements for any commitments and contingencies;
  - disclosure requirements for any impairment of assets;
  - significant variances with comparative reporting periods;
  - significant financial reporting issues and judgments made in connection with the preparation of the annual or interim consolidated financial statements;
  - any significant changes in the selection or application of accounting principles; and
  - the approval of any reports for inclusion in the annual report, as required by applicable law;
- to review and evaluate management's discussion and analysis, annual information form, any information memoranda and prospectuses and all other public disclosure containing financial information (including press releases disclosing financial information) before release and prior to Board approval;
- to conduct an investigation sufficient to provide reasonable grounds for believing that the Corporation's financial statements, management's discussion and analysis, annual information form and all other public disclosure containing financial information are complete in all material respects and consistent with the information known to Committee members;
- to assess whether the annual consolidated financial statements present fairly, in all material respects, the Corporation's financial position, its financial performance and its cash flows in

accordance with International Financial Reporting Standards and to recommend to the Board the approval of the annual consolidated financial statements.

**(c) oversight of the audit function**

The Committee has the responsibility:

- to assess the nature and scope of the external audit function as well as any internal audit function;
- to make recommendations to the Board for the appointment and replacement of the external auditor and the number of their compensation;
- to assess the external auditor's qualifications and independence and to consider whether the auditor's quality controls are adequate, and the provision of permitted non-audit services is compatible with, maintaining the auditor's independence;
- to facilitate and enhance communication between the Board and external auditor in relation to matters concerning the Corporation;
- to approve all non-audit services to be performed by the external auditor including the fees, terms and conditions for the performance of such services;
- to oversee the relationship between the Corporation and its external auditor including the evaluation of the performance of the external auditor, and the lead partner on the external auditor's engagement, in relation to the preparation or issuance of audit reports or the provision of other audit, review, attestation or other services for the Corporation including resolution of any disagreements or disputes between management and the external auditor in regard to financial reporting;
- to discuss with the external auditor matters relating to the conduct of the annual audit including:
  - the scope, planning and staffing of the annual audit;
  - the audit report on the annual consolidated financial statements of the Corporation and any matters required to be communicated by the external auditor;
  - the unaudited interim consolidated financial statements of the Corporation and any matters required to be communicated by the external auditor;
  - adjustments raised by the external auditor, whether or not included in the consolidated financial statements;
  - any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management; and
  - other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;

- to periodically privately consult with the external auditor about internal controls of the Corporation;
- to evaluate whether the Corporation’s management is adequately communicating the importance of internal control to all relevant personnel;
- to obtain and to review the external auditor’s report regarding the effectiveness of the internal controls of the Corporation and to ensure the adequate disclosure of such matters as required by applicable law including the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities;
- to determine whether and the extent to which any internal control recommendations made by the external auditor are being implemented by management;
- to ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law or corporate policy; and
- when there is to be a change in the auditor, to review all issues relating to the change, including any reportable events, and all information to be included in the required notice to securities regulators of such change.

The external auditor of the Corporation shall communicate with, and report directly to, the Committee.

**(d) risk assessment and mitigation**

The Committee has the responsibility:

- to review and discuss with management the adequacy of existing policies and procedures governing the risk assessment and risk mitigation processes;
- to review and discuss with management and the external auditor, significant risks and exposures (including commitments associated with farm-in agreements, joint-venture agreements, leases, marketing or transportation arrangements or agreements and all other operational or land agreements, contracts or arrangements) and management’s plans and processes to minimize these risks;
- to review the adequacy of the Corporation’s insurance coverage;
- to review all consulting arrangements that contemplate the payment by the Corporation of consideration exceeding \$100,000 in aggregate during the term of the arrangement; and
- to review all proposed contracts for the supply of property or services that contemplate the payment either by or to the Corporation of consideration exceeding \$1,000,000 in aggregate during the term of the contract.

**(e) other responsibilities**

- to assess the Corporation’s compliance with applicable law;

- to monitor the Corporation's compliance with policies adopted by the Corporation including the Code of Ethical Conduct and investigate any concerns expressed concerning a possible breach;
- to undertake special investigations, if necessary, and hire special counsel or experts to assist, if appropriate;
- to establish, and review annually, a procedure for:
  - the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters and resolution of such concerns, if any;
- to review CEO and CFO expenses and perquisites at least once a year;
- to strengthen the role of the independent directors by facilitating in depth discussions between members of the Committee, management and external auditor; and
- to exercise such other powers and discharge such other responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board;
- to review and assess the adequacy of this mandate periodically and, where necessary, recommend changes to the Governance & Compensation Committee and ultimately to the Board for its approval.

#### **4. Procedure governing errors or misstatements in financial statements**

In the event a director or an Officer of the Corporation has reason to believe, after discussion with management, that a material error or misstatement exists in financial statements of the Corporation, that director or Officer shall forthwith notify the Committee and the external auditor of the error or misstatement of which the director or Officer becomes aware in a financial statement that the external auditor or a former external auditor has reported on.

If the external auditor or a former external auditor of the Corporation is notified or becomes aware of an error or misstatement in a financial statement on which the auditor or former auditor has reported, and if in the auditor's or former auditor's opinion the error or misstatement is material, the auditor or former auditor shall inform each director accordingly.

When the Committee or the Board is made aware of an error or misstatement in a financial statement the Board shall prepare, and issue revised financial statements or otherwise inform the shareholders of the Corporation and file such revised financial statements as required.

## **5. Meetings and operation**

The Chair or any two members of the Committee may call a meeting of the Committee, at such time and at such place as they determine, by giving at least forty-eight hours' notice of such meeting to all members of the Committee and to the external auditor of the Corporation.

The Committee shall meet as often as it determines, but not less frequently than quarterly.

A quorum for meetings of the Committee will be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.

The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution.

The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for the purposes of the meeting.

Agendas, approved by the Chair, will be circulated to the Committee members along with background information on a timely basis prior to the Committee meetings. Minutes of all meetings of the Committee will be taken. The minutes of the Committee will be recorded and maintained, and the Committee shall report to the Board on its activities after each of its meetings.

All members of the Committee are expected to allow sufficient time to review meeting materials and be prepared for Committee meetings. Members are expected to attend most, if not all, Committee meetings.

A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

The CFO will attend meetings of the Committee where matters relating to the functions as the Committee are dealt with, unless otherwise excused from all or part of any such meeting by the Chair. The Committee may invite such other Officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.

The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end consolidated financial statements) and at such other times as the external auditor and the Committee consider appropriate. The Committee is expected to establish and maintain free and open communication with management and the external auditor and shall periodically meet separately with each of them.

Any issues arising from the Committee meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Chair.

**6. Independent advisors**

The Committee has the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Corporation.

**7. Limitations on the duties of the members of the committee**

Nothing in this mandate 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 required by law.

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