



**Notice of Meeting**

**and**

**Information Circular**

**in respect of the**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**to be held on August 12, 2020**

**July 3, 2020**

**VALEURA ENERGY INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON AUGUST 12, 2020**

**TO THE SHAREHOLDERS OF VALEURA ENERGY INC.**

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) in the capital of Valeura Energy Inc. (the “**Corporation**”) will be held in the Northcote Room at the Bow Valley Square Conference Centre, Level 3, Bow Valley Square 2, 205 - 5<sup>th</sup> Ave. S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on August 12, 2020 for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2019 and the report of the auditors thereon;
2. to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year;
3. to elect the directors of the Corporation for the ensuing year;
4. to consider and, if deemed fit, approve an ordinary resolution to ratify, confirm and approve the amendments to the Corporation’s amended and restated stock option plan (“**Amended Option Plan**”), as previously approved by the board of directors (the “**Board**”), and as set out in Schedule C to the accompanying management information circular (“**Information Circular**”), and to approve all unallocated options thereunder;
5. to consider and, if deemed fit, approve an ordinary resolution to ratify, confirm and approve the amendments to the Corporation’s amended and restated performance and restricted share unit plan (“**Amended PRSU Plan**”), as previously approved by the Board, and as set out in Schedule D to the accompanying Information Circular and, to approve all unallocated performance share units and restricted share units thereunder; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

Shareholders should refer to the information circular accompanying this Notice of Annual and Special Meeting of Shareholders for more detailed information with respect to the matters to be considered at the Meeting.

The Corporation currently intends to hold the Meeting in person. However, in light of the continuing coronavirus (COVID-19) situation, the Corporation encourages Shareholders to vote in advance of the Meeting and to listen to the live webcast using the below instructions rather than attending in person:

[https://produceredition.webcasts.com/starthere.jsp?ei=1341355&tp\\_key=64b800beb7](https://produceredition.webcasts.com/starthere.jsp?ei=1341355&tp_key=64b800beb7)

North America toll free: 888-390-0546

Toronto local: 416-764-8668

UK toll free: 08006522435

Confirmation number: 63980595

The Corporation will be strictly restricting physical access to the Meeting to registered Shareholders and formally appointed proxyholders and will not be permitting any others (including beneficial Shareholders that hold their Common Shares through a broker or other intermediary) to attend. The Corporation is actively monitoring the COVID-19 situation and is sensitive to the public health and travel concerns that Shareholders may have and the protocols that federal, provincial, and local governments may impose. In

the event it is not possible or advisable to hold the Meeting in person, the Corporation will announce alternative arrangements for the Meeting as promptly as practicable. Please monitor its annual meeting website at <https://www.valeuraenergy.com/investor-information/calendar/> for updated information.

**If you are a registered Shareholder** and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Computershare Trust Company of Canada, the registrar and transfer agent of the Corporation, at Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by facsimile at 1-866-249-7775, by no later than 9:00 a.m. (Calgary time) on August 10, 2020 or two business days preceding the date of any adjournment or postponement.

**If you are not a registered Shareholder** and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The board of directors of the Corporation has fixed July 3, 2020 as the record date (the “**Record Date**”) for the Meeting. Shareholders of record at the close of business on the Record Date are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) or postponement(s) thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) “*Timothy R. Marchant*”

Dr. Timothy R. Marchant  
Chairman of the Board of Directors

July 3, 2020

## INFORMATION CIRCULAR

### FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 12, 2020

#### PURPOSE OF SOLICITATION

**This information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of Valeura Energy Inc. (“Valeura” or the “Corporation”) for use at the annual and special meeting (the “Meeting”) of the holders (“Shareholders”) of common shares (“Common Shares”) in the capital of Valeura.**

The Meeting will be held in the Northcote Room at the Bow Valley Square Conference Centre, Level 3, Bow Valley Square 2, 205 - 5<sup>th</sup> Ave. S.W., Calgary, Alberta, at 9:00 a.m. (Calgary time) on August 12, 2020 and at any adjournment(s) or postponement(s) thereof for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders (the “**Notice of Meeting**”) accompanying this Information Circular. Information contained herein is given as of July 3, 2020 unless otherwise specifically stated.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of Valeura who will not be additionally compensated therefor. Brokers, nominees or other persons holding Common Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such shares. The costs of soliciting proxies will be borne by Valeura.

Valeura is not using “notice-and-access” to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders. Valeura will not send proxy-related materials directly to non-objecting Beneficial Shareholders (as defined herein) and such materials will be delivered to non-objecting Beneficial Shareholders through their intermediaries.

The Corporation currently intends to hold the Meeting in person. However, in light of the continuing coronavirus (COVID-19) situation, the Corporation encourages Shareholders to vote in advance of the Meeting and to listen to the live webcast using the below instructions rather than attending in person:

[https://produceredition.webcasts.com/starthere.jsp?ei=1341355&tp\\_key=64b800beb7](https://produceredition.webcasts.com/starthere.jsp?ei=1341355&tp_key=64b800beb7)

North America toll free: 888-390-0546

Toronto local: 416-764-8668

UK toll free: 08006522435

Confirmation number: [63980595](#)

The Corporation will be strictly restricting physical access to the Meeting to registered Shareholders and formally appointed proxyholders and will not be permitting any others (including beneficial Shareholders that hold their Common Shares through a broker or other intermediary) to attend. The Corporation is actively monitoring the COVID-19 situation and is sensitive to the public health and travel concerns that Shareholders may have and the protocols that federal, provincial, and local governments may impose. In the event it is not possible or advisable to hold the Meeting in person, the Corporation will announce alternative arrangements for the Meeting as promptly as practicable. Please monitor its annual meeting website at <https://www.valeuraenergy.com/investor-information/calendar/> for updated information.

#### APPOINTMENT AND REVOCATION OF PROXIES

Enclosed herewith is a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and/or officers of Valeura. **A Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such Shareholder at the Meeting other than**

**the persons designated in the enclosed form of proxy by inserting the name of the chosen nominee in the space provided for that purpose on the form of proxy and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment(s) or postponement(s) thereof unless it is signed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be deposited with Computershare Trust Company of Canada, the registrar and transfer agent of the Corporation, at Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by facsimile at 1-866-249-7775, by no later than 9:00 a.m. (Calgary time) on August 10, 2020 or two business days preceding the date of any adjournment or postponement.

A Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, at which the proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

#### **ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Valeura as the registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of Valeura. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll free telephone number or visit Broadridge's dedicated voting website at [www.proxyvote.com](http://www.proxyvote.com) to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as

the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

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

### **VOTING BY INTERNET FOR REGISTERED HOLDERS OF COMMON SHARES**

Shareholders may use the website at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the website. Shareholders will be prompted to enter their control number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 9:00 a.m. (Calgary time) on August 10, 2020 or 48 hours prior to the time of any adjournment or postponement of the Meeting. **The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

### **VOTING OF PROXIES**

All Common Shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon. The enclosed form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly comes before the Meeting, then discretionary authority is conferred upon the person appointed in the proxy to vote in the manner they see fit, in accordance with their best judgment.**

At the time of the printing of this Information Circular, the management of Valeura knew of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

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

The board of directors of Valeura (the "**Board**") has fixed July 3, 2020 as the record date (the "**Record Date**") for the Meeting. Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat or at any adjournment(s) or postponements(s) thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be

included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting.

As of the date hereof, 86,584,989 Common Shares were issued and outstanding as fully paid and non-assessable.

As of the date hereof, to the knowledge of the directors and executive officers of Valeura, there are no persons or companies who beneficially own, directly or indirectly, or control or direct Common Shares carrying 10% or more of the voting rights attached to all of the Common Shares, except as set forth below.

Name	Number of Common Shares Held or Controlled	Percentage of Common Shares Held or Controlled
Baillie Gifford & Co	15,285,400	17.75%

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly, 1,590,624 Common Shares representing approximately 1.8% of the issued and outstanding Common Shares.

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly, options (“**Options**”) to purchase 6,010,000 Common Shares issuable pursuant to the Corporation’s prior stock option plan (the “**Prior Option Plan**”), and no new Options have been issued pursuant to the Amended Option Plan. If all such Options directly or indirectly were exercised, the directors and executive officers of Valeura, as a group, would beneficially own 7,600,624 Common Shares representing approximately 8.2% of the issued and outstanding Common Shares (on a partially diluted basis).

As of the date hereof, no performance share units (“**PSUs**”) were issued pursuant to Corporation’s prior performance share unit plan (“**Prior PSU Plan**”), and no PSUs or restricted share units (“**RSUs**”, and collectively with the PSUs, “**Unit Awards**”) have been issued pursuant to the Amended PRSU Plan.

## MEETING MATTERS

### Receipt of the Financial Statements and Auditors’ Report

The audited financial statements of the Corporation for the period ended December 31, 2019 and the report of the auditors thereon will be placed before the Shareholders at the Meeting.

Under National Instrument 51-102 - *Continuous Disclosure Obligations*, a person or corporation who in the future wishes to receive financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or corporation is the owner of securities (other than debt instruments) of the Corporation. Shareholders who wish to receive financial statements are encouraged to send the enclosed return card, together with the completed form of proxy to Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

Copies of the Corporation’s annual and interim financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Appointment of Auditors

At the Meeting, Shareholders will be asked to pass a resolution appointing KPMG LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the next annual meeting of Shareholders

and to authorize the Board to fix the remuneration to be paid thereto. KPMG LLP, Chartered Accountants, were appointed as the auditors of Valeura on April 9, 2010.

## Election of Directors

The term of office for each director is from the date of the Meeting at which he or she is elected until the next annual meeting or until his successor is elected or appointed. At the Meeting, a board of seven (7) directors will be proposed for election. The enclosed form of proxy or voting instruction form permits Shareholders to vote “for” or to “withhold” their vote in respect of each director nominee. Except where authority to vote on the election of directors is withheld, the persons designated by the Corporation in the enclosed form of proxy intend to vote for the election of the seven (7) nominees whose names are set forth below. If, due to unforeseen circumstances, any of the persons named below should not be available for election, it is intended that the persons named in the accompanying form of proxy will vote for such other person or persons as the Board may recommend. In accordance with the Corporation’s majority voting policy, unless there is a contested election, a director who receives more *withhold* votes than *for* votes, will tender his or her resignation immediately. The Governance and Compensation Committee will review the matter and recommend to the Board whether to accept the resignation. The director will not participate in any deliberations on the matter. In such case, the Board will publicly announce its decision within 90 days of the annual meeting. Shareholders should note that, as a result of the aforementioned majority voting policy, a *withhold* vote is effectively the same as a vote *against* a director nominee in an uncontested election.

<p><b>W. Sean Guest</b></p> <p><b>President and Chief Executive Officer</b></p> <p>Calgary, Alberta, Canada</p> <p>Director Since: May 10, 2018</p> <p>Age: 58</p> <p>Not Independent</p>	<p><b>Dr. Guest</b> joined Valeura as Chief Operating Officer on May 17, 2017 and was appointed President on October 19, 2017 and Chief Executive Officer on January 1, 2018. Dr. Guest brings more than 27 years of international experience in the oil and gas industry, including 17 years in senior and executive leadership roles. His early career with Shell included assignments in the Netherlands, Australia and Malaysia. He subsequently joined Woodside Energy, where he managed the company’s exploration program in Libya from 2005 to 2009, followed by management of the exploration and new business functions in Australia. Prior to joining Valeura, he was CEO of two private, junior international companies with exploration and production operations in Australia, Indonesia, Malaysia and Ethiopia.</p>					
	<b>Board/Committee Membership</b>		<b>2019 Attendance<sup>(1)</sup></b>		<b>2019 Attendance (Total)</b>	
	Board		5 of 5	100%	13 of 13	100%
	Not a Committee Member		8 of 8 <sup>(5)</sup>	100% <sup>(5)</sup>		
	<b>Current Public Board Membership</b>					
	None					
	<b>Educational Background</b>					
	Dr. Guest has a Ph.D. in Geology and a B.Sc. in Applied Science (Honours), both from Queen’s University at Kingston.					
	<b>Common Shares Controlled or Directed (as of the date hereof)</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>	<i>Satisfies Share Ownership Requirements</i>			
	352,490 <sup>(2)</sup>	\$112,797 <sup>(3)</sup>	Requirement to be satisfied within five years of appointment date. <sup>(4)</sup>			
	<b>Options Held (as of December 31, 2019)</b>					
	<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>		
	February 8, 2026	300,000	\$3.02	300,000		
	March 23, 2025	275,000	\$4.62	275,000		
May 17, 2024	600,000	\$0.75	600,000			
<b>Voting Results of 2019 Annual Meeting</b>						
98.18% (votes for) / 1.82% (votes withheld)						

<p><b>Timothy R. Marchant</b></p> <p><b>Chair</b></p> <p>Calgary, Alberta, Canada</p> <p>Director Since: April 15, 2015</p> <p>Age: 69</p> <p>Independent</p>	<p><b>Dr. Marchant</b> brings more than 40 years of senior executive experience in the oil and gas industry in Canada and internationally, with extensive experience in foreign growth strategies and international operations. In a career that spanned 29 years with Amoco and BP, Dr. Marchant held senior executive positions in Canada and a number of countries in the Middle East including Egypt, Saudi Arabia, Abu Dhabi and Kuwait.</p> <p>Dr. Marchant is currently Adjunct Professor of Strategy and Energy Geopolitics at the Haskayne School of Business, University of Calgary, a director of Vermilion Energy Inc. (a TSX and NYSE listed issuer) since 2010 and a director of TransGlobe Energy Corporation (a TSX, NASDAQ and AIM listed issuer) since March 2020. He was previously a director of Cub Energy Inc. (a TSXV listed issuer) from 2013 until April 2020.</p>					
	<b>Board/Committee Membership</b>		<b>2019 Attendance<sup>(1)</sup></b>		<b>2019 Attendance (Total)</b>	
	Board	5 of 5	100%	13 of 13	100%	
	Audit	4 of 4	100%			
	Governance and Compensation	2 of 2	100%			
	Reserves & Health, Safety, Security, Environment and Community Relations Committee	2 of 2	100%			
	<b>Current Public Board Membership</b>					
	Vermilion Energy Inc. (TSX, NYSE)					
	TransGlobe Energy Corporation (TSX, NASDAQ, AIM)					
	<b>Educational Background</b>					
	Dr. Marchant has a Ph.D. in Geology from Trinity College, University of Dublin, Ireland. He completed the Executive Program at the Ivey School of Business, University of Western Ontario in 1994 and the Institute of Corporate Directors Education Program in 2011.					
	<b>Common Shares Controlled or Directed (as of the date hereof)</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>	<i>Satisfies Share Ownership Requirements</i>			
	255,500 <sup>(2)</sup>	\$81,760 <sup>(3)</sup>	Yes			
	<b>Options Held (as of December 31, 2019)</b>					
<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>			
February 8, 2026	52,500	\$3.02	52,500			
March 23, 2025	35,000	\$4.62	35,000			
March 17, 2024	30,000	\$0.73	30,000			
March 23, 2023	20,000	\$0.75	20,000			
April 15, 2022	100,000	\$0.68	100,000			
<b>Voting Results of 2019 Annual Meeting</b>						
94.47% (votes for) / 5.53% (votes withheld)						

<p><b>James D. McFarland</b></p> <p>Calgary, Alberta, Canada</p> <p>Director Since: June 29, 2010</p> <p>Age: 73</p> <p>Not Independent</p>	<p><b>Mr. McFarland</b> has been a consultant of Valeura since January 1, 2018. Mr. McFarland was a co-founder and President of Valeura from April 9, 2010 to October 19, 2017 and Chief Executive Officer of Valeura from April 9, 2010 until his retirement on December 31, 2017. Prior to that, Mr. McFarland was President and Chief Executive Officer of Verenex Energy Inc. (a TSX listed issuer) from March 2004 to December 2009. He has also been a director of MEG Energy Corp. (a TSX listed issuer) since 2010. He was previously a director of Pengrowth Energy Corporation (a TSX listed issuer) from 2010 to January 2020 and Arrow Exploration Corp. from 2019 to January 2020 (a TSXV listed issuer).</p> <p>Mr. McFarland has more than 47 years of oil and gas experience in Canada, the USA, Europe, Australia and Libya, including a 23 year career with Imperial Oil Limited and other ExxonMobil affiliates.</p> <p>Mr. McFarland is a member of the Association of Professional Engineers and Geoscientists of Alberta, the Society of Petroleum Engineers International, the Program Committee of the World Petroleum Council and the Institute of Corporate Directors.</p> <p>In 2003, Mr. McFarland was awarded the Australian Centenary Medal for outstanding service through business and commerce.</p>				
<p><b>Board/Committee Membership</b></p>		<p><b>2019 Attendance<sup>(1)</sup></b></p>		<p><b>2019 Attendance (Total)</b></p>	
<p>Board</p> <p>Reserves &amp; Health, Safety, Security, Environment and Community Relations Committee</p>	<p>5 of 5</p> <p>2 of 2</p>	<p>100%</p> <p>100%</p>	<p>7 of 7</p>	<p>100%</p>	
<p><b>Current Public Board Membership</b></p>					
<p>MEG Energy Corp. (TSX)</p>					
<p><b>Educational Background</b></p>					
<p>Mr. McFarland holds a Bachelor of Science degree in Chemical Engineering (Honours) from Queen’s University at Kingston and a Master of Science degree in Petroleum Engineering from the University of Alberta. Mr. McFarland completed the Executive Development Program at Cornell University.</p>					
<p><b>Common Shares Controlled or Directed (as of the date hereof)</b></p>					
<p><i>Common Shares</i></p>	<p><i>Total Amount at Risk</i></p>	<p><i>Satisfies Share Ownership Requirements</i></p>			
<p>501,134<sup>(2)</sup></p>	<p>\$160,363<sup>(3)</sup></p>	<p>Yes</p>			
<p><b>Options Held (as of December 31, 2019)</b></p>					
<p><i>Expiry Date</i></p>	<p><i>Number Granted</i></p>	<p><i>Exercise Price</i></p>	<p><i>Total Unexercised</i></p>		
<p>February 8, 2026</p>	<p>52,500</p>	<p>\$3.02</p>	<p>52,500</p>		
<p>March 23, 2025</p>	<p>35,000</p>	<p>\$4.62</p>	<p>35,000</p>		
<p>March 17, 2024</p>	<p>190,000</p>	<p>\$0.73</p>	<p>190,000</p>		
<p>March 23, 2023</p>	<p>140,000</p>	<p>\$0.75</p>	<p>140,000</p>		
<p>March 13, 2022</p>	<p>349,000</p>	<p>\$0.57</p>	<p>349,000</p>		
<p>March 31, 2021</p>	<p>288,000</p>	<p>\$0.64</p>	<p>288,000</p>		
<p><b>Voting Results of 2019 Annual Meeting</b></p>					
<p>98.40% (votes for) / 1.60% (votes withheld)</p>					

<p><b>Ronald W. Royal</b></p> <p>Abbotsford, British Columbia, Canada</p> <p>Director Since: June 29, 2010</p> <p>Age: 71</p> <p>Independent</p>	<p><b>Mr. Royal</b> has been a private businessman since April 2007. He has been a director of Gran Tierra Energy Inc. since May 2015. Prior to that he was a director of Oando Energy Resources Inc. and Caracal Energy Inc. (both TSX listed issuers). Mr. Royal has more than 40 years of oil and gas experience with Imperial Oil Limited and other ExxonMobil upstream affiliates in France and Chad, including serving as President and General Manager of Esso Chad Inc. In 2003, Mr. Royal was awarded the title “Chevalier de l’Ordre National du Chad” for his contributions to the economic development of Chad.</p>					
	<b>Board/Committee Membership</b>		<b>2019 Attendance<sup>(1)</sup></b>		<b>2019 Attendance (Total)</b>	
	Board		5 of 5	100%	11 of 11	100%
	Audit Committee		4 of 4	100%		
	Reserves & Health, Safety, Security, Environment and Community Relations Committee		2 of 2	100%		
	<b>Current Public Board Membership</b>					
	Gran Tierra Energy Inc. (TSX; NYSE)					
	<b>Educational Background</b>					
	Mr. Royal holds a Bachelor of Applied Science degree in Mechanical Engineering from the University of British Columbia.					
	<b>Common Shares Controlled or Directed (as of the date hereof)</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>	<i>Satisfies Share Ownership Requirements</i>			
	314,000 <sup>(2)</sup>	\$100,480 <sup>(3)</sup>	Yes			
	<b>Options Held (as of December 31, 2019)</b>					
	<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>		
	February 8, 2026	52,500	\$3.02	52,500		
	March 23, 2025	35,000	\$4.62	35,000		
March 17, 2024	30,000	\$0.73	30,000			
March 23, 2023	20,000	\$0.75	20,000			
March 13, 2022	51,000	\$0.57	51,000			
March 31, 2021	42,000	\$0.64	42,000			
March 18, 2020	42,000	\$1.00	42,000			
<b>Voting Results of 2019 Annual Meeting</b>						
98.14% (votes for) / 1.86% (votes withheld)						

<p><b>Russell J. Hiscock</b></p> <p>Baie-d'Urfe, Québec, Canada</p> <p>Director Since: January 10, 2018</p> <p>Age: 68</p> <p>Independent</p>	<p><b>Mr. Hiscock</b> is the former President and Chief Executive Officer of the CN Investment Division (Montreal), which manages one of the largest corporate pension funds in Canada. Mr. Hiscock has many years of equity portfolio management experience in both the Canadian and international stock markets, with particular emphasis on the oil and gas sector. He is a past Chairman of the Pension Investment Association of Canada.</p> <p>Mr. Hiscock has been director of Rife Resources Ltd. since April 2008 (Chairman from 2008 to April 2018) and he is on the Board of Governors of the University of Waterloo.</p> <p>He is a Certified Chartered Financial Analyst and a Certified Management Accountant.</p>					
	<b>Board/Committee Membership</b>		<b>2019 Attendance<sup>(1)</sup></b>		<b>2019 Attendance (Total)</b>	
	Board		5 of 5	100%	11 of 11	100%
	Audit Committee		4 of 4	100%		
	Governance and Compensation		2 of 2	100%		
	<b>Current Public Board Membership</b>					
	None					
	<b>Educational Background</b>					
	Mr. Hiscock holds a Bachelor of Mathematics degree from the University of Waterloo, a Master of Arts degree in Economics from the University of Western Ontario and an MBA from the University of Toronto.					
	<b>Common Shares Controlled or Directed (as of the date hereof)</b>					
	<i>Common Shares</i>		<i>Total Amount at Risk</i>		<i>Satisfies Share Ownership Requirements</i>	
	65,000 <sup>(2)</sup>		\$20,800 <sup>(3)</sup>		Requirement to be satisfied within five years of appointment date. <sup>(4)</sup>	
	<b>Options Held (as of December 31, 2019)</b>					
	<i>Expiry Date</i>		<i>Number Granted</i>		<i>Exercise Price</i>	
February 8, 2026		52,500		\$3.02		52,500
March 23, 2025		100,000		\$4.62		100,000
<b>Voting Results of 2019 Annual Meeting</b>						
98.17% (votes for) / 1.83% (votes withheld)						

<p><b>Kimberley K. Wood</b></p> <p>London, United Kingdom</p> <p>Director Since: March 26, 2019</p> <p>Age: 50</p> <p>Independent</p>	<p><b>Ms. Wood</b> is a legal professional with 20 years' experience and a specialist in the oil and gas sector. Most recently she was Head of Oil and Gas for Europe and Middle East at Norton Rose Fulbright LLP and remains a Senior Consultant for the firm. Throughout her career she has advised a wide range of companies in the sector, from small independents through to supermajors. Ms. Wood was a Partner at Vinson &amp; Elkins LLP from February 2011 to April 2015 and was previously at Dewey &amp; LeBoeuf LLP. She is included in Who's Who Legal Energy 2020 and as an expert in Energy and Natural Resources in Women in Business Law, 2019. Ms. Wood is currently a Non-Executive Director of Africa Oil Corp (since April 2018), an E&amp;P company listed on the TSX (Canada) and Nasdaq OMX (Stockholm), with assets in Kenya and Nigeria and a member of the Lundin Group, and a Non-Executive Director of Gulf Keystone Petroleum (Since October 2018), a London E&amp;P company with assets in Kurdistan.</p>					
	<b>Board/Committee Membership</b>		<b>2019 Attendance</b>		<b>2019 Attendance (Total)</b>	
	Board	3 of 4 <sup>(6,7)</sup>	75%	6 of 8	75%	
	Audit	2 of 3 <sup>(6,7)</sup>	67%			
	Governance and Compensation	1 of 1	100%			
	<b>Current Public Board Membership</b>					
	Africa Oil Corp. (TSX, Nasdaq OMX (Stockholm))					
	Gulf Keystone Petroleum (LSE)					
	<b>Educational Background</b>					
	Ms. Wood holds a BA from the University of Western Ontario, an LLB from the University of Edinburgh and an LLM (Public International Law) from University College of London, University of London.					
	<b>Common Shares Controlled or Directed (as of the date hereof)</b>					
	<i>Common Shares</i>	<i>Total Amount at Risk</i>	<i>Satisfies Share Ownership Requirements</i>			
	Nil <sup>(2)</sup>	Nil <sup>(3)</sup>	Requirement to be satisfied within five years of appointment date. <sup>(4)</sup>			
	<b>Options Held (as of December 31, 2019)</b>					
<i>Expiry Date</i>	<i>Number Granted</i>	<i>Exercise Price</i>	<i>Total Unexercised</i>			
March 26, 2026	100,000	\$2.54	100,000			
<b>Voting Results of 2019 Annual Meeting</b>						
98.16% (votes for) / 1.84% (votes withheld)						

<p><b>Timothy N. Chapman</b></p> <p>London, United Kingdom</p> <p>Director Since: January 7, 2020</p> <p>Age: 51</p> <p>Independent</p>	<p><b>Mr. Chapman</b> is an international capital markets specialist residing in London with more than 30 years of experience spanning the globe. His career includes 25 years in investment banking roles with large financial institutions including JP Morgan Chase, CIBC World Markets, and finally RBC Capital Markets where he was head of international oil &amp; gas. Mr. Chapman's career has focused on corporate strategy and valuation, regularly providing expert advice to many companies on seminal M&amp;A transactions and capital raises. His experience within the oil and gas sector is diverse, including upstream, downstream and oilfield services companies. In 2015, Mr. Chapman founded Geopoint Advisory Limited which provides independent advice to energy companies. He is also a director of certain Petrogas North Sea subsidiaries. Mr. Chapman started his professional life as a geologist and graduated from Earth Sciences at Oxford University.</p>					
	<b>Board/Committee Membership</b>		<b>2019 Attendance<sup>(8)</sup></b>		<b>2019 Attendance (Total)</b>	
	Board		N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A
	<b>Current Public Board Membership</b>					
	None					
	<b>Educational Background</b>					
	Mr. Chapman holds a BA in Geology from Oxford University.					
	<b>Common Shares Controlled or Directed (as of the date hereof)</b>					
	<i>Common Shares</i>		<i>Total Amount at Risk</i>		<i>Satisfies Share Ownership Requirements</i>	
	Nil <sup>(2)</sup>		Nil <sup>(3)</sup>		Requirement to be satisfied within five years of appointment date. <sup>(4)</sup>	
	<b>Options Held (as of December 31, 2019)<sup>(9)</sup></b>					
	<i>Expiry Date</i>		<i>Number Granted</i>		<i>Exercise Price</i>	
Nil		Nil		Nil		
<b>Voting Results of 2019 Annual Meeting</b>						
N/A						

**Notes:**

- (1) Meeting attendance on special and/or other ad hoc committees of directors which may be formed, from time to time, to make recommendations to the Board in regard to a particular matter is not included.
- (2) Includes all Common Shares held by the spouse or children living in the same residence of such individual, corporations controlled by them or family trusts of such individual.
- (3) The value of the Common Shares held by the directors is calculated by multiplying the amount of Common Shares held by \$0.32, the closing price of Common Shares on the TSX on July 3, 2020.
- (4) Valeura's share ownership guidelines provide that a new director must hold three times the annual base retainer in Common Shares within five years of being appointed to the Board.
- (5) Dr. Guest was not a member of any of the three standing committees but was requested by the chair of each committee to attend the meetings of each such committee during the financial year ended December 31, 2019. At each meeting attended by Dr. Guest, the members of each committee meet in camera without Dr. Guest.
- (6) Ms. Wood became a director effective March 26, 2019. Due to scheduling conflicts and prior commitments to another board schedule, she was unable to attend the May Board and Audit Committee meetings.
- (7) Ms. Wood attended various on-boarding meetings in May 2019.
- (8) Mr. Chapman was appointed to the Board on January 7, 2020, and therefore did not attend any Board or committee meetings in 2019.
- (9) On January 7, 2020, Mr. Chapman was granted 100,000 Options at an exercise price of \$0.54 with an expiry date of January 7, 2027. As of the date hereof, all of Mr. Chapman's Options remain unexercised.

***Corporate Cease Trade Orders or Bankruptcies***

Except as disclosed below, to the knowledge of management, no director of Valeura:

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director or chief executive officer or chief financial officer of any corporation (including Valeura) that, while that person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) is, as the date hereof, or has been within 10 years from the date hereof, a director or executive officer of any company (including Valeura) that, while that person was acting in such 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.

### ***Personal Bankruptcies***

To the knowledge of management of Valeura, no director of Valeura has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

### ***Penalties or Sanctions***

To the knowledge of management of Valeura, no director of Valeura has: (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

## **Amendments to Prior Option Plan and Approval of Unallocated Options**

### ***Option Plan Amendments***

On May 11, 2020, the Board approved, subject to Shareholder approval, certain amendments (the "**Option Plan Amendments**") to the Prior Option Plan. The Option Plan Amendments include the following:

- revisions to the amendment provisions to explicitly require Shareholder approval for amendments which (subject to the terms of the Amended Option Plan):
  - increase the Amended Option Plan's share reserve;
  - increase the limits previously imposed on non-employee director participation;
  - reduce the exercise price of, or cancel and reissue, Options;
  - extend the term of Options beyond their original expiry date;
  - permit Options to be transferable or assignable other than for normal estate settlement purposes;

- amend the Amended Option Plan’s amendment provision;
- increase the length of the period after a black-out period during which Options may be exercised;
- add any form of financial assistance by the Corporation for the exercise of any Option; and
- are required to be approved by security holders under applicable law or the rules, regulations and policies of the TSX.

While certain of these amendments required Shareholder approval under the Prior Option Plan and the requirements of the TSX, these revisions to the amendment provisions now explicitly reflect good governance practices, including those set out in the Institutional Shareholders Services (“ISS”) guidelines, and conform with the requirements of the TSX.

Approval is being sought at the Meeting to approve the Option Plan Amendments. Certain other amendments approved by the Board, not subject Shareholder approval, included the following:

- the addition of a provision to limit the aggregate value of all Options and any other awards that may be granted to any one non-employee director in any one year period under all security-based compensation arrangements of the Corporation to no more than \$150,000 (with no more than \$100,000 attributable to Options) based on the grant date fair value of the awards, other than awards granted in lieu of cash fees payable for serving as a director (the “**Non-Employee Director Participation Limits**”);
- amendments of a housekeeping nature; and
- revisions to the change of control provisions with respect to new Options granted under the Amended Option Plan, including “double-trigger” acceleration of Option vesting in connection with an employee or officer’s termination without cause or resignation for good reason, a director ceasing to be a member of the Board, and a consultant’s termination of services by the Corporation or a subsidiary unless due to the consultant’s breach of contract or arrangement with the Corporation or a subsidiary, in each case, on or within 12 months of the effective time of a Change of Control Transaction (as defined in the Amended Option Plan). Additionally, in the event of a Change of Control Transaction where outstanding Options are not assumed or substituted, the Amended Option Plan will be terminated and all Options will be deemed to be vested and unless otherwise exercised, forfeited or cancelled prior to the termination of the Amended Option Plan, will expire immediately prior to the termination of the plan. The Amended Option Plan also provides the Board, in connection with a Change of Control Transaction, with the ability to make other changes to Options as it considers fair and appropriate in the circumstances. For additional details, please see the heading “Equity Plan Compensation – Amended Option Plan” below.

### ***Unallocated Options***

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security-based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer’s directors and by the issuer’s security holders. As the Amended Option Plan is considered to be a security-based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Amended Option Plan is not a fixed number, but is instead equal

to 10% of the outstanding Common Shares (together with Common Shares issuable pursuant to all other security-based-compensation arrangements of the Corporation), approval is being sought at the Meeting to approve the grant of unallocated Options under the Amended Option Plan. Unallocated Options were last approved by Shareholders at Valeura's annual and special meeting held on May 11, 2017 and there have been no Option grants since May 11, 2020 (the expiry date of the last three-year approval). Options are considered to be "allocated" under the Amended Option Plan when granted and Options which remain available for grant under the Amended Option Plan are referred to as "unallocated".

As at the date hereof, there were 8,403,334 Options granted and outstanding, representing approximately 9.7% of the outstanding Common Shares. Accordingly, 255,165 Options remain unallocated and available for grant under the Amended Option Plan (less any Unit Awards issued under the Amended PRSU Plan in the future).

The approval by the Shareholders of the unallocated Options under the Amended Option Plan will be effective for three years from the date of the Meeting. If approval is obtained at the Meeting, Valeura will not be required to seek further approval of the grant of unallocated Options under the Amended Option Plan until its 2023 annual shareholders' meeting (provided that such meeting is held on or prior to August 12, 2023). No further grants of Options will be made until approval by the Shareholders is obtained. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution.

The terms of the Amended Option Plan are fully described in this Information Circular under the heading "Equity Plan Compensation – Amended Option Plan". A copy of the Amended Option Plan is attached as Appendix "C" to this Information Circular.

### ***Shareholder Approval***

At the Meeting, Shareholders will be asked to pass the following ordinary resolution approving the Option Plan Amendments and unallocated Options issuable pursuant to the Amended Option Plan:

**"BE IT RESOLVED THAT:**

1. the amended and restated stock option plan (the "**Amended Option Plan**") of the Corporation, in substantially the form described herein, and appended as Appendix "C" to the Information Circular, is hereby ratified, confirmed and approved;
2. all unallocated options under the Amended Option Plan are hereby approved;
3. the Corporation shall have the ability to continue granting options under the Amended Option Plan until August 12, 2023, being the date that is three years from the date hereof; and
4. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Options under the Amended Option Plan until August 12, 2023. There have been no Option grants since May 11, 2020 (the expiry date of the last three-year approval) and no further Option grants will be made until Shareholder approval is obtained. If approval is not obtained at the Meeting, the Governance and Compensation Committee and the Board will have to consider alternate forms of

performance-based compensation, including the Amended PRSU Plan (if approved), additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

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

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution.

### **Amendments to the Prior PSU Plan and Approval of Unallocated Unit Awards**

#### ***PRSU Plan Amendments***

On May 11, 2020, the Board approved, subject to Shareholder approval, certain amendments (the “**PRSU Plan Amendments**”) to the Prior PSU Plan. The PRSU Plan Amendments include the following:

- revisions to the amendment provisions to require Shareholder approval for amendments which (subject to the terms of the Amended PRSU Plan):
  - increase the Amended PRSU Plan’s share reserve;
  - increase the limits previously imposed on non-employee director participation;
  - extend the term of Unit Awards beyond their original expiry date;
  - permit Unit Awards to be transferable or assignable other than for normal estate settlement purposes;
  - amend the Amended PRSU Plan’s amendment provision; and
  - are required to be approved by security holders under applicable law or the rules, regulations and policies of the TSX.

While certain of these amendments required Shareholder approval under the Prior PSU Plan and the requirements of the TSX, these revisions to the amendment provisions now explicitly reflect good governance practices, including those set out in the ISS guidelines, and conform with the requirements of the TSX.

In the past, the Board did not issue awards under the Prior PSU Plan due to the early stage of the Corporation’s exploration and development activities and difficulty setting long-term performance criteria to determine the performance factor for such awards. The ability to grant RSUs under the Amended PRSU Plan will provide an additional pay-at-risk component to compensation that the Board may elect to grant employees, officers, directors and consultants, allowing such persons to achieve increased ownership in the Corporation and participate in the market appreciation of the Common Shares over an extended period, thereby enhancing the Corporation’s ability to attract, motivate and retain qualified personnel and further aligning the interests of the Corporation’s employees, offices, directors and consultants with those of Shareholders.

Approval is being sought at the Meeting to approve the PRSU Plan Amendments. Certain other amendments approved by the Board, not subject Shareholder approval, included the following:

- the addition of a Non-Employee Director Participation Limits provision;
- amendments of a housekeeping nature; and

- revisions to the change of control provisions requiring “double-trigger” acceleration of PSU and RSU vesting in connection with a Change of Control Transaction (as defined in the Amended PRSU Plan) as opposed to “single-trigger” acceleration. Accordingly, if a holder of new PSUs and/or RSUs ceases to be an officer or employee of the Corporation or a subsidiary as a result of being terminated by the Corporation or its subsidiary on a without cause basis or the holder resigns in circumstances constituting good reason, a director ceases to be a member of the Board, or a consultant’s services are terminated by the Corporation or a subsidiary unless due to the consultant’s breach of contract or arrangement with the Corporation or a subsidiary, in each case, on or within 12 months following the effective time of a Change of Control Transaction and before the expiry of the holder’s PSUs and/or RSUs, all unvested RSUs and a certain percentage of PSUs on the cessation date shall immediately vest and be settled. Additionally, in the event of a Change of Control Transaction where outstanding PSUs and RSUs are not assumed or substituted, the Amended PRSU Plan will be terminated and all RSUs and a specified number of PSUs will be deemed to be vested and, unless otherwise settled, forfeited or cancelled prior to the termination of the plan, will be settled immediately prior to the termination of the Amended PRSU Plan. The Amended PRSU Plan also provides the Board, in connection with a Change of Control Transaction, with the ability to make other changes to PSUs and RSUs as it considers fair and appropriate in the circumstances. For additional details, please see the heading “Equity Plan Compensation – Amended PRSU Plan” below.

### ***Unallocated Unit Awards***

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security-based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer’s directors and by the issuer’s security-holders. As the Amended PRSU Plan is considered to be a security-based compensation arrangement and as the maximum number of Common Shares issuable pursuant to the Amended PRSU Plan is not a fixed number, but is instead equal to 10% of the outstanding Common Shares (together with Common Shares issuable pursuant to all other security-based compensation arrangements of the Corporation), approval is being sought at the Meeting to approve the grant of unallocated Unit Awards under the Amended PRSU Plan. Unit Awards are considered to be “allocated” under the Amended PRSU Plan when granted and Unit Awards which remain available for grant under the Amended PRSU Plan are referred to as “unallocated”.

The approval by the Shareholders of the unallocated Units Awards under the Amended PRSU Plan will be effective for three years from the date of the Meeting. If approval is obtained at the Meeting, Valeura will not be required to seek further approval of the grant of unallocated Unit Awards under the Amended PRSU Plan until its 2023 annual shareholders’ meeting (provided that such meeting is held on or prior to August 12, 2023). As at the date hereof, no Unit Awards have been granted and no Unit Award grants will be made until approval by the Shareholders is obtained.

After subtracting the currently issued and outstanding Options, and subject to no additional Option grants being made, 255,165 Unit Awards remain unallocated and available for grant under the Amended PRSU Plan. The terms of the Amended PRSU Plan are fully described in this Information Circular under the heading “Equity Plan Compensation – Amended PRSU Plan”. A copy of the Amended PRSU Plan is attached as Appendix “D” to this Information Circular.

## *Shareholder Approval*

At the Meeting, Shareholders will be asked to pass the following ordinary resolution approving the PRSU Plan Amendments and the unallocated Unit Awards issuable pursuant to the Amended PRSU Plan:

### **“BE IT RESOLVED THAT:**

1. the amended and restated performance and restricted share unit plan (the “**Amended PRSU Plan**”) of the Corporation, in substantially the form described in, and appended as Appendix “D” to the Information Circular, is hereby ratified, confirmed and approved;
2. all unallocated performance share units and restricted share units under the Amended PRSU Plan are hereby approved;
2. the Corporation shall have the ability to continue granting performance share units and restricted share units under the Amended PRSU Plan until August 12, 2023, being the date that is three years from the date hereof; and
3. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Unit Awards under the Amended PRSU Plan until August 12, 2023. As of the date hereof, no Unit Awards have been granted and no Unit Award grants will be made until approval by the Shareholders is obtained. If approval is not obtained at the Meeting, Unit Awards will not be available for grant under the Amended PRSU Plan and the Governance and Compensation Committee and the Board will have to consider alternate forms of performance-based compensation, including the Amended Option Plan (if approved), additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

## *Recommendation of the Board*

The Board unanimously recommends that Shareholders vote FOR the foregoing resolution.

## **EXECUTIVE OFFICER AND DIRECTOR COMPENSATION**

### **Compensation Discussion and Analysis**

#### *Introduction*

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation’s philosophy, objectives and processes regarding executive compensation.

This disclosure is intended to communicate the compensation provided to the Chief Executive Officer (“**CEO**”), the Chief Financial Officer (“**CFO**”), and the three most highly compensated executive officers of the Corporation, if any, whose individual total compensation was more than \$150,000 for the year ended December 31, 2019 (each a “**Named Executive Officer**” or “**NEO**” and collectively, the “**Named Executive Officers**” or “**NEOs**”) and how the determinations in respect of the NEOs’ 2019 compensation

were made. For the year ended December 31, 2019, the Corporation had the following four NEOs and no other executive officers or individuals acting in a similar capacity:

W. Sean Guest, CEO and President

Stephen E. Bjornson, former CFO

Peter Sider, Chief Operating Officer (“COO”)

Gordon R. Begg, Vice President Commercial (“VP Commercial”)

Mr. Lyle A. Martinson resigned as COO on October 18, 2019 and was replaced by Mr. Peter Sider.

Mr. Stephen E. Bjornson ceased to be CFO on January 7, 2020 and was replaced by Ms. Heather Campbell.

The Board has established the Governance and Compensation Committee, which in 2019 comprised of three independent directors, to assist the Board in fulfilling its obligations relating to human resource and compensation matters and to establish a plan of continuity and development of senior management. The Governance and Compensation Committee’s mandate includes:

- reviewing and recommending for Board approval, the corporate goals and objectives to be considered in determining the CEO’s compensation and performance evaluation;
- in consultation with the CEO, reviewing and recommending the compensation philosophy, guidelines and plans for the Corporation’s employees and executives;
- in consultation with the CEO, reviewing the appointment of and approving the compensation for the executive team;
- evaluating and providing feedback regarding the CEO’s performance and reviewing and recommending the compensation of the CEO;
- in consultation with the CEO, reviewing and recommending all other compensation principles or policy matters including the annual budget for base salaries and bonuses, long term incentives (such as the Amended Option Plan and Amended PRSU Plan) and other benefits; and
- consideration of the risk management implications with respect to the Corporation’s compensation policies and practices.

### ***Compensation Philosophy and Objectives of Compensation Programs***

The executive compensation program adopted by Valeura and applied to its executive officers is designed to:

- attract and retain qualified and experienced executives who have international business and operations experience and will contribute to the success of Valeura;
- ensure that the compensation of the executive officers provides a competitive base compensation package, with additional compensation to reward success and create a strong link between corporate performance and compensation; and

- motivate executive officers to enhance long term shareholder value, with current compensation being weighted toward at-risk long term incentives in the form of Options and other security-based incentives so as to foster alignment with the interests of the Shareholders.

Valeura’s executive compensation program in 2019 consisted of four components as set forth in the following chart.

<b>Compensation Components</b>	<b>Description and Purpose</b>
<i><b>Base Salary</b></i>	A base level of income that reflects the executive’s position and level of responsibility, as well as salary norms in the sector and the general marketplace.
<i><b>Discretionary Cash Bonus</b></i>	A pay-at-risk component consisting of a discretionary cash award based on the executive’s position and corporate and personal performance, which is designed to reward the achievement of key corporate objectives.
<i><b>Long Term Incentives (Options)</b></i>	An additional pay-at-risk component to compensation that rewards long term performance by allowing executives to participate in the market appreciation of the Common Shares over an extended period. This component is also intended to make the Corporation competitive from a total remuneration standpoint and encourage executive retention through time-based and performance-based vesting of awards.
<i><b>Benefits</b></i>	Health and dental care and various forms of life, disability, critical illness and health spending accounts, plus certain additional perquisites for NEOs such as parking.

See “Compensation Discussion and Analysis - Elements of Compensation”.

The goals of the compensation program are to attract and retain the most qualified people with relevant international experience, to motivate and reward such individuals on a short term and long term basis, and to create alignment between corporate performance and compensation. The Governance and Compensation Committee and the Board intend that the total cash components of compensation (base salary plus discretionary cash bonus) reflect the application of their informed judgement in setting executive compensation believed to be competitive for similarly placed executives operating international companies which are headquartered in Canada.

The Corporation does not believe that its compensation programs encourage excessive or inappropriate risk taking as: (i) the Corporation’s employees receive both fixed and variable compensation, and the fixed (salary) portion provides a steady income regardless of Common Share value which allows employees to focus on the Corporation’s business; and (ii) the security based compensation plans encourage a long term perspective due to the vesting provisions of the Options and Unit Awards. The Corporation believes that its compensation program is appropriately structured and balanced to motivate its executives and reward the achievement of annual performance goals, as well as the achievement of long term growth in shareholder value.

The Corporation has adopted an anti-hedging policy which prohibits any NEO or director from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held by the NEO or director.

In addition, the Corporation has adopted a Clawback Policy (as defined below) that provides for the recoupment from directors, officers and executives of both cash and equity-based incentive compensation where an individual’s gross negligence, fraud, theft or willful misconduct caused them to receive an incentive compensation amount higher than what they would have otherwise received, including but not limited to situations where there has been a restatement of financial results.

## *Determining Compensation*

The Governance and Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to compensation matters. The Governance and Compensation Committee operates under a written mandate adopted by the Board. During the year ended December 31, 2019, the Governance and Compensation Committee was comprised of Messrs. Marchant (Chair) and Hiscock and Ms. Wood. Each member of the Governance and Compensation Committee is an independent director as such term is defined by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and all members of the Governance and Compensation Committee have gained experience in executive compensation and other human resource areas in the oil and gas industry through their tenure in executive roles in the energy sector and/or as directors of numerous organizations, and have direct experience in establishing executive and corporate compensation programs. In addition, the Governance and Compensation Committee utilizes publicly disclosed compensation data from management information circulars.

### *2019 Corporate Performance Scorecard*

The 2019 Corporate Performance Scorecard adopted by the Board in March 2019 to assess discretionary bonus payments for 2019 aggregated the following key corporate performance indicators, set at threshold, target and maximum levels, with the weightings indicated and scored on a scale of 0 to 2: (i) health, safety and environmental performance – 25%; (ii) Valeura’s share price performance compared to a peer group of international-focused companies – 20% (the “**2019 Performance Peer Group**”); (iii) delivering Valeura operations on time and budget – 20%; and (iv) accomplishment of strategic objectives – 35%.

The following table sets forth the 2019 Performance Peer Group for corporate performance purposes:

<b>Entity</b>	<b>Listing</b>	<b>Entity</b>	<b>Listing</b>
Africa Energy Corp.	TSXV	Pan Orient Energy Corp.	TSXV
Africa Oil Corp.	TSX	Rockhopper Exploration Plc	AIM
Amerisur Resources Plc	AIM	SDX Energy Inc.	AIM
BNK Petroleum Inc.	TSX	Serinus Energy Inc.	AIM
Bowleven Plc	AIM	ShaMaran Petroleum Corp.	TSXV
Falcon Oil & Gas Ltd.	TSXV/AIM	TAG Oil Ltd.	TSX
IGas Energy Plc	AIM	Touchstone Exploration Inc.	TSX/AIM
Jadestone Energy Inc.	AIM	TransAtlantic Petroleum Ltd.	TSX/NYSE
Madalena Energy Inc.	TSXV	TransGlobe Energy Corporation	TSX/NASDAQ/AIM
Oryx Petroleum Corporation Limited	TSX	Wentworth Resources Plc	AIM

In 2019, the Board determined that it will not separately identify the CEO’s goals and objectives but rather, the CEO’s performance will be evaluated based on the Corporation’s performance under the relevant Corporate Performance Scorecard.

## 2020 Corporate Performance Peer Group

For the purposes of the 2020 Corporate Performance Scorecard, the Board approved a group of 20 companies (the “2020 Performance Peer Group”) in March 2020 to assess Valeura’s relative share price performance, one of the key corporate performance indicators described above. The 2020 Performance Peer Group reflects one change from 2019, replacing Amerisur Resources Plc with Trinity Exploration and Production Plc. The peer group includes companies that are listed on the TSX, TSXV and AIM as well as certain that are dual-listed on AIM, NASDAQ or the New York Stock Exchange. The following table sets forth the 2020 Performance Peer Group for corporate performance purposes.

<b>Entity</b>	<b>Listing</b>	<b>Entity</b>	<b>Listing</b>
Africa Energy Corp.	TSXV	Rockhopper Exploration Plc	AIM
Africa Oil Corp.	TSX	SDX Energy Inc.	AIM
BNK Petroleum Inc.	TSX	Serinus Energy Inc.	AIM
Bowleven Plc	AIM	ShaMaran Petroleum Corp.	TSXV
Centaurus Energy Inc. (formerly Madalena Energy Inc.)	TSXV	TAG Oil Ltd.	TSX
Falcon Oil & Gas Ltd.	TSXV/AIM	Touchstone Exploration Inc.	TSX/AIM
IGas Energy Plc	AIM	TransAtlantic Petroleum Ltd.	TSX/NYSE
Jadestone Energy Inc.	AIM	TransGlobe Energy Corporation	TSX/NASDAQ/AIM
Oryx Petroleum Corporation Limited	TSX	Trinity Exploration and Production Plc	AIM
Pan Orient Energy Corp.	TSXV	Wentworth Resources Plc	AIM

## Compensation Approval Process

Compensation for the Corporation’s executive officers is recommended by the CEO and then reviewed by the Governance and Compensation Committee. Recommendations are then made by the Governance and Compensation Committee to the Board for the Board’s ultimate approval. In making recommendations, the CEO reviews compensation data in the oil and gas sector as disclosed in management information circulars, as well as other more subjective factors such as level of responsibility, importance to the Corporation, the degree to which an officer’s contribution will be critical to the Corporation’s success in the near and long term, individual performance, corporate performance and market conditions. The Governance and Compensation Committee then reviews and discusses these recommendations, including review of market data, and determines what recommendations to make to the Board. Although discussions between the CEO and members of the Governance and Compensation Committee are customary during this process, certain deliberations of the Governance and Compensation Committee and all final determinations by both the Governance and Compensation Committee and the Board regarding executive compensation are conducted during *in camera* sessions in the absence of any members of management.

Following the end of each year, the Governance and Compensation Committee distributes and utilizes a confidential CEO Feedback Instrument for the directors to assess the CEO’s performance, including an assessment of the CEO’s performance and achievement of the targeted goals and objectives for the prior year. The results of the directors’ feedback are compiled on an anonymous basis to promote candid and constructive feedback. The results are distributed to the Board and play a role in setting the CEO’s total compensation. The Chair of the Board provides feedback to the CEO on performance for the prior year and results of the CEO Feedback Instrument.

The Board also approves compensation for the directors of the Corporation in the form of fees and long term equity incentives based upon recommendations made by the Governance and Compensation

Committee, which also takes into account the assessment of publicly disclosed data from management information circulars.

### *Elements of Compensation*

#### *Base Salaries*

Base salary is intended to reflect an executive officer's position within the corporate structure, his or her years of experience and level of responsibility, and salary norms in the sector and the general marketplace. As such, decisions with respect to base salary levels for executive officers are not based on objective identifiable performance measures but for the most part are determined by reference to competitive market information for similar roles and levels of responsibility, as well as more subjective performance factors such as leadership, commitment, accountability, industry experience and contribution. The Corporation's view is that a competitive base salary is a necessary element for retaining qualified executive officers, as it creates a meaningful incentive for individuals to remain at Valeura and not be unreasonably susceptible to recruiting efforts by the Corporation's competitors.

As consideration for the services provided by the NEOs, the Corporation has agreed to pay the NEOs an annual salary in an amount determined by the Board in its annual salary review completed in the first quarter of each fiscal year and effective April 1 of each year. Salaries for 2019 were reviewed in March 2019 and the Board determined that there should be increases in salaries of the NEOs for 2019 to move executive compensation to a level that is competitive for similarly placed executives in the Canadian market. See "NEO Compensation - Summary Compensation Table".

#### *Cash Bonus*

Discretionary cash bonuses are part of the Corporation's compensation program as it is believed that they can be used to help to motivate executive officers to achieve key corporate objectives by rewarding the achievement of these objectives. Currently, cash bonuses are awarded on a discretionary basis following an evaluation of the corporate performance factors.

In assessing the degree to which the key corporate performance indicators in the 2019 Corporate Performance Scorecard were achieved in 2019, the Governance and Compensation Committee and the Board considered the following:

- the Corporation achieved excellent operational health, safety and environmental results in 2019 with no recordable injuries. Management demonstrated a strong focus on operational safety during a period when the Corporation was undertaking several new and high-pressure operations. Management continued its focus on reclamation of old wellsites and has hired a third-party consultant in its Tekirdag operations office to drive the Corporation's HSE and ESG initiatives on site. This performance indicator was scored at 1.75;
- the Corporation achieved fourth quartile share price performance in 2019 compared to the 2019 Performance Peer Group used in 2019. This performance indicator was scored at 0.0;
- management achieved mixed results on operational delivery in terms of timing and budget: Inanli-1 well drilling was slightly over budget but these costs were almost completely borne by Equinor under the Banarli farm-in agreement, and the Inanli testing was delayed several months; Devepinar-1 well drilling was delivered on time and well under the planned cost, especially considering the increased scope for the well; Yamalik-1 well recompletion was delayed and overran the budget; while the conventional workovers and hydraulic stimulation program, and well reclamation project were all delivered under budget. This

performance indicator was scored at 1.09; and

- management delivered many of the targeted strategic objectives defined by the Board, including completion of the LSE listing and increased global awareness of the Corporation. In addition, the Corporation achieved its deep program appraisal operations while at the same time protecting its cash position. This performance indicator was scored at 1.25.

While the Board considers the quantitative scoring from the Corporate Performance Scorecard, it also uses discretion in determining the success of the Corporation in a given year. For 2019, the Board determined a corporate performance factor of 1.09 on a scale of 0 to 2. Based on this corporate performance factor as applied to the bonus target levels, discretionary cash bonuses for the year ended December 31, 2019 were determined by the Board in March 2020. For the NEOs, the aggregate bonus amounts were \$422,000 representing 36.5% of their 2019 base salaries. See “NEO Compensation - Summary Compensation Table”.

#### *Performance and Long Term Incentives*

The Corporation believes that long term performance and increases in shareholder value are achieved through an ownership culture that encourages performance by all employees, including executives, through the use of at-risk long term incentives. Long term incentives are required in order for the Corporation to be competitive from a total remuneration standpoint when compared to those of larger companies in the oil and gas industry with whom it must compete for experienced executive officers. Accordingly, the Corporation established the Amended Option Plan and the Amended PRSU Plan to provide employees, including executive officers, with incentives to help align those employees’ interests with the performance of the Corporation as reflected in the Common Share price. For a description of the Amended Option Plan and the Amended PRSU Plan, see “Equity Plan Compensation”.

The Governance and Compensation Committee, upon the recommendation of the CEO, reviews and makes recommendations to the Board for its ultimate approval with respect to grants of Options and/or Unit Awards to executive officers. When making recommendations with respect to Option and/or Unit Awards and the size of such awards, the Governance and Compensation Committee takes into consideration the overall number of Options and Unit Awards that are outstanding relative to the number of outstanding Common Shares.

During the year ended December 31, 2019:

- Messrs. Guest, Bjornson, and Begg were granted an aggregate of 790,000 Options exercisable at \$3.02 per Common Share, which was the closing price per Common Share on the TSX on the last trading day preceding the Option grant, which were awarded on February 8, 2019; and
- Mr. Sider was granted 200,000 Options on assuming the role of COO exercisable at \$2.38 per Common Share, which was the closing price per Common Share on the TSX last trading day preceding the Option grant, which was awarded on October 2, 2019.

All of the foregoing Options have a seven-year term and vest in thirds at the first, second and third anniversary of the grant date. In approving the overall grant of Options, regard was given to the desire to weight total compensation toward at-risk long term incentives, as well as to foster alignment with the interests of Shareholders. In recommending to the Board the size of Option awards to individual executives, the Governance and Compensation Committee considered the recommendations made by the CEO and each executive’s level of responsibility and authority, with a particular emphasis on the degree to which each executive’s contribution would be critical to long term corporate success, and consideration was given to the amount of each executive’s Option award relative to the allocation of Options granted to the CEO and other officers to ensure an appropriate scaling within the executive team. See “NEO Compensation -

## Outstanding Option-Based Awards”.

As of the date hereof, no Unit Awards have been granted under the Amended PRSU Plan. In the past, the Board did not issue PSUs under the Prior PSU Plan due to the early stage of the Corporation’s exploration and development activities and difficulty setting long-term performance criteria to determine the performance factor for such awards. The Corporation is seeking Shareholder approval of the Amended PRSU Plan, including the ability to grant RSUs under the Amended PRSU Plan to NEOs as an additional pay-at-risk component to compensation.

### *Benefits*

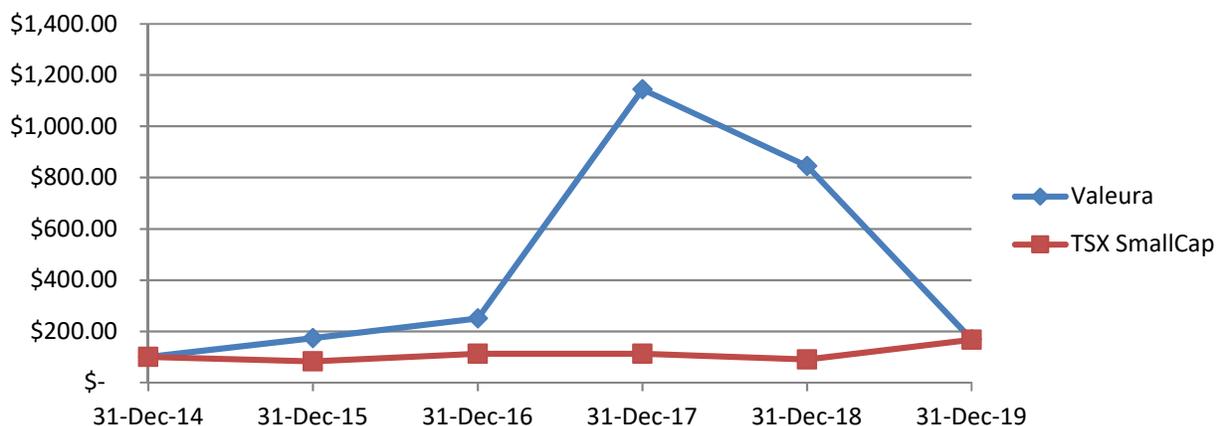
The Corporation’s benefits program consists of health and dental care and various forms of life, disability and critical illness insurances and health spending accounts consistent with industry norms. In addition, the NEOs receive a reimbursement of parking costs up to a defined limit or a transportation allowance in lieu of parking.

### *Severance and Change of Control Agreements*

Executive Employment Agreements (as defined below) were put in place for Dr. Guest effective May 23, 2017 (and amended on January 1, 2018), for Mr. Bjornson effective June 17, 2011, and for Mr. Begg effective May 30, 2018, providing for severance or other payouts upon a change of control event. An Executive Employment Agreement was put in place for Mr. Sider effective October 2, 2019 and for Ms. Campbell effective January 7, 2020. See “Employment Agreements and Termination and Change of Control Benefits”.

### *Performance Graph*

The following graph illustrates the cumulative return to Shareholders of a \$100 investment in Common Shares from December 31, 2014 to December 31, 2019, as compared to the cumulative total return on the Standard & Poor’s/TSX SmallCap Index (“**TSX SmallCap**”) for the same period, assuming the reinvestment of cash distributions and/or dividends.



	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Valeura	\$100.00	\$173.69	\$250.00	\$1,144.75	\$844.74	\$168.42
TSX SmallCap	\$100.00	\$82.85	\$111.97	\$112.29	\$89.71	\$166.84

The trend shown in the above graph does not necessarily correspond to the Corporation's trend of compensation for the NEOs for the period disclosed above. The Corporation considers a number of factors in connection with its determination of appropriate levels of compensation including, but not limited to, the demand for and supply of skilled professionals with experience in the oil and gas industry, individual performance, the Corporation's performance (which is not necessarily tied exclusively to the trading price of the Common Shares on the TSX and other factors discussed under "Compensation Discussion and Analysis" above).

## NEO Compensation

### Summary Compensation Table

The following table provides information concerning compensation of the NEOs for the years ended December 31, 2019, 2018 and 2017.

Name and Principal Position	Year	Salary (\$)	Option Awards (\$)	Non-equity incentive plan compensation (\$)	All Other Compensation <sup>(8)</sup> (\$)	Total Compensation (\$)
				Annual Incentive Plan		
Dr. W. Sean Guest <sup>(1)</sup> CEO and President	2019	355,000	594,000 <sup>(4)</sup>	222,000	Nil	1,171,000
	2018	297,500	814,000 <sup>(5)</sup>	225,000	Nil	1,336,500
	2017	146,087	270,000 <sup>(6)</sup>	177,500	Nil	593,587
Stephen E. Bjornson Former CFO	2019	261,250	297,000 <sup>(4)</sup>	Nil	Nil	558,250
	2018	232,500	222,000 <sup>(5)</sup>	100,000	Nil	554,500
	2017	225,000	50,600 <sup>(6)</sup>	55,000	Nil	330,600
Peter Sider COO <sup>(2)</sup>	2019	232,100	306,000 <sup>(7)</sup>	100,000	Nil	638,100
	2018	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A
Gordon R. Begg VP Commercial <sup>(3)</sup>	2019	239,000	297,000 <sup>(4)</sup>	100,000	Nil	636,000
	2018	130,167	442,500	56,000	Nil	628,667
	2017	N/A	N/A	N/A	N/A	N/A

#### Notes:

- (1) Dr. W. Sean Guest was appointed CEO on January 1, 2018. Prior to this, Dr. Guest was the President since May 17, 2017.
- (2) Mr. Martinson resigned as COO on October 18, 2019 and was replaced by Mr. Peter Sider. Prior to this, Mr. Sider was the Turkey Country Manager from January 2019 through September 2019.
- (3) Mr. Gordon R. Begg was hired as the VP Commercial on May 30, 2018. Mr. Begg's bonus for 2018 was prorated from his start date and his Option grant for 2018 is a hiring grant.
- (4) This does not represent cash paid to the NEO. The actual value of the Options granted to the NEOs will be determined based on the market price of the Common Shares at the time of exercise of such Options, which may be greater or less than the grant date fair value reflected in the table above. This figure is based on the grant date fair value of such Options as at February 8, 2019 calculated through the use of the Black-Scholes Model. The grant date fair value was determined in accordance with International Financial Reporting Standards. This methodology was chosen in order to be consistent with the accounting fair value used by the Corporation in its financial statements and since Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term (weighted average expected life), risk-free interest rate, dividend yield of stock and volatility of stock return. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$1.98 per share; Risk-Free Interest Rate of 1.78%; Expected Life of 4.5 years; Expected Volatility of 86.56%; and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of these Options had vested as at December 31, 2019.
- (5) As noted in (4) above, this does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Options as at March 23, 2018 in the case of Messrs. Guest and Bjornson, or, in the case of Mr. Begg, May 30, 2018. The actual assumptions and estimates used for the summary compensation table values were as follows for the Options granted March 23, 2018: Fair Value of \$2.96 per share; Risk-Free Interest Rate of 2.03%; Expected Life of 4.5 years; Expected Volatility of 83.73%; and Dividend per Share of nil. The key assumptions for the Options granted May 30, 2018 were: Fair Value of \$2.95 per share; Risk-Free Interest Rate of 2.07%; Expected Life of 4.5 years; Expected Volatility of 85.58%; and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, one-third of these Options had vested as at December 31, 2019.
- (6) As noted in (4) above, this does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Options as at March 17, 2017 in the case of Mr. Bjornson, or, in the case of Dr. Guest, May 17, 2017. The actual assumptions and estimates used for the summary compensation table values were as follows for the Options granted March 17, 2017: in the case of Fair Value of \$0.44

per share; Risk-Free Interest Rate of 1.2%; Expected Life of 4.5 years; Expected Volatility of 77.9%; and Dividend per Share of nil. The key assumptions for the Options granted May 17, 2017, were: Fair Value of \$0.45 per share; Risk-Free Interest Rate of 0.9%; Expected Life of 4.5 years; Expected Volatility of 77.2%; and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, two-thirds of these Options had vested as at December 31, 2019.

- (7) As noted in (4) above, this does not represent cash paid to the NEO. This figure is based on the grant date fair value of such Options as at October 2, 2019. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$1.53 per share; Risk-Free Interest Rate of 1.35%; Expected Life of 4.5 years; Expected Volatility of 85.28%; and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of these Options had vested as at December 31, 2019. Mr. Sider was granted 150,000 Options on January 7, 2019 as a hiring bonus for his previous position of Country Manager- Turkey, which were cancelled with none vested.
- (8) Nil indicates that perquisites and other personal benefits did not exceed \$50,000 or 10% of the total salary of the NEO for the financial year.

### ***Outstanding Option-Based Awards***

The following table sets forth information with respect to the unexercised Options granted under the Prior Option Plan to the NEOs which were outstanding as of December 31, 2019.

Name and Principal Position	Number of Common Shares Underlying Unexercised Options	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>
Dr. W. Sean Guest CEO and President	300,000	3.02	February 8, 2026	Nil
	275,000	4.62	March 23, 2025	Nil
	600,000	0.75	May 17, 2024	Nil
Stephen E. Bjornson Former CFO <sup>(2)</sup>	150,000	3.02	February 8, 2026	Nil
	75,000	4.62	March 23, 2025	Nil
	115,000	0.73	March 17, 2024	Nil
	80,000	0.75	March 23, 2023	Nil
	211,000	0.57	March 13, 2022	14,770
	24,000	0.64	March 31, 2021	Nil
24,000	1.00	March 18, 2020	Nil	
Peter Sider COO <sup>(3)</sup>	200,000	2.38	October 2, 2026	Nil
Gordon R. Begg VP Commercial	150,000	3.02	February 8, 2026	Nil
	150,000	4.60	May 30, 2025	Nil

**Notes:**

- (1) The value shown is the product of the number of Common Shares underlying the Option multiplied by the difference between the Common Share TSX closing price on December 31, 2019 of \$0.64 and the exercise price.
- (2) Due to Mr. Bjornson's role as a co-founder of the Corporation and his many years of service, at the time of his departure the Board approved the extension of the period to exercise his vested Options until January 7, 2021.
- (3) Mr. Martinson resigned as COO on October 18, 2019 and was replaced by Mr. Peter Sider. Prior to this, Mr. Sider was the Turkey Country Manager from January 2019 through September 2019.

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

The following table sets forth information with respect to the value of Options vested during the year ended December 31, 2019 as well as the cash bonuses granted to the NEOs during the year ended December 31, 2019. Note that none of these Options were exercised and none of these Options were in the money as of December 31, 2019.

Name and Principal Position	Option-Based Awards Value Vested During Year (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation Value earned during the year (\$)
Dr. W. Sean Guest CEO and President	354,000	222,000
Stephen E. Bjornson Former CFO	118,000	Nil

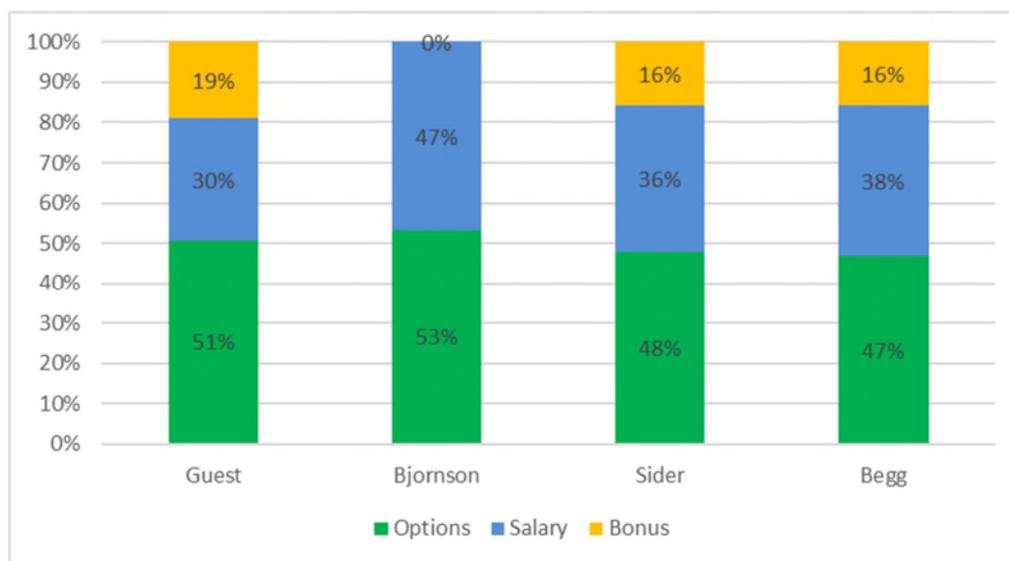
Peter Sider COO <sup>(2)</sup>	-	100,000
Gordon R. Begg VP Commercial	-	100,000

**Notes:**

- (1) The value shown is the product of the number of Common Shares underlying the Options that vested during the year multiplied by the difference between the Common Share TSX closing price on the day the Options vested and the exercise price of the Options that vested.
- (2) Mr. Martinson resigned as COO on October 18, 2019 and was replaced by Mr. Peter Sider. Prior to this, Mr. Sider was the Turkey Country Manager from January 2019 through August 2019.

**Executive Compensation Breakdown: Fixed vs. Performance Based “At Risk” Compensation**

The 2019 executive compensation breakdown chart below reflects the Corporation’s performance approach that emphasizes variable (or “at risk”) compensation in the form of short term incentive (bonuses) and long term incentive compensation (Options), as opposed to fixed compensation (salaries). The Governance and Compensation Committee and the Board believe that the mix of short term and long term incentive awards, combined with corporate performance goals related to health, safety and environmental performance, delivering operations on budget and time, share price performance and achievement of strategic objectives, result in an appropriate mix of pay for performance and discouragement of inappropriate risk taking behavior.



**Employment Agreements and Termination and Change of Control Benefits**

Each of the NEOs is a party to an executive employment agreement (the “**Executive Employment Agreements**”) with the Corporation. The Executive Employment Agreement for the CEO and President was entered into in May 2017 (and amended in January 2018), for the former CFO in June 2011, for the VP Commercial in May 2018 and for the COO in October 2019. Ms. Heather Campbell, the current CFO, entered into an Executive Employment Agreement in January 2020. The Executive Employment Agreements have an indefinite term (other than the Executive Employment Agreement for the COO which has a one year term) and contain standard confidentiality and non-solicitation provisions.

Valeura has agreed pursuant to the Executive Employment Agreements that the NEOs will receive base salaries determined by the Board and may receive discretionary bonuses, grants of Options and other security based compensation, reimbursement of expenses, benefits and certain perquisites as set forth in the

Executive Employment Agreements, with the amounts paid in 2019 with respect to such matters set forth in the Summary Compensation Table.

The Executive Employment Agreements provide that, upon the termination of employment without just cause, in the case of constructive dismissal, upon disability as defined in the amended Executive Employment Agreements, or upon a change of control of the Corporation, the NEO is entitled to receive the amount of unpaid annual salary and declared but unpaid bonuses to and including the date of termination of employment, plus:

- (a) in the case of the CEO and President, a severance payment in the amount of two times the annual salary and cost of benefits and two times the average amount of the bonus paid for the three calendar years prior to the date of termination;
- (b) in the case of the COO, a severance payment equal to the remainder of the COO's annual salary that would be due for the balance of the term (to a maximum of 25% of the annual salary) for termination of employment without just cause, constructive dismissal or upon disability and a severance payment in the amount of one times the annual salary for a change of control of the Corporation;
- (c) in the case of the VP Commercial, a severance payment in the amount of one times the annual salary and cost of benefits plus one times the average amount of bonus paid for the three calendar years prior to the date of termination; and
- (d) in the case of the current CFO, a severance payment in the amount of one times the annual salary and cost of benefits and one times the average amount of the bonus paid for the three calendar years prior to the date of termination.

Each of the CEO and President, COO and VP Commercial has a "single-trigger" change of control provision in their applicable Executive Employment Agreement, meaning that if a change of control of the Corporation occurs, the termination payments must be made by the Corporation to the affected executive if the Corporation terminates the employment of the executive or the executive terminates its employment. The current CFO has, and each future executive is expected to have, a "double-trigger" change of control provision in their applicable Executive Employment Agreement, meaning that if a change of control of the Corporation occurs, the termination payments must be made by the Corporation to the affected executive only if the Corporation terminates the employment of the executive or if the executive terminates for good reason.

Upon the death of any of the NEOs, such NEOs personal representatives shall be entitled to receive the amount of unpaid salary to and including the date of death, plus any bonus declared but not yet paid, plus all outstanding vacation pay and expense reimbursements.

In addition, in the event of termination of employment for any reason, any outstanding Options shall be treated in the manner set forth in the Prior Option Plan or the Amended Option Plan, as applicable, and applicable stock option agreement, which provide that all unvested Options shall terminate as of the date notice is given in respect of such termination. Notwithstanding the foregoing, in the event of any Change of Control Transaction (as defined in the applicable option plan) or an Unsolicited Offer (as defined in the applicable option plan) or upon the death or disability of the NEO, all unexercised and unvested outstanding Options granted shall vest and become immediately exercisable unless otherwise determined by the Board in accordance with the applicable option plan and the applicable stock option agreement. Going forward, all new Options granted under the Amended Option Plan will include "double-trigger" acceleration of Option vesting in connection with a Change of Control Transaction (as defined in the Amended Option Plan).

The following table sets forth information with respect to the estimated aggregate dollar amount to which each current NEO would have been entitled if the event resulting in termination of employment occurred on December 31, 2019.

Name	Triggering Event	Salary	Value of Bonus and other Benefits	Total Cash Payout	Value of Equity and Share Based Awards	Total Payout
Dr. W. Sean Guest	Termination with cause/resignation	Nil <sup>(1)</sup>	Nil	Nil	Nil <sup>(4)</sup>	Nil
	Termination without cause	\$740,000	\$425,000 <sup>(2)</sup>	\$1,165,000	Nil <sup>(4)</sup>	\$1,165,000
	Change of control	\$740,000	\$425,000 <sup>(2)</sup>	\$1,165,000	Nil <sup>(3)</sup>	\$1,165,000
Gordon R. Begg	Termination with cause/resignation	Nil <sup>(1)</sup>	Nil	Nil	Nil <sup>(4)</sup>	Nil
	Termination without cause	\$245,000	\$71,000 <sup>(2)</sup>	\$316,000	Nil <sup>(4)</sup>	\$316,000
	Change of control	\$245,000	\$71,000 <sup>(2)</sup>	\$316,000	Nil <sup>(3)</sup>	\$316,000
Peter Sider	Termination with cause/resignation	Nil <sup>(1)</sup>	Nil	Nil	Nil <sup>(4)</sup>	Nil
	Termination without cause	62,500	Nil	62,500	Nil <sup>(4)</sup>	62,500
	Change of control	250,000	Nil	250,000	Nil <sup>(3)</sup>	250,000

**Notes:**

- (1) In the event of a termination for just cause, resignation or retirement, the Corporation shall have no further obligation to the NEO, other than the payment of unpaid base salary, any bonus declared but not yet paid, plus all outstanding vacation pay and expense reimbursement.
- (2) The value shown is a multiple of the annual cost of benefits and the average cash bonus paid in respect of the years ended December 31, 2018, 2017 and 2016.
- (3) The value shown is the product of the number of Common Shares underlying the vested and unvested Options multiplied by the difference between the Common Share TSX closing price on December 31, 2019 of \$0.64 and the exercise price.
- (4) The value shown is the product of the number of Common Shares underlying the vested Options multiplied by the difference between the Common Share TSX closing price on December 31, 2019 of \$0.64 and the exercise price.

In connection with Mr. Bjornson's departure on January 7, 2020, he received a payment of \$524,178.05 in accordance with his executive compensation agreement.

**Director Compensation**

Non-employee directors are remunerated based on their expertise and time commitment provided to the Corporation. Effective January 1, 2020, the Corporation amended their non-employee director compensation structure. Prior to January 1, 2020, non-employee directors received an annual retainer of \$25,000 per year. The Chairman also received an additional retainer of \$10,000. The Chairs of the Audit Committee, the Governance and Compensation Committee and the Reserves & Health, Safety, Security, Environment and Community Relations Committee each received an additional \$8,000 retainer. Additional fees were paid for each Board meeting and committee meeting attendance (\$1,500 per meeting) and travel fees for periodic board meetings/field trips outside Canada (\$1,500 per trip).

Effective January 1, 2020, non-employee directors receive an annual retainer of \$45,000. The Chairman receives an additional retainer of \$15,000. The Chair of the Audit Committee receives an additional retainer of \$10,000, and the Chairs of the Governance and Compensation Committee and the Reserves & Health, Safety, Security, Environment and Community Relations Committee each receive an additional \$8,000 retainer. There will no longer be additional meeting fees or travel fees paid for Board and committee meeting attendance. This change in non-employee director compensation is intended to simplify the non-employee director compensation structure and avoid the need for the Corporation to disburse additional

director fees except under special circumstances. The Board expects that these changes to non-employee director compensation will not be material, and will also allow the Board and committees to meet more frequently without additional cost to the Corporation.

Non-employee directors are also eligible to receive grants of Options and RSUs. Non-employee directors are not eligible to receive grants of PSUs. The Governance and Compensation Committee recommends compensation levels and any Option or RSUs for directors to the Board, taking into account compensation data for the directors of similar companies in the Canadian market. New directors typically receive an initial grant upon appointment or election, as applicable, subject to any blackout restrictions which may delay the grant.

Dr. Guest did not receive any compensation as a director of the Corporation for the year ended December 31, 2019 and thus is not included in the following tables. All of Dr. Guest's compensation information is reflected under "NEO Compensation – Summary Compensation Table".

### ***Summary Compensation Table***

The following table sets forth information concerning compensation paid to the non-employee directors for the year ended December 31, 2019.

<b>Name</b>	<b>Fees Earned (\$)</b>	<b>Option-based awards (\$)<sup>(1)(2)</sup></b>	<b>All Other Compensation (\$)<sup>(3)</sup></b>	<b>Total (\$)</b>
Dr. Timothy R. Marchant	\$64,000	\$104,000	Nil	\$168,000
Ronald W. Royal	\$51,000	\$104,000	Nil	\$155,000
Russell J. Hiscock	\$51,000	\$104,000	Nil	\$155,000
James D. McFarland	\$37,000	\$104,000	120,000	\$261,000
Kimberley K. Wood	\$30,000	\$164,000	Nil	\$194,000
Timothy N. Chapman <sup>(4)</sup>	N/A	N/A	N/A	N/A

**Notes:**

- (1) This does not represent cash paid to the director. In the case of Messrs. Marchant, Royal, Hiscock and McFarland, this figure is based on the grant date fair value of such Options as at February 8, 2019 calculated through the use of the Black-Scholes Model. In the case of Ms. Wood, this figure is based on the grant date fair value of such Options as at March 26, 2019, calculated through the use of the Black-Scholes Model. The grant date fair value was determined in accordance with International Financial Reporting Standards. This methodology was chosen in order to be consistent with the accounting fair value used by the Corporation in its financial statements and since Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term (weighted average expected life), risk-free interest rate, dividend yield of stock and volatility of stock return. The actual assumptions and estimates used for the option-based awards issued on February 8, 2019 are as follows: Fair Value of \$1.98 per share; Risk-Free Interest Rate of 1.78%; Expected Life of 4.5 years; Expected Volatility of 86.56%; and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of these Options had vested as at December 31, 2019. The actual assumptions and estimates used for the option-based awards issued on March 26, 2019 are as follows: Fair Value of \$1.64 per share; Risk-Free Interest Rate of 1.45%; Expected Life of 4.5 years; Expected Volatility of 85.72%; and Dividend per Share of nil. The Options vest in thirds, on the first, second and third year anniversary of the grant date. Accordingly, none of these Options had vested as at December 31, 2019.
- (2) The actual value of the Options granted to the directors will be determined based on the market price of the Common Shares at the time of exercise of such Options, which may be greater or less than grant date fair value reflected in the table above. See "Director Compensation - Outstanding Option-Based Awards".
- (3) Nil indicates that no other compensation was paid or otherwise provided, indirectly or directly, by the Corporation to a director in any capacity, under any other arrangement. All Other Compensation for Mr. McFarland is comprised of fees paid under a consulting contract, which was entered into with Mr. McFarland to retain his corporate knowledge following the CEO succession from Mr. McFarland to Dr. Guest.
- (4) Mr. Chapman was appointed to the Board on January 7, 2020.

### ***Outstanding Option-Based Awards***

The following table sets forth information with respect to the unexercised Options granted under the Prior Option Plan to the non-employee directors which were outstanding as of December 31, 2019.

Name and Principal Position	Number of Common Shares Underlying Unexercised Options	Option-Based Awards		
		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>
Dr. Timothy R. Marchant	52,500	3.02	February 8, 2026	Nil
	35,000	4.62	March 23, 2025	Nil
	30,000	0.73	March 17, 2024	Nil
	20,000	0.75	March 23, 2023	Nil
	100,000	0.68	April 15, 2022	Nil
Ronald W. Royal	52,500	3.02	February 8, 2026	Nil
	35,000	4.62	March 23, 2025	Nil
	30,000	0.73	March 17, 2024	Nil
	20,000	0.75	March 23, 2023	Nil
	51,000	0.57	March 13, 2022	3,570
	42,000	0.64	March 31, 2021	Nil
	42,000	1.00	March 18, 2020	Nil
Russell J. Hiscock	52,500	3.02	February 8, 2026	Nil
	100,000	4.62	March 23, 2025	Nil
James D. McFarland	52,500	3.02	February 8, 2026	Nil
	35,000	4.62	March 23, 2025	Nil
	190,000	0.73	March 17, 2024	Nil
	140,000	0.75	March 23, 2023	Nil
	349,000	0.57	March 13, 2022	24,430
	288,000	0.64	March 31, 2021	Nil
Kimberley K. Wood	100,000	2.54	March 26, 2026	Nil
Timothy N. Chapman <sup>(2)</sup>	Nil	Nil	Nil	Nil

**Notes:**

- (1) The value shown is the product of the number of Common Shares underlying the Option multiplied by the difference between the Common Share TSX closing price on December 31, 2019 of \$0.64 and the exercise price.
- (2) Mr. Chapman was appointed to the Board on January 7, 2020.

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

The following table sets forth information with respect to the value of Options vested during the year ended December 31, 2019 as well as the cash bonuses granted to directors during the year ended December 31, 2019.

Name	Option-Based Awards Value Vested During Year (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation Value earned during the year (\$)
Dr. Timothy R. Marchant	30,300	N/A
Ronald W. Royal	30,300	N/A
Russell J. Hiscock	Nil	N/A
James D. McFarland	199,100	N/A
Kimberley K. Wood	Nil	N/A
Timothy N. Chapman <sup>(2)</sup>	N/A	N/A

**Notes:**

- (1) The value shown is the product of the number of Common Shares underlying the Options that vested during the year multiplied by the difference between the Common Share TSX closing price on the respective days the Options vested and the exercise price of the respective Options that vested.
- (2) Mr. Chapman was appointed to the Board on January 7, 2020.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON**

Except as disclosed in this Information Circular, management of Valeura is not aware of any material interest of any director or executive officer or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

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

No director, proposed director, executive officer, nor any of their respective associates or affiliates, is or has been indebted to the Corporation or its subsidiaries since the beginning of the Corporation's most recently completed financial year.

## **EQUITY PLAN COMPENSATION**

The Corporation currently has two equity compensation plans in place, the Amended Option Plan and Amended PRSU Plan. Both plans authorize the Board to make grants to directors, officers, employees or other services providers of the Corporation and its subsidiaries, provided that non-employee directors are not eligible to receive grants of PSUs. The Board approved the Amended Option Plan and Amended PRSU Plan on May 11, 2020; however, no grants will be made under the Amended Option Plan or the Amended PRSU Plan until such time as the Shareholders approve the same. In 2019, the Corporation granted Options exercisable into 2,025,000 Common Shares, representing 2.3% of the issued and outstanding Common Shares as at December 31, 2019. A total of 352,001 Options exercisable into Common Shares were exercised and 434,999 Options were forfeited and cancelled in 2019. As of December 31, 2019, the Corporation had:

- Options exercisable into 5,836,667 Common Shares outstanding, which represented approximately 6.74% of the then issued and outstanding Common Shares as at December 31, 2019; and
- An aggregate of 2,821,832 Options or PSUs available for grant under the Prior Option Plan and Prior PSU Plan, respectively, which represented approximately 3.26% of the then issued and outstanding Common Shares as at December 31, 2019.

As of December 31, 2019, no PSUs had been granted under the Prior PSU Plan.

### **Number of Common Shares Available Under the Amended Option Plan and the Amended PRSU Plan**

The 10% rolling limit on the number of Common Shares that may be reserved for issuance applies to the Common Shares reserved for issuance under both the Amended Option Plan and the Amended PRSU Plan, as well as any other security-based compensation plans of the Corporation. Accordingly, the number of Common Shares reserved for issuance pursuant to Options under the Amended Option Plan, Unit Awards under the Amended PRSU Plan, and under any security-based compensation arrangement of the Corporation, cannot exceed 10% of the aggregate number of issued and outstanding Common Shares on a non-diluted basis from time to time.

Similar to the Prior Option Plan, the "reloading" of Options is permitted under the Amended Option Plan. If any Option is not exercised prior to expiry, or is terminated, disposed of, exercised, cancelled or surrendered for any reason, the Common Shares reserved and authorized for issuance pursuant to such Option will revert to the Amended Option Plan and be available for other Option grants, subject to the foregoing reserve limitations. Similarly, Common Shares underlying Unit Awards that expire, terminate or are settled or cancelled will be available for subsequent issuance under the Amended PRSU Plan.

## **Insider Participation Limits Under the Amended Option Plan and the Amended PRSU Plan**

Subject to the policies of the TSX, (i) no one eligible participant can receive Options, RSUs or PSUs, that when combined with any other security-based compensation arrangement of the Corporation, will entitle the holder to more than 5% of the total number of Common Shares; (ii) the number of Common Shares reserved for issuance at any time to Insiders under the Amended Option Plan, the Amended PRSU Plan and any other security-based compensation arrangement of the Corporation cannot exceed 10% of the total number of Common Shares outstanding; and (iii) there may not be issued to Insiders under the Amended Option Plan, the Amended PRSU Plan and any other security-based compensation arrangement of the Corporation, within a 12 month period, a number of Common Shares that will exceed 10% of the total number of Common Shares outstanding at such time. The term “**Insider**” has the meaning ascribed thereto in the TSX Company Manual. In addition, both the Amended Option Plan and Amended PRSU Plan include the Non-Employee Director Participation Limits whereby the aggregate value of all Options, RSUs and any other awards that may be granted to any one non-employee director in any one year period under all security-based compensation arrangements of the Corporation may not exceed \$150,000 (with no more than \$100,000 attributable to Options) based on the grant date fair value of the awards. The Non-Employee Director Participation Limits do not apply to one-time initial grants to a new director upon joining the Board.

### **Amended Option Plan**

#### ***Purposes of the Amended Option Plan***

The Amended Option Plan is intended to achieve a number of objectives through the grant of Options including:

- retaining and attracting qualified directors, officers, employees and consultants;
- promoting a proprietary interest in the Corporation;
- providing a long term incentive element in compensation; and
- promoting profitability of the Corporation and its subsidiaries.

#### ***Administration***

The Amended Option Plan is administered by the Board. The Board can delegate the administration of the plan to a committee of directors. Subject to the Shareholder approval requirements, the Board has the discretion to interpret the provisions of the Amended Option Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Amended Option Plan.

#### ***Vesting***

The vesting of an Option granted under the Amended Option Plan will be as determined by the Board when such Option is granted; however, Options generally vest as to one third on each of the first, second and third anniversaries of the grant date.

### ***Term and Black-out Periods***

Under the Amended Option Plan, all Options will be for a term as determined in the discretion of the Board at the time of the grant, provided that no Options will have a term exceeding 10 years.

The Amended Option Plan also allows for the extension of the expiry date for an Option expiring during a black-out period imposed by the Corporation. In the event that the expiration date of an Option falls within such a black-out period or within five business days after a black-out period, the expiry date of such Options will be extended to be 10 business days after the black-out period ends, provided that in no case will such extension create an Option having a term exceeding 10 years.

### ***Exercise and Exercise Price***

Subject to the policies of the TSX and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under the Amended Option Plan will be as determined by the Board when such Option is granted and will be an amount at least equal to the last per Common Share closing price of the Common Shares on the TSX before the date of grant of an Option.

In addition to cash, the Amended Option Plan allows, subject to the approval of the Corporation, Option holders to pay for the aggregate exercise price of vested Options pursuant to a broker-assisted cashless exercise, whereby the optionee (or its representative) elects to receive: (a) an amount in cash equal to the cash proceeds realized upon the sale in the capital markets of the Common Shares underlying the vested Options by a securities dealer designated by the Corporation, less the aggregate exercise price, any applicable withholding taxes and any transfer costs charged by the securities dealer to sell the Common Shares; (b) an aggregate number of Common Shares that is equal to the number of Common Shares underlying the vested Options minus the number of Common Shares sold in the capital markets by a securities dealer designated by the Corporation as required to realize cash proceeds equal to the aggregate exercise price, any applicable withholding taxes and any transfer costs charged by the securities dealer to sell the Common Shares; or (c) a combination of (a) and (b). All Common Shares issued in accordance with the foregoing are issued as fully paid and non-assessable Common Shares, following which the optionee will have no further rights, title or interest with respect to the exercised Options.

### ***Ceasing to be a Director, Officer, Employee or Consultant***

The Amended Option Plan gives the Board discretion when granting Options to determine whether Options may be exercised at all or for a limited period of time following an optionee ceasing to be an employee, officer, director or consultant for any reason other than death. In the event of the death of an optionee, vested Options held by such optionee shall be exercisable for a period not exceeding 12 months following the death of the optionee.

All new Options granted under the Amended Option Plan will be subject to a change of control provision providing for “double-trigger” acceleration of Option vesting (as opposed to “single-trigger” acceleration). Accordingly, if a holder of new Options ceases to be an officer or employee of the Corporation or a subsidiary as a result of being terminated by the Corporation or a subsidiary on a without cause basis or resigns in circumstances constituting good reason, a director ceases to be a member of the Board, or a consultant’s services are terminated by the Corporation or a subsidiary unless due to consultant’s breach of contract or arrangement with the Corporation or subsidiary, in each case, on or within 12 months following the effective time of a Change of Control Transaction and before the expiry of the holder’s Options, all unvested Options on the holder’s cessation date will immediately vest and be exercisable for 12 months following the cessation date. At the end of the 12 month period or such shorter time as is remaining in the term of the Options, the unexercised Options will automatically terminate and be of no further force or effect.

### ***Change of Control Transactions***

The Amended Option Plan provides that in the event of a Change of Control Transaction, the surviving, successor or acquiring entity will assume any outstanding Options or will substitute similar stock options for the outstanding Options. If the surviving, successor or acquiring entity does not assume the outstanding Options or substitute similar stock options for the outstanding Options or if the Board otherwise determines in its discretion, the Corporation will give written notice to all Option holders advising that the Amended Option Plan will be terminated effective immediately prior to the effective time of the Change of Control Transaction and all Options will be deemed to be vested and, unless otherwise exercised, forfeited or cancelled prior to the termination of the Amended Option Plan, will expire immediately prior to the termination of the Amended Option Plan.

In the event of a Change of Control Transaction, the Board has the power to:

- (i) make such other changes to the terms of the Options as it considers fair and appropriate in the circumstances, provided such changes are not adverse to the Option holders;
- (ii) otherwise modify the terms of the Options to assist the Option holders to tender into a takeover bid or other arrangement leading to a Change of Control Transaction, and thereafter; and
- (iii) terminate, conditionally or otherwise, the Options not exercised following successful completion of such Change of Control Transaction.

If the Change of Control Transaction is not completed within the time specified therein (as the same may be extended), the Options which vest pursuant to the foregoing Change of Control Transaction provisions will be returned by the Corporation to the Option holder and, if exercised, the Common Shares issued on such exercise will be reinstated as authorized but unissued Common Shares and the original terms applicable to such Options will be reinstated.

All outstanding Options granted under the Prior Option Plan remain subject to a “single-trigger” acceleration of Option vesting in connection with a Change of Control Transaction (unvested Options will vest at the time of a Change of Control Transaction).

### ***Adjustments***

The Amended Option Plan gives the Board discretion to may make adjustments to Options to prevent substantial dilution or enlargement of the rights granted to Option holders in the context of certain specified corporate events.

### ***Amendments and Termination***

The Corporation retains the right to amend from time to time, suspend, terminate or discontinue the terms and conditions of the Amended Option Plan by resolution of the Board. Any amendments will be subject to the prior consent of any applicable regulatory bodies, including the TSX, as may be required. Any amendment to the Amended Option Plan will take effect only with respect to Options granted after the effective date of such amendment, provided that it may apply to any outstanding Options with the mutual consent of the Corporation and the Option holder.

The Amended Option Plan contains provisions specifically outlining amendments to the Amended Option Plan which may be made by the Board without and with the further approval of Shareholders.

Other than amendments requiring Shareholder approval as described below, the Board has the power to approve amendments relating to the Amended Option Plan or Options issued thereunder, without further approval of the Shareholders, including without limitation to the extent that such amendment:

- is for the purpose of curing any ambiguity, error or omission in the Amended Option Plan or to correct or supplement any provision of the Amended Option Plan that is inconsistent with any other provision of the Amended Option Plan;
- is necessary to comply with applicable law or the requirements of the TSX or any other stock exchange on which the Common Shares are listed;
- is an amendment respecting administration and eligibility for participation under the Amended Option Plan;
- alters, extends or accelerates the terms of vesting applicable to any Options;
- is an amendment to the termination or early termination provisions of the Amended Option Plan or any Option, whether or not such Option is held by an Insider, provided such amendment does not entail an extension beyond the original expiration date;
- includes or modifies a cashless exercise feature, payable in cash or Common Shares, which provides for a full deduction of the number of underlying Common Shares from the Amended Option Plan maximum;
- is necessary for Options to qualify for favourable treatment under applicable tax laws;
- is an amendment to the Amended Option Plan of a “housekeeping nature”; or
- is an amendment necessary to suspend or terminate the Amended Option Plan.

Shareholder approval will be required for the following types of amendments:

- an amendment to increase the maximum number of Common Shares issuable under the Amended Option Plan, other than pursuant to certain adjustments as described above;
- an amendment that increases the limits previously imposed on non-employee director participation;
- an amendment to the amendment provisions;
- an amendment that would allow for the transfer or assignment of Options, other than for normal estate settlement purposes;
- an amendment extending the term of an Option beyond the original expiration date, except in connection with a black-out period as described above;
- any amendment to the Amended Option Plan that increases the length of the period after a black-out period during which Options may be exercised;

- an amendment to change the class of eligible participants to the Amended Option Plan which would have the potential of broadening or increasing participation by Insiders, including any amendment to remove or to exceed the insider participation limits as described above;
- any amendment which would result in the exercise price for any Option granted under the Amended Option Plan being lower than the fair market value at the grant date of the Option;
- any amendment which reduces the exercise price of an outstanding Option or allows for the cancellation and reissuance of an Option, which would be considered a repricing under the rules of any stock exchange on which the Common Shares are listed, in each case, other than pursuant to a Change of Control Transaction or certain adjustments as described above;
- an amendment to add any form of financial assistance by the Corporation for the exercise of any Option; and
- an amendment required to be approved by security holders under applicable law or the rules, regulations and policies of any stock exchange on which the Common Shares are listed.

Under the Prior Option Plan, certain of the above amendments required Shareholder approval pursuant to the requirements of the TSX and the plan terms. The amendment provision now explicitly requires that Shareholder approval be sought for each of the applicable amendments listed above.

#### ***Clawback***

Options are subject to the Corporation's Clawback Policy.

#### ***Non-Assignability***

The Options are not transferable or assignable, except for a limited right of assignment on the death or incapacity of an optionee.

#### ***Burn Rate***

The annual burn rate of Options granted under the Prior Option Plan in respect of: (i) fiscal year 2019 was 2.34%; (ii) fiscal year 2018 was 1.25%; and (iii) fiscal year 2017 was 2.5%. The "annual burn rate" is the number of Options granted under the applicable option plan during the applicable fiscal year divided by the weighted average number of Common Shares outstanding for the applicable fiscal year.

#### **Amended PRSU Plan**

No PSUs were granted under the Prior PSU Plan, and no Unit Awards have been issued under the Amended PRSU Plan. With respect to PSUs, it is currently very difficult to set performance criteria because Valeura's strategy and development plans are uncertain at this time.

### ***Purposes of the Amended PRSU Plan***

The principal purposes of the Amended PRSU Plan are to: (i) to strengthen the ability of the Corporation to attract and retain qualified directors, officers, employees and consultants which the Corporation and its subsidiaries require; (ii) to encourage the acquisition of a proprietary interest in the Corporation; and (iii) to focus management of the Corporation and its subsidiaries on operating and financial performance and total long term Shareholder return by providing an increased incentive to contribute to the Corporation's growth and profitability.

### ***Administration of the Amended PRSU Plan***

The Amended PRSU Plan will be administered by the Board. Subject to Shareholder approval requirements, the Board will have the authority to make Unit Awards, to determine to whom and the times at which Unit Awards will be granted, to determine the fair market value of the Common Shares in accordance with the terms of the Amended PRSU Plan, to determine the number of PSUs and/or RSUs to be awarded pursuant to each Unit Award, to determine the vesting conditions, vesting schedules, settlement dates, terms, limitations, restrictions and conditions applicable to the Unit Awards, to prescribe, amend and rescind rules and regulations relating to the Amended PRSU Plan, to interpret the Amended PRSU Plan, to determine the terms and provisions of Unit Award Agreements and to make all other determinations deemed necessary for the administration of the Amended PRSU Plan. The Board can delegate the administration of the plan to a committee of directors. The Board has the discretion to interpret the provisions of the Amended PRSU Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Amended PRSU Plan.

### ***Vesting***

The vesting date(s) for PSUs and any adjustment (upward or downward) to the number of PSUs that vest by the application of a Performance Factor (as such term is defined in the Amended PRSU Plan) will be determined at the discretion of the Board.

The vesting of RSUs is solely time-based as they will vest over a period of time determined at the discretion of the Board.

### ***Black-out Periods***

The Amended PRSU Plan also allows for the extension of the vesting date for a Unit Award during a black-out period imposed by the Corporation. In the event that the vesting date of a Unit Award falls within a black-out period or within five business days after a black-out period, the vesting date of such Unit Award will be extended to 10 business days after the black-out period ends; provided that the settlement date of any such Unit Award cannot be extended later than December 31<sup>st</sup> of the third year following the year in respect of which the Unit Award was granted.

### ***Eligibility and Award Determination***

In accordance with the terms of the Amended PRSU Plan, Unit Awards may be granted to employees, officers, directors or consultants of the Corporation or a subsidiary (individually, a "**Service Provider**" and collectively, "**Service Providers**"), provided that non-employee directors are not eligible to receive grants of PSUs.

In determining the Service Providers to whom Unit Awards may be granted and the number of PSUs and/or RSUs to be awarded pursuant to each Unit Award, the Board may take into account any of the following factors: (i) compensation data for comparable benchmark positions among the Corporation's competitors; (ii) the duties and seniority of the Service Provider; (iii) corporate performance measures of the Corporation

for the most recently completed fiscal year; (iv) individual and/or departmental contributions and potential contributions to the success of the Corporation; and (v) such other factors as the Board deems relevant in connection with accomplishing the purpose of the Amended PRSU Plan.

### ***Dividends***

Under the terms of the Amended PRSU Plan, in the event that the Corporation pays dividends on the Common Shares (including in additional Common Shares) following the granting of a Unit Award, the number of all PSUs and RSUs credited to the grantee's Performance Account (as defined in the Amended PRSU Plan) will be increased pursuant to the terms of the Amended PRSU Plan.

### ***Settlement of Unit Awards***

Payment in respect of vested Unit Awards is generally made by delivering Common Shares to the grantee on the applicable settlement date. The aggregate number of Common Shares to be delivered pursuant to a vested Unit Award will be equal to the whole number of Unit Awards that have vested (subject to the satisfaction of applicable withholding taxes).

Notwithstanding the foregoing, the Board may elect, in its sole discretion, to pay to any grantee of a vested Unit Award in lieu of delivering all or any part of the Common Shares that would be otherwise delivered to the grantee on such settlement date, a cash amount equal to the aggregate fair market value of such Common Shares that would otherwise be issued on the applicable settlement date, less any applicable withholding taxes.

No fractional Common Shares will be delivered pursuant to the Amended PRSU Plan, nor will any cash be paid at any time in lieu of any such fractional interest.

### ***Termination of Relationship as Service Provider***

In the event that a grantee of a Unit Award is terminated by the Corporation or a subsidiary (whether for cause or without cause), all outstanding Unit Award Agreements (as term is defined in the Amended PRSU Plan) and unvested Unit Awards held by such grantee will be terminated and all rights to receive Common Shares thereunder will be forfeited. In the event that a grantee of a Unit Award ceases to be a Service Provider for any reason other than due to a termination by the Corporation or a subsidiary or the disability or death of such grantee, all Unit Award Agreements and all unvested Unit Awards will be terminated and all rights to receive Common Shares thereunder will be forfeited as of the last day of any notice period applicable in respect of such cessation of services. In the event of the disability or death of the grantee, the vesting of all unvested Unit Awards will be accelerated as of the date of the grantee's death or as of the date of the determination of disability, as applicable, provided that the Board, taking into account the performance of the Corporation and the grantee, may determine the Performance Factor to be applied in determining the number of PSUs which will vest, and all such vested Unit Awards will be settled on the settlement date.

Notwithstanding the foregoing, if a grantee ceases to be: (i) an officer or employee of the Corporation or a subsidiary as a result of being terminated on a without cause basis or resigns in circumstances constituting good reason; (ii) a member of the Board; or (iii) a consultant of the Corporation or a subsidiary as a result of being terminated by the Corporation or a subsidiary unless due to the consultant's breach of contract or arrangement with the Corporation or a subsidiary, in each case, on or within 12 months following the effective time of a Change of Control Transaction, (a) all PSUs held by the grantee that have not yet vested as of such time multiplied by the applicable Performance Factor(s) will vest and be settled on the grantee's cessation date, and (b) all RSUs held by the grantee that have not yet vested as of such time will vest and be settled on the grantee's cessation date. The number of PSUs which are deemed to be vested will be

determined by the Board, in its sole discretion, having regard to the level of achievement of the Performance Factor(s) prior to the grantee's cessation date.

### ***Change of Control Transactions***

Notwithstanding any other provision of the Amended PRSU Plan, in the event of a Change of Control Transaction (as such term is defined in the Amended PRSU Plan), the surviving, successor or acquiring entity will assume any outstanding Unit Awards or will substitute similar share units for the outstanding Unit Awards. If the surviving, successor or acquiring entity does not assume the outstanding Unit Awards or substitute similar share units for the outstanding Unit Awards or if the Board otherwise determines in its discretion, the Corporation will give written notice to all grantees advising that the Amended PRSU Plan will be terminated effective immediately prior to the effective time of the Change of Control Transaction and all RSUs and a specified number of PSUs will be deemed to be vested and, unless otherwise settled, forfeited or cancelled prior to the termination of the plan, will be settled immediately prior to the termination of the plan. The number of PSUs which are deemed to be vested will be determined by the Board, in its sole discretion, having regard to the level of achievement of the Performance Factor(s) prior to the effective time of the Change of Control Transaction.

In the event of a Change of Control Transaction, the Board has the power to: (i) make such other changes to the terms of the Unit Awards as it considers fair and appropriate in the circumstances, provided such changes are not adverse to the grantees; (ii) otherwise modify the terms of the Unit Awards to assist the grantees to tender into a takeover bid or other arrangement leading to a Change of Control Transaction, and thereafter; and (iii) terminate, conditionally or otherwise, the Unit Awards not settled following successful completion of such Change of Control Transaction. If the Change of Control Transaction is not completed within the time specified therein (as the same may be extended), the Unit Awards which vest pursuant to the foregoing will be returned by the Corporation to the grantee and, if settled the Common Shares issued on such settlement will be reinstated as authorized but unissued Common Shares and the original terms applicable to such Unit Awards will be reinstated.

### ***Adjustments***

Outstanding Unit Awards granted under the Amended PRSU Plan may be adjusted in certain events, such as any change in the Common Shares through a reorganization or the granting of rights to Shareholders to purchase Common Shares at prices substantially below fair market value. In these events, the Amended PRSU Plan or any Unit Awards may be adjusted by the Board to prevent dilution or enlargement.

### ***Amendments and Termination***

Other than amendments requiring Shareholder approval as described below, the Corporation retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the Amended PRSU Plan and the Unit Awards granted thereunder by resolution of the Board. Any amendments will be subject to the prior consent of any applicable regulatory bodies, including the TSX, as may be required. Any amendment to the Amended PRSU Plan will take effect only with respect to Unit Awards granted after the effective date of such amendment, provided that it may apply to any outstanding Unit Awards with the mutual consent of the Corporation and the grantees to whom such Unit Awards have been granted.

Pursuant to the Amended PRSU Plan, the Board will have the power and authority to approve amendments relating to the Amended PRSU Plan or to Unit Awards, without further approval of the Shareholders, including without limitation to the extent that such amendment:

- is for the purpose of curing any ambiguity, error or omission in the plan or to correct or supplement any provision of the Amended PRSU Plan that is inconsistent with any other provision of the Amended PRSU Plan;
- is necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed;
- is an amendment to the Amended PRSU Plan respecting administration and eligibility for participation under the Amended PRSU Plan;
- changes the terms and conditions on which Unit Awards may be or have been granted pursuant to the Amended PRSU Plan including changes to the vesting provisions of the Unit Awards;
- alters, extends or accelerates the terms of vesting applicable to any Unit Awards;
- is an amendment to the Amended PRSU Plan of a “housekeeping nature”;
- is necessary for Unit Awards to qualify for favourable treatment under applicable tax laws;
- is an amendment to the termination or early termination provisions of the Amended PRSU Plan or any Unit Award, whether or not such Unit Award is held by an Insider, provided such amendment does not entail an extension beyond the original expiry date of such Unit Award; or
- is an amendment necessary to suspend or terminate the Amended PRSU Plan.

Shareholder approval will be required for the following types of amendments:

- an amendment to increase the maximum number of Common Shares issuable under the Amended PRSU Plan, other than pursuant to certain adjustment events described above;
- an amendment that increases the limits previously imposed on non-employee director participation;
- an amendment to the amendment provisions;
- an amendment that would allow for the transfer or assignment of Unit Awards, other than for normal estate settlement purposes;
- an amendment extending the term of a Unit Award beyond the original expiry date, except in the event of a black-out period as described above;
- an amendment to change the class of eligible participants to the Amended PRSU Plan which would have the potential of broadening or increasing participation by Insiders, including any amendment to remove or to exceed the insider participation limits as described above; and
- an amendment required to be approved by security holders under applicable law or the rules, regulations and policies of the TSX.

Under the Prior PSU Plan, certain of the above amendments required Shareholder approval pursuant to the requirements of the TSX and the Amended PRSU Plan terms. The amendment provision now explicitly requires that Shareholder approval be sought for each of the amendments listed above.

### ***Clawback***

Unit Awards are subject to the Corporation's Clawback Policy.

### ***Non-Assignability***

All rights to receive Common Shares, or cash equivalents, pursuant to a Unit Award granted to a Service Provider may only be exercised by such Service Provider personally (except in the event of the death of the grantee of a Unit Award, in which case, Common Shares or cash may be delivered to the grantee's estate or designated beneficiary).

### **Clawback Policy**

On May 11, 2020, the Corporation adopted a clawback policy (the "**Clawback Policy**") pursuant to which directors, named executive officers and other senior members of management ("**Affected Individuals**") may be required to reimburse the Corporation for incentive compensation (being Options, Unit Awards, bonuses and such other incentive compensation as may be approved from time to time) received by an Affected Individual in excess of the incentive compensation ("**Excess Incentive Compensation**") that he or she would have otherwise received absent erroneous financial results or performance criteria which resulted from his or her gross negligence, fraud, theft or willful misconduct. Such a clawback may apply with or without a restatement of financial results.

The Board has the authorization to determine in its discretion, with consideration of the best interests of the Corporation, whether and through which methods it will take action to recoup any Excess Incentive Compensation. The Board is also authorized, acting reasonably and in good faith, to make a determination whether an Affected Individual has committed gross negligence, fraud, theft or willful misconduct, if no admission of such behavior is made. Such a determination is to be made following an internal investigation with the assistance of qualified, third-party financial and legal advisors.

When recovering Excess Incentive Compensation, the Board is authorized to pursue all legal and other remedies available to it. The effect of any third-party fines, penalties or damages imposed on the Affected Individual in respect of the gross negligence, fraud, theft or willful misconduct leading to the Excess Incentive Compensation will be considered by the Board, and if the Board determines it to be appropriate, credit may be given to the Affected Individual for such amounts when the Board determines the amount of the Excess Incentive Compensation to be repaid to the Corporation.

The Board believes the Clawback Policy will promote and maintain a culture of focused, diligent and responsible management and will discourage conduct detrimental to the growth of the Corporation.

## **SHARE OWNERSHIP GUIDELINES**

The Corporation has adopted share ownership guidelines for each director, the CEO, the CFO, the COO and each Vice President who is an officer of the Corporation to further align the interests of directors and executive officers with those of the Shareholders. Directors and executive officers are required to hold a number of Common Shares, RSUs or PSUs (based on the minimum vesting or 50%) equivalent to the value set out below:

Position	Value of Common Shares or Unit Awards to be held
Director	3 times annual retainer
CEO	3 times annual base salary
CFO and COO	2 times annual base salary
Officer Vice President	1 times annual base salary

The value of the Common Shares or Unit Awards required to be held by each director and executive officer corresponds to the value which is the higher of: (i) the acquisition price of the Common Shares or the value of RSUs or the PSUs (based on minimum vesting or 50%) at the grant date; and (ii) the current market price of the Common Shares or the value of the RSUs or PSUs (based on minimum vesting or 50%) based on the current market price of the Common Shares.

Each director and executive officer must hold the relevant number of Common Shares and/or Unit Awards within five years of being appointed or elected to the Board or being hired or promoted as an executive officer, as the case may be.

As of the date hereof, each director and executive officer was in compliance with the share ownership guidelines. Messrs. Marchant, McFarland and Royal have achieved the respective share ownership thresholds while Messrs. Guest, Begg, Hiscock, Chapman and Sider and Mmes. Wood and Campbell are all still within the five year grace periods from their respective dates of appointment to satisfy the share ownership thresholds and have not yet achieved those amounts.

#### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding Options, the weighted average exercise price of such outstanding Options and the number of Common Shares remaining available for future issuance under equity compensation plans as at December 31, 2019.

Equity Compensation Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants or rights	Weighted-average exercise price of outstanding options, warrants or rights	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by Shareholders	5,836,667	\$1.97	2,821,832 <sup>(1)</sup>
Equity compensation plans not approved by Shareholders	Nil	N/A	N/A
Total	5,836,667	-	2,821,832

**Note:**

(1) Based on the figure that is 10% of the issued and outstanding Common Shares that are available for issuance under the Prior Option Plan or Prior PSU Plan as at December 31, 2019. As at December 31, 2019, there were 86,584,989 Common Shares issued and outstanding.

#### CORPORATE GOVERNANCE

The Corporation's Statement of Corporate Governance Practices is set out in Appendix "A" to this Information Circular.

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

Except as disclosed in this Information Circular, which is available on SEDAR at [www.sedar.com](http://www.sedar.com), neither the Corporation nor any director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2019, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

## **OTHER BUSINESS**

Management of Valeura is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is contained in the Corporation's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2019 and information with respect to the business of the Corporation is contained in the Corporation's annual information for the year ended December 31, 2019. In addition, a Shareholder may obtain copies of the Corporation's financial statements and management's discussion and analysis by contacting the Corporation at Suite 1200, 202 - 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2R9, by telephone at (403) 237-7102.

**APPENDIX “A”**

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

**(See Attached)**

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

*Capitalized terms used in this Appendix “A” but not otherwise defined herein shall have the meanings ascribed thereto in the Information Circular to which this Appendix “A” is appended.*

The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of the Shareholders but that it also promotes effective decision making at the Board level. The Board is of the view that its approach to corporate governance is appropriate and continues to work to align with the recommendations currently in effect and contained in National Policy 58-201 - *Corporate Governance Guidelines* (“**NP 58-201**”) which are addressed below.

### **Mandate of the Board**

The Board has responsibility for the stewardship of the Corporation. The Board has adopted a formal written mandate which is set out as Appendix “B” to this Information Circular. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Corporation’s debt and borrowing policies. The Board strives to ensure that actions taken by management correspond closely with the objectives of the Board and Shareholders.

### **Composition of the Board**

#### *Independence*

The Board currently consists of seven directors who provide the Corporation with a wide diversity of business experience. Additional information for each of the nominee directors can be found under the heading “Meeting Matters - Election of Directors”. None of the directors are “Related” as such term is defined by the Canadian Coalition for Good Governance. Five of the current Board members (representing 71% of the Board), being Messrs. Marchant, Royal, Hiscock and Chapman and Ms. Wood are independent directors as such term is defined by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). Dr. Guest, as the CEO and President, and Mr. McFarland, as the former CEO and a current consultant, are not independent directors as that term is defined in NI 58-101. Each of the independent directors has no direct or indirect material relationship with the Corporation, including any business or other relationship, which could reasonably be expected to interfere with the director’s ability to act with a view to the best interests of the Corporation or which could reasonably be expected to interfere with the exercise of the director’s independent judgment.

The table below shows the current Board and committee membership.

	Year Appointed	Committees		
		Audit	Governance and Compensation	Reserves & Health, Safety, Security, Environment and Community Relations
<b>Independent Board Members</b>				
Dr. Timothy R. Marchant (Chair)	2015		Member	Member
Ronald W. Royal	2010	Member		Chair
Russell J. Hiscock	2018	Chair	Member	

	Year Appointed	Committees		
		Audit	Governance and Compensation	Reserves & Health, Safety, Security, Environment and Community Relations
Kimberley K. Wood	2019	Member	Chair	
Timothy N. Chapman	2020	Member		Member
<b>Not Independent – Management</b>				
Dr. W. Sean Guest	2018			
James D. McFarland	2010			Member

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

The Board does not currently have any term limits or an age-based retirement policy for directors, as the Board takes the view that term limits and age-based retirement policies are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service or age. The Board’s priorities continue to be ensuring the appropriate skill sets are present amongst the Board to optimize the benefit to the Corporation. The Board conducts annual evaluations of the individual directors, the committees of the Board and the Board Chair, which are overseen by the Governance and Compensation Committee, to ensure these objectives are met. The Governance and Compensation Committee recently updated its director skills matrix and Board assessment process to ensure the Board has a robust evaluation and renewal process. See “Board Assessments”.

### ***Other Directorships***

The following directors currently serve on the board of directors of the reporting issuers (or equivalent) listed below, each of which are reporting issuers in one or more Canadian (or foreign) jurisdictions.

Name	Name of other Reporting Issuer	Exchange	Committee Appointments
James D. McFarland	MEG Energy Corp.	TSX	Audit Compensation
Dr. Timothy R. Marchant	Vermilion Energy Inc.	TSX, NYSE	Health, Safety and Environment Reserves Sustainability
	TransGlobe Energy Corporation	TSX, Nasdaq, AIM	Compensation, Human Resources and Governance Reserves, Health, Safety, Environmental and Social Responsibility
Ronald W. Royal	Gran Tierra Energy Inc.	TSX, NYSE	Audit Health, Safety and Environment Reserves
Russell J. Hiscock	None		
Dr. W. Sean Guest	None		
Kimberley K. Wood	Africa Oil Corp.	TSX, Nasdaq OMX (Stockholm)	Compensation Corporate Governance and Nominating Project Finance

Name	Name of other Reporting Issuer	Exchange	Committee Appointments
	Gulf Keystone Petroleum Ltd.	LSE	Audit and Risk Remuneration HSSE and CSR
Timothy N. Chapman	None		

### ***Directors Serving Together***

There are presently no common memberships on boards of public companies among current directors.

### ***Board Meetings***

The Board holds a minimum of four regular quarterly meetings and a corporate strategy session each year, as well as additional meetings as required. An *in camera* session of the directors is held at each regularly scheduled Board and committee meeting so that the independent members of the Board have an opportunity to meet without the presence of management members of the Board.

### ***Meeting Attendance***

Name	Board Meetings Attended in 2019 <sup>(1)</sup>		Committee Meetings Attended in 2019	
	No.	%	No.	%
Dr. Timothy R. Marchant	5 of 5	100%	8 of 8	100%
James D. McFarland	5 of 5	100%	2 of 2	100%
Ronald W. Royal	5 of 5	100%	6 of 6	100%
Russell J. Hiscock	5 of 5	100%	6 of 6	100%
Dr. W. Sean Guest	5 of 5	100%	N/A <sup>(2)</sup>	N/A
Kimberley K. Wood	3 of 4 <sup>(4)</sup>	75%	2 of 3 <sup>(5)</sup>	67%
Timothy Chapman <sup>(3)</sup>	N/A	N/A	N/A	N/A

#### **Notes:**

- (1) Meeting attendance on special and/or other ad hoc committees of directors which may be formed, from time to time, to make recommendations to the Board in regard to a particular matter is not included.
- (2) Dr. Guest was not a member of any of the three standing committees but was requested by the chair of each committee to attend the meetings of each such committee during the financial year ended December 31, 2019. At each meeting attended by Dr. Guest the members of each committee meet *in camera* without Dr. Guest.
- (3) Mr. Chapman was appointed to the Board on January 7, 2020.
- (4) Ms. Kimberley Wood became a director effective March 26, 2019. Due to scheduling conflicts and prior commitments to another board schedule, she was unable to attend the May Board and Audit Committee meetings.
- (5) Ms. Kimberley Wood attended various on-boarding meetings in May 2019.

### **Orientation and Continuing Education**

New directors are provided with an orientation and education program which includes written information about the duties and obligations of directors and the business and operations of the Corporation included in a comprehensive Board manual. New directors are also provided with the opportunity to review documents from recent Board meetings and to participate in meetings and discussions with senior management and other directors. Orientation programs are tailored to meet a director's individual needs and areas of expertise.

Continuing education opportunities are directed at enabling individual directors to maintain or enhance their skills and abilities as directors, as well as ensuring that their knowledge and understanding of the Corporation's affairs remains current. Directors are kept informed as to matters which may impact the Corporation's operations through regular reports and presentations at Board and committee meetings. Non-

management directors are encouraged to, and often, attend committee meetings of which they are not members.

### **Ethical Business Conduct**

The Board has adopted a Code of Business Conduct and Ethics (the “**Code**”), which applies to all directors, officers, employees and contractors of the Corporation. In 2012, management and the Board conducted a thorough review of anti-corruption legislation in Canada and Turkey. The Code was subsequently amended to include the Anti-Corruption Policy Relating to Foreign Public Officials (the “**Anti-Corruption Policy**”), and the Board amended the Audit Committee Terms of Reference to provide it with oversight over such policy, with further reporting to and supervision by the Board as appropriate. The Code and the Anti-Corruption Policy are amended from time to time to ensure they satisfy good governance standards, changes in applicable legal requirements and are consistent with the ethical goals and guidelines discussed herein. A complete copy of the Code is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Code demonstrates the Corporation’s commitment to conducting business ethically, legally and in a safe and fiscally, environmentally and socially responsible manner. It outlines a framework of guiding principles to which each employee, director, officer and contractor is expected to adhere and acknowledge, and this acknowledgement is an annual requirement.

The Code provides that directors, officers, employees and contractors must, among other things:

- (a) at all times abide by all applicable laws and respect their intent, including laws related to insider trading and reporting, anti-bribery statutes, anti-money laundering laws. and health, safety and environmental laws;
- (b) always act in the best interests of the Corporation;
- (c) avoid situations that may result in a conflict or perceived conflict between their personal interests and those of the Corporation;
- (d) provide full disclosure of any actual or potential conflicts of interest in accordance with the procedures of the Code;
- (e) maintain the confidentiality of all non-public information relating to the Corporation;
- (f) not use the Corporation’s property for personal benefit;
- (g) maintain proper records and ensure compliance with internal controls and financial reporting and accounting standards;
- (h) conduct operations with (i) the aim of preventing adverse effects on the environment and local communities and safeguarding life and health, and (ii) in accordance with the UN Global Compact concerning human rights, labour, environment and anti-corruption; and
- (i) adhere to the Corporation’s commitment to promote the human rights set forth in the United Nations Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

The Board monitors compliance with the Code and reviews it on at least an annual basis to determine whether updates are appropriate. Where a director or officer has any interest in or a perceived conflict involving a

contract or business relationship with the Corporation, that director or officer is excluded from all discussions and deliberations regarding the contract or relationship and such director abstains from voting in respect thereof. Directors and executive officers have disclosed to the Corporation all directorships held by such member and the existence and nature of any interests that could result in a conflict situation with the Corporation.

The Board has also adopted a Whistleblower Policy relating to the reporting of inappropriate activity to encourage and promote a culture of ethical business conduct. The Whistleblower Policy is intended to encourage and facilitate the reporting of:

- (a) questionable accounting, internal accounting controls, or auditing matters;
- (b) the reporting of fraudulent financial information to Shareholders, regulatory agencies or financial markets; and
- (c) conduct which results in a violation of law by the Corporation or in substantial mismanagement of the Corporation's resources that, if proven, would constitute a criminal offence or reasonable grounds for dismissal of the person engaging in this conduct, without the fear of recrimination, retaliation or harassment.

### **Risk Oversight**

One of the major responsibilities of the Board is to oversee the identification of the principal risks affecting the Corporation's business and ensure there are systems in place to effectively identify, monitor and manage them. The Board has approved an Enterprise Risk Management Policy and Framework to identify and mitigate risks impacting the Corporation. Under the Enterprise Risk Management Policy and Framework, management and the Board have developed a detailed risk register describing the key areas of risk, the probability of certain events and the systems and controls in place to mitigate those risks. Each of the Board committees also reviews and evaluates the risks covered under their respective mandates, as well as the insurance coverage in place for insurable risks.

### **Nomination of Directors**

The Governance and Compensation Committee has the responsibility for reviewing the composition of the Board by taking into account, among other things, its size and the particular competencies and skills of its members. The Governance and Compensation Committee, in consultation with the Board Chair and CEO, will then identify potential Board nominees and recommend such nominees for election as directors based on the competencies and skills each new member possesses in the context of the needs of the Corporation. The Board as a whole is then responsible for nominating new directors.

The Corporation recognizes that diversity is an economic driver of competitiveness for companies and it strives to promote an environment and culture conducive to the appointment of well qualified persons so that there is appropriate diversity to maximize the achievement of corporate goals. In March 2018, the Corporation adopted a written diversity policy relating to the identification and nomination of women directors, executive officers and senior management appointments (the "**Diversity Policy**"). The Diversity Policy includes the gender of a potential candidate as one component in the overall list of factors the Governance and Compensation Committee considers when selecting candidates for executive officer and senior manager appointments, and membership on the Board and its committees. The Corporation has not adopted targets regarding women on the Board as it does not believe that such targets are necessary at this time given the size of the Board and that the director nomination process recognizes the benefits of diversity. In 2018 and 2019, the Governance and Compensation Committee and the Board conducted a search for new

directors to enhance the composition of the Board, identifying gender diversity as a factor the Board wishes to address if a female candidate with the appropriate qualifications and skill set was identified. Following the search, the Board identified Ms. Kimberly K. Wood, and she was appointed to the Board on March 26, 2019 and serves as a member of the Audit Committee and the Governance and Compensation Committee. Currently, 14% of the Board members are women.

### **Board Assessments**

The Board is responsible for ensuring that there is a process in place for annually evaluating the effectiveness and contribution of the CEO, the Board, the committees of the Board, the Board Chair and the individual directors based on their applicable terms of reference or position description.

The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement and Board renewal as appropriate from time to time. In addition to any other matters the Board deems relevant, the assessments may consider in the case of the Board or a committee, the applicable terms of reference, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board.

The Governance and Compensation Committee annually reviews and makes recommendations to the Board on the method and content of such evaluations and oversees the evaluation and Board renewal process, and the committee recently updated its evaluation materials and process. The Governance and Compensation Committee has developed an annual Board effectiveness survey which includes an individual director self-evaluation questionnaire and guide and evaluation of peer performance. The evaluation uses confidential director questionnaires and anonymous summaries of results, which encourage candid and constructive commentary. Confidentiality of individual director comments is maintained. Following completion of the questionnaires, the Chair of the Board will conduct interviews with each director to discuss the results and determine ways in which to enhance Board performance.

### **Areas of Expertise**

Valeura maintains a skills matrix to evaluate the skill set of the Board. The intent is to ensure the Board as a whole has the range of skills, expertise and experience to fulfill the overall mandate effectively. Each director indicates his level of expertise in each area annually on a four-point scale from limited (one) to expert application (four). The directors are also asked to identify if they perceive any gaps or deficiencies in desired skill sets. The matrix helps the Corporation identify gaps and is used to search for new directors or have outside advisors provide expertise to the Board.

In the last twelve months, the Board has added Ms. Wood and Mr. Chapman as directors which enhanced the Board's skill sets in legal, financial advisory and M&A expertise.

The Governance and Compensation Committee reviewed the completed skills matrix and evaluations for 2019 and noted that the Board, as a whole, rated its overall aggregate score for most of the categories between the skilled and expert level, with no gaps identified in any of the desired skill areas other than in Technology/Cyber Security where the Board ranked between limited and basic working application. With respect to Technology/Cyber Security the Board intends to continue to supplement those skills with expert advisors. The Board will continue to enhance its skill sets in evolving areas and participate in Board education sessions. The Governance and Compensation Committee is therefore satisfied that the Board has the appropriate experience and expertise at this time to ensure that each of these areas is well-addressed and the Board is performing well.

<b>Skill/Experience Description</b>
<b>CEO/Senior Officer</b> – Experience working as a CEO or senior officer for an organization of a size similar to or larger than the Corporation.
<b>Oil and Gas Experience</b> – A deep understanding of the oil and gas industry and business environment generally, including industry trends and the Corporation’s peer group. Senior executive experience in the oil and gas industry, which may include formal training in technical disciplines and experience in conventional and unconventional production.
<b>Managing/Leading Growth</b> – Senior executive experience leading significant growth and value creation through various strategies. Demonstrates knowledge in developing long term corporate business strategies.
<b>Global/Government Relations/International Risks</b> – Experience leading an international operation and implementing good governance practices when operating internationally. Has a solid understanding of the cultural and industry environments in the region(s) where the Corporation operates. Has regulatory, political and public policy experience in international environments similar to the region(s) in which the Corporation operates. Understands international business risks such as corruption, sanctions and political risk.
<b>Governance/Board</b> – Prior or current experience as a board member of a Canadian or international company (public, private or non-profit sectors) and experience with the regulatory and legal requirements and good governance practices for companies with operations in remote jurisdictions.
<b>Financial Acumen</b> – Senior executive experience in financial accounting and reporting and corporate finance. Familiarity with internal financial controls and knowledge of and ability to evaluate budgets and financing plans in multi-jurisdictional companies.
<b>Health, Safety, Security, Environment and Community</b> – Thorough understanding of industry regulations and public policy related to workplace health, safety, security, the environment and climate change issues, and community and stakeholder relations in companies with international operations. Demonstrated commitment to the Corporation’s HSSEC values and knowledge of current programs.
<b>ESG</b> – Demonstrated understanding and commitment to the Corporation’s environmental, social and governance efforts, including an understanding of legal and regulatory developments, sustainability efforts, climate risks, disclosure, investor expectations, ESG ratings agencies and industry trends related to this area.
<b>Investment Banking/Deal Making</b> – Experience in investment banking, financial advisory or legal roles, including mergers and acquisitions, financings and strategic reviews. Strong relationships with financial advisors, investor communities and legal community.
<b>Compensation</b> – Senior executive experience or board compensation committee participation with a thorough understanding of compensation, benefits and long-term incentive programs, legislation and agreements.
<b>Investor and Public Relations</b> – Demonstrated understanding and experience managing communication with investor communities and the public, including social media. Understanding of investor expectations and trends.
<b>Technology/Cyber Security</b> – Has experience in information technology and cyber risk, including implementing security measures, policies and controls to protect and secure the integrity of information technology systems. Understands how technology can be used effectively by the Corporation.
<b>Diversity</b> – Contributes to the Board in a way that enhances perspectives through diversity in gender, ethnic background, geographic origin, experience (different industry sectors and public, private and non-profit sectors), etc.
<b>Company-Specific Knowledge</b> – Generally knowledgeable about the Corporation’s operations, strategy, gas markets, challenges, opportunities and risk management. Established knowledge of the Corporation’s senior management team and other high potential senior employees.

## **Board Committees**

The Board has three standing committees, being the Audit Committee, the Governance and Compensation Committee and the Reserves & Health, Safety, Security, Environment and Community Relations Committee. Below is a description of the committees and their current membership.

### ***Audit Committee***

Prior to March 13, 2020 the Audit Committee was comprised of Russell J. Hiscock (Chair), Timothy R. Marchant, Ronald W. Royal and Kimberley K. Wood. As of March 13, 2020, the Audit Committee is comprised of Russell J. Hiscock (Chair), Timothy N. Chapman, Ronald W. Royal and Kimberley K. Wood. All current members are independent directors that the Board has determined are “financially literate” as defined in National Instrument 52-110 - *Audit Committees*.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing: (i) the financial information that will be provided to Shareholders and others; (ii) the systems of internal controls management and the Board have established; and (iii) all audit functions.

Further information relating to the Audit Committee, including its Terms of Reference, can be found under the heading “Audit Committee” in the Corporation’s annual information form for the year ended December 31, 2019 and filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### *Governance and Compensation Committee*

Prior to March 13, 2020, the Governance and Compensation Committee was comprised of Timothy R. Marchant (Chair), Russell J. Hiscock and Kimberley K. Wood. As of March 13, 2020, the Governance and Compensation Committee is comprised of Kimberly K. Wood (Chair), Russell J. Hiscock and Timothy R. Marchant. All current members are independent directors.

The key responsibilities of the Governance and Compensation Committee include:

- reviewing and considering the current and long term composition of the Board and the Board renewal process, and recommending nominees for election as members of the Board;
- reviewing, monitoring and making recommendations regarding the orientation and ongoing development of directors;
- reviewing the Board manual periodically including the terms of reference for the Board, the Board Chair, the CEO, individual directors and Board committees;
- reviewing the director compensation program and making recommendations to the Board accordingly;
- implementing evaluations of the CEO, the Board, the Board Chair, Board committees and individual directors, and overseeing the Board renewal process;
- appointing and overseeing the Corporation’s disclosure committee (a management committee) and public disclosure matters;
- overseeing the Code and ensuring a system to monitor compliance is in place;
- reviewing the corporate governance practices of the Corporation and, if appropriate, recommending changes to the Board;
- reviewing and recommending corporate goals and objectives for the CEO to be considered in determining his compensation and performance evaluation;
- reviewing management resources and succession plans to ensure that qualified personnel will be available for succession to executive positions;
- reviewing and recommending the compensation philosophy, guidelines and plans for the Corporation’s employees and executives, and consider the risk implications of such policies and practices; and
- in consultation with the CEO, reviewing the compensation principles for base salaries, bonuses, long term incentives and benefit plans and approve the compensation for the executive team (including the CEO).

The Governance and Compensation Committee has the authority to engage independent counsel and other

advisors as it determines necessary to carry out its duties and to determine the compensation of such advisors. The Corporation retained Lattoni & Associates in 2017 and 2018 as an independent compensation consultant to assist the Governance and Compensation Committee with its executive and director compensation deliberations. Prior to Lattoni & Associates having been retained, the Corporation had retained Total Reward Professionals from 2011 to 2017 as independent compensation consultant. The consultant's role included, but was not limited to: (i) advising the Governance and Compensation Committee on emerging trends and developments in compensation; (ii) advice and recommendations regarding the prior compensation peer group; and (iii) reviewing and advising on the overall compensation blueprint including overall strategy, target positioning, proxy comparators, survey comparators, performance metrics, pay element design and compensation levels under the various components of the Corporation's compensation plan. The Corporation did not engage a Compensation Consultant in 2019 or 2020.

The table below shows the fees paid to the Corporation's compensation consultants over the last two years:

<b>Services Performed</b>	<b>Fees paid in 2019</b>	<b>Fees paid in 2018</b>
Executive compensation-related fees	Nil	\$14,525.00
All other fees	Nil	Nil
<b>TOTAL:</b>	<b>Nil</b>	<b>\$14,525.00</b>

The Governance and Compensation Committee holds *in camera* meetings, without management present, at every regularly scheduled meeting of the Governance and Compensation Committee and meets *in-camera* with the Corporation's independent compensation consultant. The Governance and Compensation Committee meets at least two times annually.

The Corporation recognizes that diversity is an economic driver of competitiveness for companies and it strives to promote an environment and culture conducive to the appointment of well qualified persons so that there is appropriate diversity to maximize the achievement of corporate goals. In March 2018, the Corporation adopted the Diversity Policy, which includes the gender of a potential candidate as one component in the overall list of factors the Governance and Compensation Committee considers when selecting candidates for executive officer and senior manager appointments, and membership on the Board and its committees. Following the Governance and Compensation Committee's search in 2018 and 2019 for new directors to enhance the composition of the Board, Ms. Kimberly K. Wood was appointed to the Board on March 26, 2019 and serves as a member of the Audit Committee and the Governance and Compensation Committee (Chair as of the date hereof). The Corporation has not adopted targets regarding women in executive officer positions as it does not believe that such targets are necessary at this time given the size of the Corporation and that the executive officer recruitment process recognizes the benefits of diversity. Currently, Ms. Heather Campbell serves as CFO. Additionally, Ms. Stimpson, a partner of Torys LLP, has served as Corporate Secretary (an officer) of the Corporation since the incorporation of Northern Hunter Energy Inc. in 2006 and she is present at all Board and committee meetings.

### ***Reserves & Health, Safety, Security, Environment and Community Relations Committee***

Prior to March 13, 2020, the Reserves & Health, Safety, Security, Environment and Community Relations Committee was comprised of Ronald W. Royal (Chair), Timothy R. Marchant and James D. McFarland. As of March 13, 2020, the Reserves & Health, Safety, Security, Environment and Community Relations Committee is comprised of Ronald W. Royal (Chair), Timothy N. Chapman, Timothy R. Marchant and James D. McFarland. Messrs. Royal, Marchant and Chapman are independent directors, and Mr. McFarland is not independent.

The key responsibilities of the Reserves & Health, Safety, Security, Environment and Community Relations Committee include:

- reviewing the selection and qualifications of the independent engineering firm(s) responsible for the estimate of reserve and resource quantities, the scope of its work and ensuring consistency of its practices and standards and all matters related to the independent engineering firm(s);
- reviewing with the independent engineering firm the evaluation report and summary of the reserves and future cash flows of the Corporation's oil and gas properties;
- assisting the Board in respect of matters related to evaluations of petroleum and natural gas reserves and resources;
- reviewing the health, safety, security, environment and community relations policies, activities and performance of the Corporation on behalf of the Board to ensure compliance with applicable laws, regulations, policies and industry standards; and
- advising and making recommendations to the Board, as appropriate on matters relating to health, safety, security, the environment and community relations.

The Reserves & Health, Safety, Security, Environment and Community Relations Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to determine the compensation of such advisors.

The Reserves & Health, Safety, Security, Environment and Community Relations Committee holds *in camera* meetings, without management present, at every regularly scheduled meeting of the Reserves & Health, Safety, Security, Environment and Community Relations Committee, and meets *in camera* with the Corporation's independent engineering firm(s). The Reserves & Health, Safety, Security, Environment and Community Relations Committee meets at least two times annually.

### **Position Descriptions**

The Board has developed written position descriptions which identify the responsibilities of the Board chair, the CEO and President, each committee of the Board and each Director.

**APPENDIX "B"**

**TERMS OF REFERENCE OF THE BOARD**

**(See Attached)**

## **TERMS OF REFERENCE OF THE BOARD**

### **1. INTRODUCTION**

- (a) The Board's primary responsibility is to foster the long-term success of Valeura Energy Inc. (the "**Corporation**")<sup>1</sup> consistent with the Board's responsibility to the shareholders to maximize shareholder value.
- (b) The Board of Directors has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board.
- (c) These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

### **2. COMPOSITION AND BOARD ORGANIZATION**

- (a) Nominees for directors are initially considered and recommended by the Governance and Compensation Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.
- (b) At least two-thirds of directors comprising the Board must qualify as independent directors. Any future expansion of the Board will be targeted to maintain two-thirds of the directors as independent.
- (c) Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time.

### **3. DUTIES AND RESPONSIBILITIES**

#### **(a) Managing the Affairs of the Board**

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

- (i) planning its composition and size;
- (ii) selecting and setting the terms of reference for the Board Chair;
- (iii) nominating candidates for election to the Board;
- (iv) appointing committees;

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<sup>1</sup> Reference to the Corporation's operations and employees and matters related thereto shall include the Corporation's subsidiaries, as applicable.

- (v) determining director compensation; and
- (vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

(b) **Management and Human Resources**

The Board has the responsibility for:

- (i) the appointment and succession of the President and Chief Executive Officer (the “CEO”) and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO’s duties;
- (ii) approving terms of reference for the CEO;
- (iii) in consultation with the CEO, approve annual objectives that the CEO is responsible for meeting;
- (iv) reviewing CEO performance at least annually, against agreed upon written objectives;
- (v) approving decisions relating to senior management, including the:
  - (A) appointment and discharge of officers;
  - (B) compensation and benefits for executive officers;
  - (C) CEO’s acceptance of public service commitments or outside directorships; and
  - (D) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- (vi) ensuring succession planning programs are in place, including programs to train and develop management;
- (vii) approving certain matters relating to all employees, including:
  - (A) the annual salary policy/program for employees; and
  - (B) new benefit programs or material changes to existing programs.

(c) **Strategy and Plans**

The Board has the responsibility to:

- (i) participate with management, in the development of, and ultimately approve, the Corporation’s strategic plan;
- (ii) approve the annual business plans that enable the Corporation to realize its objectives;

- (iii) approve annual capital and operating budgets which support the Corporation's ability to meet its strategic objectives;
- (iv) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;
- (v) approve material divestitures and acquisitions; and
- (vi) monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

(d) **Financial and Corporate Issues**

The Board has the responsibility to:

- (i) with consideration to the recommendation of the Audit Committee, nominate an External Auditor for approval by shareholders; and if the Board does not adopt the Audit Committee's recommendation for External Auditor, ensure this fact is disclosed in the Annual Information Form;
- (ii) with consideration to the recommendation of the Audit Committee, approve the compensation of the External Auditor; and if the Board does not adopt the Audit Committee's recommendation, ensure this fact is disclosed in the Annual Information Form;
- (iii) take reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;
- (iv) review operating and financial performance relative to budgets or objectives;
- (v) approve annual and quarterly financial statements and approve release thereof by management;
- (vi) approve the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein;
- (vii) approve financings, changes in authorized capital, issue and repurchase of units, issue of debt securities, listing of units and other securities, issue of commercial paper, and related prospectuses;
- (viii) submitting to the shareholders of the Corporation, any question or matter requiring approval
- (ix) approve the commencement or settlement of litigation that may have a material impact on the Corporation; and
- (x) adopting, amending or repealing the By-laws of the Corporation.

(e) **Business and Risk Management**

The Board has the responsibility to:

- (i) ensure management identifies the principal risks of the Corporation's business and implements appropriate systems to manage these risks;
- (ii) assess and monitor management control systems:
  - (A) evaluate and assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems; and
  - (B) understand principal risks and determine whether the Corporation achieves a proper balance between risk and returns.

(f) **Policies and Procedures**

The Board has the responsibility to:

- (i) approve and monitor compliance with all significant policies and procedures by which the Corporation is operated;
- (ii) direct management to ensure the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (iii) adopt a written Code of Business Conduct and Ethics; and
- (iv) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

(g) **Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- (i) ensure the Corporation has in place effective and timely communication processes with shareholders, other stakeholders, the public in general and financial, regulatory and other recipients;
- (ii) approve interaction with shareholders on all items requiring shareholder response or approval;
- (iii) ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (iv) ensure the financial results are reported fairly and in accordance with applicable accounting principles and financial reporting standards (including IFRS);
- (v) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (vi) report annually to shareholders on the Board's stewardship for the preceding year (through an annual report or otherwise).

4. **GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS**

- (a) The Board is responsible for:
  - (i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained; and
  - (ii) approving matters requiring shareholder approval, and agendas for shareholder meetings.
  
- (b) Legal requirements for the Board include:
  - (i) to act honestly and in good faith with a view to the best interests of the Corporation; and
  - (ii) to exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances.

**APPENDIX “C”**

**AMENDED AND RESTATED STOCK OPTION PLAN**

**(see attached)**

## VALEURA ENERGY INC.

### AMENDED AND RESTATED STOCK OPTION PLAN

The Board of the Corporation has established the Plan for the Corporation governing the issuance of Stock Options to directors, officers, employees and consultants of the Corporation and its Subsidiaries.

#### 1. Purposes

The principal purposes of the Plan are as follows:

- (a) to retain and attract qualified directors, officers, employees and consultants which the Corporation and its Subsidiaries require;
- (b) to promote a proprietary interest in the Corporation and its Subsidiaries;
- (c) to provide an incentive element in compensation; and
- (d) to promote the profitability of the Corporation and its Subsidiaries.

#### 2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) "**Black-out Period**" means a period of time determined by the Corporation, pursuant to the Corporation's policies, during which certain designated persons may not trade in any securities of the Corporation;
- (b) "**Board**" means the board of directors of the Corporation as it may be constituted from time to time;
- (c) "**Change of Control Transaction**" means the occurrence of any of:
  - (i) the purchase or acquisition of Common Shares and/or securities convertible into Common Shares or carrying the right to acquire Common Shares ("Convertible Securities") as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the Business Corporations Act (Alberta) with any such person, group of persons or any of such persons acting jointly or in concert (collectively the "Persons") beneficially own or exercise control or direction over Common Shares and/or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned by the Persons thereof, would have the right to cast more than fifty percent (50%) of the votes attached to all Common Shares; or
  - (ii) approval by the shareholders of the Corporation of: (i) an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or other entity pursuant to which the shareholders of the Corporation immediately thereafter do not own securities of the successor or continuing corporation or other entity which would entitle them to cast more than fifty (50%) percent of the votes attaching to all of the shares in the capital of the successor or continuing corporation or other entity which may be cast to elect directors of that corporation or other entity to manage the Corporation; (ii) a liquidation, dissolution or winding-up of the Corporation; or (iii) the sale, lease or other disposition of all or substantially all of the assets of the Corporation;

provided that (A) a Change of Control Transaction shall not be deemed to occur in the case of an internal reorganization that does not result in a change in the shareholders or management of the Corporation, and (B) in the event there is any question as to whether a Change of Control

Transaction has occurred in any circumstances, the Board shall determine the matter and any such determination of the Board shall be final and conclusive for the purposes of the Plan;

- (d) "**Common Shares**" means common shares in the capital of the Corporation;
  - (e) "**Corporation**" means Valeura Energy Inc. and any successor corporation;
  - (f) "**Eligible Optionee**" means a person who is a director, officer, employee or consultant of the Corporation or a Subsidiary, or a corporation controlled by such person, who is eligible to receive Stock Options pursuant to the policies of the Exchange;
  - (g) "**Exchange**" means the Toronto Stock Exchange or any other stock exchange on which the Common Shares are then listed;
  - (h) "**Expiration Date**" means the date determined by the Board on which Stock Options will expire;
  - (i) "**Good Reason**" means (a) if the Eligible Optionee has an employment agreement with the Corporation or a Subsidiary, "good reason" or any other similar term as defined in such agreement, or (b) if there is no such employment agreement or definition, means the occurrence of any of:
    - (i) a materially detrimental change (other than those which are clearly consistent with a promotion) in the Eligible Optionee's position or duties, title or office, which includes any removal of the Eligible Optionee from or any failure to re-elect or re-appoint the Eligible Optionee to any such positions or offices; *provided that*, such term shall not include (A) a change consistent with the Corporation or the Subsidiary splitting a position into one or more positions based on the demands of such position so long as there is no reduction in the Eligible Optionee's annual base salary or a material reduction in benefits or other remuneration, or (B) a request by the Corporation or the Subsidiary for the Eligible Optionee to be employed by one of the Corporation's other Subsidiaries, affiliates or associates if such employment would be on substantially the same terms as their employment with the Corporation or the Subsidiary (including substantially the same position, duties, title or office) and there would be no reduction in the Eligible Optionee's annual base salary or a material reduction in benefits or other remuneration; or
    - (ii) a reduction by the Corporation or the Subsidiary in the Eligible Optionee's annual base salary or any material adverse change in the basis upon which the Eligible Optionee's annual base salary or other remuneration is determined.
- Provided, however*, "Good Reason" shall expressly be deemed not to include the occurrence of any of the aforesaid events with the consent of the Eligible Optionee.
- (j) "**Insider**" has the meaning ascribed thereto in the TSX Company Manual;
  - (k) "**Market Price**" means the last per share closing price of the Common Shares on the Exchange before the date of grant of a Stock Option;
  - (l) "**Plan**" means the Corporation's amended and restated incentive stock option plan as embodied herein and as amended from time to time;
  - (m) "**Stock Option**" means an option granted by the Board to an Eligible Optionee entitling such Eligible Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board in accordance with the Plan; and
  - (n) "**Subsidiary**" means a corporation, partnership, trust or other entity that is controlled by the Corporation, meaning that the Corporation provides, directly or indirectly, the principal direction or

influence over the business and affairs of such Subsidiary by virtue of: (i) ownership or direction of voting securities of the Subsidiary; (ii) a written agreement or indenture; (iii) being or controlling the general partner if the Subsidiary is a limited partnership; or (iv) being the trustee if the Subsidiary is a trust.

### **3. Reservation of Shares**

The number of Common Shares reserved from time to time for issuance to Eligible Optionees pursuant to Stock Options under the Plan plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation and the number of Common Shares reserved for issuance from treasury under any security based compensation arrangement of the Corporation, including any performance and restricted share unit plan, shall not exceed 10% of the aggregate number of issued and outstanding Common Shares of the Corporation on a non-diluted basis from time to time.

### **4. Administration**

The Plan shall be administered by the Board. Subject to the Shareholder approval requirements described in Section 20 below, the Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board shall be binding and conclusive upon the Corporation and on all Eligible Optionees, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan (or components thereof) to a committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee as applicable.

### **5. Eligibility**

The Board may from time to time grant Stock Options to Eligible Optionees. The Board shall have the sole discretion to determine who shall receive Stock Options under the Plan. No person shall be entitled to be selected to receive Stock Options by virtue of their position with the Corporation.

Prior to granting Stock Options to an employee or consultant, the Board shall make a good faith determination that the proposed optionee is, at the date of grant, a bona fide employee or consultant, as the case may be, in respect of Stock Options granted to such optionees.

### **6. Participation**

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Optionee's relationship or employment with the Corporation or any Subsidiary.

Notwithstanding any express or implied term of this Plan or any Stock Option to the contrary, the granting of a Stock Option pursuant to the Plan shall in no way be construed as conferring on any Eligible Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any Subsidiary.

Stock Options shall not be affected by any change of employment of the Eligible Optionee or by the Eligible Optionee ceasing to be a director, officer or employee of or a consultant to the Corporation or any of its Subsidiaries, where the Eligible Optionee at the same time becomes or continues to be a director, officer or employee of or a consultant to the Corporation or any of its Subsidiaries.

No Eligible Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of a Stock Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the vested Stock Option pursuant to this Plan.

## **7. Granting of Stock Options**

Subject to the policies of the Exchange and the limitations contained herein, the Board is authorized to provide for the grant and exercise of Stock Options on such terms (which may vary as between Stock Options) as it shall determine.

Subject to the policies of the Exchange:

- (a) an Eligible Optionee may receive more than one Stock Option at any time; however, no one Eligible Optionee can receive Stock Options that, when combined with any other security based compensation arrangement of the Corporation, will entitle the Eligible Optionee to more than 5% of the outstanding Common Shares;
- (b) the number of Common Shares reserved for issuance at any time to Insiders under this Plan alone or when combined with the number of Common Shares issuable pursuant to any other security based compensation arrangement of the Corporation, may not exceed 10% of the outstanding Common Shares;
- (c) there may not be issued to Insiders under the Plan, within a one-year period, a number of Common Shares that, when combined with any other security based compensation arrangement of the Corporation, will exceed 10% of the outstanding Common Shares; and
- (d) the aggregate value of all Stock Options and any other awards granted to any one non-employee director in any one year period under all security based compensation arrangements of the Corporation may not exceed \$150,000 (with no more than \$100,000 attributable to Stock Options) based on the grant date fair value of the awards, other than awards granted in lieu of cash fees payable for serving as a director.

Any Stock Options granted to a corporation controlled by a person who is an Eligible Optionee shall be included in the calculation of the Stock Options held by such Eligible Optionee.

## **8. Exercise Price**

Subject to the policies of the Exchange and any limitations imposed by any relevant regulatory authority, the exercise price of a Stock Option granted under the Plan shall be as determined by the Board when such Stock Option is granted and shall be an amount at least equal to the Market Price of the Common Shares.

## **9. Withholding Taxes**

In connection with the exercise of a vested Stock Option, the Eligible Optionee (or his or her heirs or administrators) shall follow the Corporation's procedures and policies relating to the payment or funding of any withholding taxes applicable to the exercise of the vested Stock Option, including, where required by the Corporation, the remittance to the Corporation by the Eligible Optionee (or his or her heirs or administrators) of an amount of cash sufficient to satisfy any withholding requirements relating to the exercise of the vested Stock Option.

## **10. Term and Exercise Periods**

All Stock Options shall be for a term and exercisable on vesting dates from time to time as determined in the discretion of the Board at the time of the granting of the Stock Options, provided that no Stock Option shall have a term exceeding ten years from the date of grant, subject to the policies of the Exchange.

In the event that the Expiration Date falls within a Black-Out Period or within five (5) business days after a Black-Out Period (not including Black-Out Periods imposed due to a cease trade order), the Expiration Date of the Stock Options shall be ten (10) business days from the date any Black-Out Period ends, provided that in no case shall such extension create a Stock Option having a term exceeding ten years.

## **11. Ceasing to be Director, Officer, Employee or Consultant**

Upon the death of an Eligible Optionee, such optionee's heirs or administrators shall only be entitled to exercise the Stock Option, or any portion thereof, for a period not exceeding one year from the optionee's death.

If an Eligible Optionee ceases to be a director, officer, employee or consultant of the Corporation or its Subsidiaries for any reason, the Stock Options held by such Eligible Optionee must expire within a reasonable period following the date of such cessation as set forth in the applicable stock option agreement.

Notwithstanding anything in this Section 11 to the contrary, if an Eligible Optionee ceases to be: (A) an officer or employee of the Corporation or a Subsidiary as a result of (i) being terminated by the Corporation or a Subsidiary on a without cause basis, as interpreted by applicable employment law, or (ii) the Eligible Optionee resigns in circumstances constituting Good Reason; (B) a member of the Board for any reason; or (C) a consultant of the Corporation or a Subsidiary as a result of the termination of the consultant's services by the Corporation or a Subsidiary unless such termination was due to the consultant's breach of contract or arrangement with the Corporation or Subsidiary, in each case on or within 12 months following the effective time of a Change of Control Transaction and before the expiry of the Eligible Optionee's Stock Options, all unvested Stock Options held by the Eligible Optionee on the Eligible Optionee's cessation date shall immediately vest. The Eligible Optionee may within 12 months after the Eligible Optionee's cessation date, or such shorter period as is remaining in the term of the Stock Options, exercise all Stock Options held by the Eligible Optionee on the cessation date. At the end of such 12 month period or such shorter period as is remaining in the term of the Stock Options, the unexercised Stock Options shall automatically terminate and be of no further force or effect, and no amount shall be payable to the Eligible Optionee in respect thereof as compensation, damages or otherwise.

## **12. Non Assignability**

Stock Options shall not be assignable or transferable by the Eligible Optionees, except for a limited right of assignment to allow the exercise of vested Stock Options by an Eligible Optionee's legal representative in the event of death or incapacity, subject to the terms upon which the Stock Option is granted.

## **13. Payment of Exercise Price**

Vested Stock Options may be exercised by an Eligible Optionee delivering an exercise notice signed by the Eligible Optionee, or his or her legal representative, accompanied by payment in full of the aggregate exercise price and any applicable withholding taxes in respect of the vested Stock Options being exercised, payable: (i) by certified cheque, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Board; or, subject to approval by the Corporation, (ii) pursuant to a broker-assisted cashless exercise, whereby the Eligible Optionee, or his or her legal representative, shall elect to receive: (a) an amount in cash equal to the cash proceeds realized upon the sale in the capital markets of the Common Shares underlying the vested Stock Options by a securities dealer designated by the Corporation, less the aggregate exercise price, any applicable withholding taxes and any transfer costs charged by the securities dealer to sell the Common Shares; (b) an aggregate number of Common Shares that is equal to the number of Common Shares underlying the vested Stock Options minus the number of Common Shares sold in the capital markets by a securities dealer designated by the Corporation as required to realize cash proceeds equal to the aggregate exercise price, any applicable withholding taxes and any transfer costs charged by the securities dealer to sell the Common Shares; or (c) a combination of (a) and (b). All Common Shares of the Corporation issued in accordance with the foregoing shall be issued as fully paid and non-assessable Common Shares, following which the Eligible Optionee, or his or her legal representative, shall have no further rights, title or interest with respect to such Stock Options.

## **14. Reloading of Common Shares**

If any Stock Option granted pursuant to the Plan is not exercised for any reason whatsoever prior to expiry hereunder, or is terminated, cancelled, disposed of, exercised or surrendered for any reason, the Common Shares reserved and authorized for issuance pursuant to such Stock Option shall revert to the Plan and shall be available for other Stock

Options, however, at no time shall there be outstanding Stock Options exceeding in the aggregate the number of Common Shares of the Corporation reserved for issuance pursuant to Stock Options under this Plan.

#### **15. Effect of a Change of Control Transaction**

Notwithstanding any other provision of this Plan, in the event of a Change of Control Transaction, the surviving, successor or acquiring entity shall assume any outstanding Stock Options or shall substitute similar stock options for the outstanding Stock Options. If the surviving, successor or acquiring entity does not assume the outstanding Stock Options or substitute similar stock options for the outstanding Stock Options or if the Board otherwise determines in its discretion, the Corporation shall give written notice to all Stock Option holders advising that the Plan shall be terminated effective immediately prior to the effective time of the Change of Control Transaction and all Stock Options shall be deemed to be vested and, unless otherwise exercised, forfeited or cancelled prior to the termination of the Plan, shall expire immediately prior to the termination of the Plan.

In the event of a Change of Control Transaction, the Board has the power to: (i) make such other changes to the terms of the Stock Options as it considers fair and appropriate in the circumstances, provided such changes are not adverse to the Stock Option holders; (ii) otherwise modify the terms of the Stock Options to assist the Stock Option holders to tender into a takeover bid or other arrangement leading to a Change of Control Transaction, and thereafter; and (iii) terminate, conditionally or otherwise, the Stock Options not exercised following successful completion of such Change of Control Transaction. If the Change of Control Transaction is not completed within the time specified therein (as the same may be extended), the Stock Options which vest pursuant to this Section 15 shall be returned by the Corporation to the Stock Option holder and, if exercised, the Common Shares issued on such exercise shall be reinstated as authorized but unissued Common Shares and the original terms applicable to such Stock Options shall be reinstated.

#### **16. Adjustment in Certain Circumstances**

In the event:

- (a) of any change in the Common Shares of the Corporation through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
- (b) of any stock dividend to holders of Common Shares of the Corporation (other than such stock dividends issued at the option of shareholders of the Corporation in lieu of substantially equivalent cash dividends); or
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares of the Corporation at prices substantially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise (other than a Change of Control Transaction), the Common Shares of the Corporation are converted into or exchangeable for any other shares;

then in any such case the Board may make such adjustment in the Plan and in the Stock Options granted under the Plan as the Board may in its discretion deem appropriate, subject to such adjustment being permitted pursuant to the policies of the Exchange, to prevent substantial dilution or enlargement of the rights granted to, or available for, holders of Stock Options, and such adjustments may be included in the Stock Options.

#### **17. Compliance with Laws**

The Corporation shall not be obliged to issue any Common Shares upon exercise of Stock Options if the issue would violate any law or regulation or any rule of any governmental authority or stock exchange. The Corporation shall not be required to issue, register or qualify for resale any Common Shares issuable upon exercise of Stock Options pursuant to the provisions of a prospectus or similar document, provided that the Corporation shall notify the Exchange

and any other appropriate regulatory bodies in Canada of the existence of the Plan and the issuance and exercise of Stock Options.

#### **18. Clawback**

Notwithstanding any other provisions in this Plan, the Corporation may cancel any Stock Option, require reimbursement of any Stock Option by an Eligible Optionee, and effect any other right of recovery or recoupment of equity or other compensation provided under the Plan under applicable laws, stock exchange listing requirements or in accordance with any Corporation policies that may be adopted and/or modified from time to time (“**Clawback Policy**”). In addition, an Eligible Optionee may be required to repay to the Corporation previously paid compensation, whether provided pursuant to the Plan or a stock option agreement, in accordance with the Clawback Policy. By accepting a Stock Option, the Eligible Optionee is agreeing to be bound by the Clawback Policy, as in effect or as may be adopted and/or modified from time to time by the Corporation in its discretion (including, without limitation, to comply with applicable laws or stock exchange listing requirements).

#### **19. Form of Stock Option Agreement**

All Stock Options shall be issued by the Corporation in a form which meets the general requirements and conditions set forth in this Plan and the requirements of the Exchange.

#### **20. Amendments and Termination of Plan**

The Corporation retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the Plan and the Stock Options granted hereunder by resolution of the Board. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange, as may be required. Any amendment to the Plan shall take effect only with respect to Stock Options granted after the effective date of such amendment, provided that it may apply to any outstanding Stock Options with the mutual consent of the Corporation and the Eligible Optionees to whom such Stock Options have been granted. Other than amendments requiring Shareholder approval as described below, the Board shall have the power and authority to approve amendments relating to the Plan or to Stock Options, without further approval of the Shareholders, including without limitation the following types of amendments:

- (a) is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (b) is necessary to comply with applicable law or the requirements of the Exchange or of any other stock exchange on which the Common Shares are listed;
- (c) is an amendment to the Plan respecting administration and eligibility for participation under the Plan;
- (d) alters, extends or accelerates the terms of vesting applicable to any Stock Options;
- (e) is an amendment to the termination or early termination provisions of this Plan or any Stock Option, whether or not such Stock Option is held by an Insider, provided such amendment does not entail an extension beyond the original Expiration Date;
- (f) includes or modifies a cashless exercise feature, payable in cash or Common Shares, which provides for a full deduction of the number of underlying Common Shares from the Plan maximum;
- (g) is necessary for Stock Options to qualify for favourable treatment under applicable tax laws;
- (h) is an amendment to the Plan of a "housekeeping nature"; or
- (i) is an amendment necessary to suspend or terminate this Plan.

Shareholder approval will be required for the following types of amendments:

- (i) an amendment to increase the maximum number of Common Shares issuable under the Plan, other than pursuant to Section 16;
- (ii) an amendment that increases the limits previously imposed on non-employee director participation;
- (iii) an amendment to the amendment provisions;
- (iv) an amendment that would allow for the transfer or assignment of Stock Options under this Plan, other than for normal estate settlement purposes;
- (v) an amendment extending the term of a Stock Option beyond the original Expiration Date, except as provided in Section 10;
- (vi) any amendment to this Plan that increases the length of the period after a Black-out Period during which Stock Options may be exercised;
- (vii) an amendment to change the class of eligible participants to the Plan which would have the potential of broadening or increasing participation by Insiders of the Corporation, including any amendment to remove or to exceed the insider participation limits set out in Section 7;
- (viii) any amendment which would result in the exercise price for any Stock Option granted under this Plan being lower than the fair market value at the grant date of the Stock Option;
- (ix) any amendment which reduces the exercise price of an outstanding Stock Option or allows for the cancellation and reissuance of a Stock Option, which would be considered a repricing under the rules of any stock exchange on which the Common Shares are listed, in each case, other than pursuant to Sections 15 or 16;
- (x) an amendment to add any form of financial assistance by the Corporation for the exercise of any Stock Option; and
- (xi) an amendment required to be approved by security holders under applicable law or the rules, regulations and policies of the Exchange.

## **21. Applicable Law**

This Plan shall be governed by and construed in accordance with the laws in force in the Province of Alberta.

## **22. Effective Date**

This Plan took effect on March 9, 2011 and was amended and restated on August 24, 2011, April 13, 2018 and on May 11, 2020, the date of its adoption by the Board, subject to receipt of all necessary shareholder and regulatory approvals. This Plan applies to Stock Options granted hereunder on and after May 11, 2020.

**APPENDIX “D”**

**AMENDED AND RESTATED PERFORMANCE AND RESTRICTED SHARE UNIT PLAN**

**(see attached)**

## VALEURA ENERGY INC.

### AMENDED AND RESTATED PERFORMANCE AND RESTRICTED SHARE UNIT PLAN

#### 1. Purposes

The principal purposes of this Plan are as follows:

- (a) to strengthen the ability of the Corporation to attract and retain qualified directors, officers, employees and consultants which the Corporation and its Subsidiaries require;
- (b) to encourage the acquisition of a proprietary interest in the Corporation by such directors, officers, employees and consultants thereby aligning their interests with the interests of Shareholders; and
- (c) to focus management of the Corporation and its Subsidiaries on operating and financial performance and total long-term shareholder return by providing an increased incentive to contribute to the Corporation's growth and profitability.

#### 2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) **"Applicable Withholding Taxes"** means any and all taxes and other source deductions or other amounts which the Corporation or a Subsidiary is required by law to withhold from any amounts to be paid or credited hereunder.
- (b) **"Black-out Period"** means a period of time determined by the Corporation, pursuant to the Corporation's policies, during which certain designated persons may not trade in any securities of the Corporation;
- (c) **"Board"** means the board of directors of the Corporation as it may be constituted from time to time;
- (d) **"Change of Control Transaction"** means the occurrence of any of:
  - (i) the purchase or acquisition of Common Shares and/or securities convertible into Common Shares or carrying the right to acquire Common Shares ("**Convertible Securities**") as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the *Business Corporations Act* (Alberta) with any such person, group of persons or any of such persons acting jointly or in concert (collectively the "**Persons**") beneficially own or exercise control or direction over Common Shares and/or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned by the Persons thereof, would have the right to cast more than fifty percent (50%) of the votes attached to all Common Shares; or
  - (ii) approval by the Shareholders of: (A) an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or other entity pursuant to which the Shareholders immediately thereafter do not own securities of the successor or continuing corporation or other entity which would entitle them to cast more than fifty (50%) percent of the votes attaching to all of the shares in the capital of the successor or continuing corporation or other entity which may be cast to elect directors of that corporation or other entity to manage the Corporation; (B) a liquidation, dissolution or winding-up of the Corporation; or (C) the sale, lease or other disposition of all or substantially all of the assets of the Corporation;

provided that (1) a Change of Control Transaction shall not be deemed to occur in the case of an internal reorganization that does not result in a change in the Shareholders or management of the Corporation, and (2) in the event there is any question as to whether a Change of Control Transaction has occurred in any circumstances, the Board shall determine the matter and any such determination of the Board shall be final and conclusive for the purposes of the Plan;

- (e) **“Common Shares”** means common shares in the capital of the Corporation;
- (f) **“Corporate Performance Measures”** for any fiscal year means the performance measures to be taken into consideration in setting the Performance Factor and awarding Performance Share Units under the Plan, which may include, without limitation, the following:
  - (i) average production volumes of the Corporation and its Subsidiaries for such fiscal year;
  - (ii) unit costs of production of the Corporation and its Subsidiaries for such fiscal year;
  - (iii) reserves or resources (on a gross working interest basis) of the Corporation and its Subsidiaries for such fiscal year;
  - (iv) safety performance of the Corporation and its Subsidiaries for such fiscal year;
  - (v) activities related to growth of the Corporation and its Subsidiaries for such fiscal year;
  - (vi) Total Shareholder Return over such fiscal year; and
  - (vii) such additional measures as the Board, in its sole discretion, shall consider appropriate in the circumstances;
- (g) **“Corporation”** means Valeura Energy Inc. and any successor corporation;
- (h) **“Credited Units”** has the meaning set forth in Section 6(h) hereof;
- (i) **“Disability”** in respect of a Service Provider means that such Service Provider is receiving benefits under any long term disability plan of the Corporation or a Subsidiary or is otherwise determined by the Board to be unable to perform the material and substantial duties of his engagement with the Corporation on a full time basis for a period of six cumulative months during any 18-month period where such inability arises as a result of sickness or injury;
- (j) **“Exchange”** means the Toronto Stock Exchange or any other stock exchange on which the Common Shares are then listed;
- (k) **“Fair Market Value”** means, with respect to a Common Share on any date, the weighted average trading price of the Common Shares on the Exchange for that date and the five trading days immediately preceding that date;
- (l) **“Good Reason”** means (a) if the Grantee has an employment agreement with the Corporation or a Subsidiary, “good reason” or any other similar term as defined in such agreement, or (b) if there is no such employment agreement or definition, means the occurrence of any of:
  - (i) a materially detrimental change (other than those which are clearly consistent with a promotion) in the Grantee’s position or duties, title or office, which includes any removal of the Grantee from or any failure to re-elect or re-appoint the Grantee to any such positions or offices; provided that, such term shall not include (A) a change consistent with the Corporation or the Subsidiary splitting a position into one or more positions based on the demands of such position so long as there is no reduction in the Grantee’s annual base salary or a material reduction in benefits or other remuneration, or (B) a request by the Corporation or the Subsidiary for the Grantee to be employed by one of the Corporation’s other Subsidiaries, affiliates or associates if such employment would be on substantially the same terms as their employment with the Corporation or the Subsidiary (including substantially the same position, duties, title or office) and there would be no reduction in the Grantee’s annual base salary or a material reduction in benefits or other remuneration; or

- (ii) a reduction by the Corporation or the Subsidiary in the Grantee's annual base salary or any material adverse change in the basis upon which the Grantee's annual base salary or other remuneration is determined.

*Provided, however, "Good Reason" shall expressly be deemed not to include the occurrence of any of the aforesaid events with the consent of the Grantee.*

- (m) **"Grantee"** has the meaning set forth in Section 4 hereof;
- (n) **"Insider"** has the meaning attributed thereto in the TSX Company Manual;
- (o) **"Notice Date"** has the meaning set forth in Section 6(e)(i) hereof;
- (p) **"Performance Factor"** means a performance factor determined by the Board for any fiscal year having regard to Corporate Performance Measures and to the principal purposes of the Plan;
- (q) **"Performance Share Unit"** means the right of a Grantee to receive a Common Share, subject to adjustment pursuant to the provisions of Section 6 hereof, in the manner and subject to the terms and provisions set forth in the Plan and which is subject to performance vesting conditions;
- (r) **"Plan"** means this amended and restated performance and restricted share unit plan, as amended from time to time;
- (s) **"Restricted Share Unit"** means the right of a Grantee to receive a Common Share, subject to adjustment pursuant to the provisions of Section 6 hereof, in the manner and subject to the terms and provisions set forth in the Plan and which is not subject to performance vesting conditions, but which is subject to time vesting conditions;
- (t) **"Service Provider"** has the meaning set forth in Section 4 hereof;
- (u) **"Settlement Date"** means, with respect to any Share Unit, the date upon which Common Shares to be received thereunder shall be delivered to the Grantee, which, unless otherwise determined by the Board, shall be as soon as practicable following the date on which the Share Unit vests; *provided that*, the Settlement Date cannot be later than December 31 of the third year following the year in respect of which the Share Unit was granted;
- (v) **"Shareholder"** means a holder of Common Shares;
- (w) **"Share Unit"** means a Performance Share Unit and/or a Restricted Share Unit as the context requires;
- (x) **"Share Unit Account"** means a bookkeeping account maintained by the Corporation in the name of each Grantee showing the number of Share Units credited to such Grantee;
- (y) **"Subsidiary"** means a corporation, partnership, trust or other entity that is controlled by the Corporation, meaning that the Corporation provides, directly or indirectly, the principal direction or influence over the business and affairs of such Subsidiary by virtue of: (i) ownership or direction of voting securities of the Subsidiary; (ii) a written agreement or indenture; (iii) being or controlling the general partner if the Subsidiary is a limited partnership; or (iv) being the trustee if the Subsidiary is a trust;
- (z) **"Total Shareholder Return"** means, with respect to any period, the total return to Shareholders on the Common Shares calculated using cumulative dividends, if any, on a reinvested basis and the change in the trading price of the Common Shares on the Exchange over such period;
- (aa) **"Unit Award"** means an award of Performance Share Units and/or Restricted Share Units under the Plan;
- (bb) **"Unit Award Agreement"** has the meaning set forth in Section 6 hereof; and

### **3. Administration**

The Plan shall be administered by the Board. The Board shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation:

- (a) the authority to make Unit Awards;
- (b) to determine the Fair Market Value;
- (c) to determine the Service Providers to whom, and the time or times at which, Unit Awards shall be granted;
- (d) to determine the number of Performance Share Units and/or Restricted Share Units to be awarded pursuant to each Unit Award;
- (e) to determine the vesting conditions, vesting schedules, Settlement Dates, term, limitations, restrictions and conditions applicable to the Unit Awards;
- (f) to prescribe, amend and rescind rules and regulations relating to the Plan;
- (g) to interpret the Plan;
- (h) to determine the terms and provisions of Unit Award Agreements (which need not be identical) entered into in connection with Unit Awards; and
- (i) to make all other determinations deemed necessary or advisable for the administration of the Plan.

Subject to the Shareholder approval requirements described in Section 9 below, the Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board shall be binding and conclusive upon the Corporation and on all Service Providers, subject to Shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan (or components thereof) to a committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee as applicable. The Board or such committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, including without limitation delegation to a third-party agent or trustee the authority to acquire Common Shares for delivery to Grantees in accordance with the Plan, and the Board, the committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Board, the committee or such person may have under the Plan.

For greater certainty and without limiting the discretion conferred pursuant to this Section 3, the decision to approve the grant of a Unit Award in any year shall not require the grant of a Unit Award to any Service Provider in any other year; nor shall a decision with respect to the size or terms and conditions of a Unit Award in any year require the grant of a Unit Award of the same size or with the same terms and conditions to any Service Provider in any other year. The Board shall not be precluded from approving the grant of a Unit Award to any Service Provider solely because such Service Provider may previously have been granted a Unit Award under this Plan or any other similar compensation arrangement of the Corporation or a Subsidiary. No Service Provider has any claim or right to be granted a Unit Award.

#### **4. Eligibility and Award Determination**

Unit Awards may only be granted to employees, officers, directors or consultants of the Corporation or a Subsidiary (collectively, “**Service Providers**”); provided, however, that the participation of a Service Provider in the Plan is voluntary. In determining the Service Providers to whom Unit Awards may be granted (“**Grantees**”) and the number of Performance Share Units and/or Restricted Share Units to be awarded pursuant to each Unit Award, the Board may take into account any of the following factors:

- (a) compensation data for comparable benchmark positions among the Corporation’s competitors;
- (b) the duties and seniority of the Service Provider;
- (c) Corporate Performance Measures for the most recently completed fiscal year;
- (d) individual and/or departmental contributions and potential contributions to the success of the Corporation; and
- (e) such other factors as the Board shall deem relevant in connection with accomplishing the purposes of the Plan.

Unless otherwise provided in the applicable Unit Award Agreement, Share Units granted to a Grantee shall be awarded solely in respect of services provided by such Grantee in the calendar year in which the grant date occurs.

#### **5. Common Shares Subject to the Plan**

Common Shares underlying Share Units which expire, terminate or are settled or cancelled will be available for subsequent issuance under the Plan. Common Shares to be delivered to Grantees of vested Share Units awarded pursuant to the Plan shall be, in the sole discretion of the Board, either:

- (a) acquired through the facilities of the Exchange in accordance with the by-laws, regulations and policies of the Exchange; or
- (b) subject to the prior approval of the Shareholders and the Exchange, as applicable, issued by the Corporation from treasury, in which case, subject to Section 6(g) hereof:
  - (i) the number of Common Shares reserved for issuance from time to time under this Plan plus the number of Common Shares reserved for issuance from time to time pursuant to any security based compensation arrangement of the Corporation, including any stock option plan or stock option arrangement, shall not at any time exceed 10% of the aggregate number of outstanding Common Shares;
  - (ii) a Service Provider may receive more than one Unit Award at any time; however, no one Grantee can receive Unit Awards that, when combined with any other security based compensation arrangement of the Corporation, will entitle the Service Provider to more than 5% of the outstanding Common Shares;
  - (iii) the number of Common Shares reserved for issuance at any time to Insiders under this Plan alone or when combined with the number of Common Shares issuable pursuant to any other security based compensation arrangement of the Corporation, may not exceed 10% of the outstanding Common Shares;
  - (iv) there may not be issued to Insiders under the Plan, within a one-year period, a number of Common Share that, when combined with any other security based compensation arrangement of the Corporation, will exceed 10% of the outstanding Common Shares; and
  - (v) the aggregate value of all Unit Awards and any other awards granted to any one non-employee director in any one year period under all security based compensation arrangements of the Corporation may not exceed \$150,000 (with no more than \$100,000 attributable to stock options)

based on the grant date fair value of the awards, other than awards granted in lieu of cash fees payable for serving as a director.

## **6. Terms and Conditions of Unit Awards**

Each Unit Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a written agreement between the Corporation and the Grantee (a “**Unit Award Agreement**”), which Unit Award Agreement shall comply with, and be subject to, the requirements of the Exchange and the following terms and conditions (and with such other terms and conditions not inconsistent with the terms of this Plan as the Board, in its discretion, shall establish):

- (a) Number of Share Units – The Board shall determine the number of Performance Share Units and/or Restricted Share Units to be awarded to a Grantee pursuant to the Unit Award in accordance with the provisions set forth in Section 4 hereof. At the time of award, the Corporation shall establish a Share Unit Account for such Grantee and the Share Units awarded will be credited to such account.
- (b) Vesting Date and Performance Factor of Performance Share Units – Subject to Section 6(e) hereof, with respect to any Unit Award consisting of Performance Share Units, the vesting date(s) for the Performance Share Units thereunder and any adjustment (upward or downward) to the number of Performance Share Units that vest by the application of a Performance Factor, in each case, shall be determined at the discretion of the Board.
- (c) Vesting Date of Restricted Share Units – Subject to Section 6(e) hereof, with respect to any Unit Award consisting of Restricted Share Units, the vesting date(s) for the Restricted Share Units thereunder shall be determined at the discretion of the Board.
- (d) Payment in Respect of Share Units
  - (i) Payment in respect of Share Units that have vested shall be made by delivering Common Shares to the Grantee on the Settlement Date.
  - (ii) Subject to satisfaction of Applicable Withholding Taxes in accordance with Section 7 hereof, the aggregate number of Common Shares to be delivered to a Grantee pursuant to a Unit Award in respect of any Settlement Date shall be equal to the whole number of Share Units that have vested under such Unit Award.
  - (iii) Notwithstanding the foregoing provisions of this Section 6(d), at any time when the Common Shares are listed and posted for trading on the Exchange, the Board may elect in its sole discretion, on any Settlement Date pertaining to a Unit Award, to pay on such Settlement Date to the Grantee of such Unit Award, in lieu of delivering all or any part of the Common Shares that would be otherwise delivered to the Grantee on such Settlement Date, a cash amount equal to the aggregate Fair Market Value of such Common Shares that would otherwise be delivered, less all Applicable Withholdings Taxes.
- (e) Termination of Relationship as Service Provider – Unless otherwise provided in a Unit Award Agreement pertaining to a particular Unit Award or any written employment agreement governing a Grantee’s role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:
  - (i) Termination – If a Grantee ceases to be a Service Provider as a result of being terminated by the Corporation or a Subsidiary (whether for cause or without cause), effective as of the date notice is given in respect of such termination (the “**Notice Date**”) and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Unit Award Agreements and all unvested Share Units credited to a Grantee’s Share Unit Account shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee, and the Grantee shall not be entitled to receive any Common Shares or compensation in lieu thereof after the Notice Date.

- (ii) Voluntary Resignation; Cessation as a Service Provider – If a Grantee ceases to be a Service Provider for any reason other than due to a termination contemplated by Section 6(e)(i) or the Disability or death of such Grantee, effective as of the last day of any notice period applicable in respect of such voluntary resignation or the date such Grantee ceases to be a Service Provider in other cases, all outstanding Unit Award Agreements and all unvested Share Units credited to a Grantee’s Share Unit Account shall be terminated, and all rights to receive Common Shares thereunder shall be forfeited by the Grantee; provided, however, that notwithstanding the foregoing, unvested Share Units credited to a Grantee’s Share Unit Account shall not be affected by a change of employment or term of office or appointment within or among the Corporation or a Subsidiary so long as the Grantee continues to be a Service Provider.
- (iii) Death or Disability – If a Grantee ceases to be a Service Provider as a result of such Grantee’s death or Disability, all Share Units credited to a Grantee’s Share Unit Account shall vest as of the date of such Grantee’s death or as of the date of the determination of Disability, as applicable, provided that the Board, taking into consideration the performance of such Grantee and the performance of the Corporation since the date of grant of the Unit Award(s), may determine the Performance Factor to be applied in determining the number of the Performance Share Units which vest, and all such vested Share Units shall be settled on the Settlement Date.
- (iv) Change of Control Transaction - Notwithstanding anything in this Section 6(e) to the contrary, if a Grantee ceases to be: (A) an officer or employee of the Corporation or a Subsidiary as a result of (i) being terminated by the Corporation or a Subsidiary on a without cause basis, as interpreted by applicable employment law, or (ii) the Grantee resigns in circumstances constituting Good Reason; (B) a member of the Board for any reason; or (C) a consultant of the Corporation or a Subsidiary as a result of the termination of the consultant’s services by the Corporation or a Subsidiary unless such termination was due to the consultant’s breach of contract or arrangement with the Corporation or Subsidiary, in each case on or within 12 months following the effective time of a Change of Control Transaction, (a) all Performance Share Units in the Grantee’s Share Unit Account that have not yet vested as of such time multiplied by the applicable Performance Factor shall vest and be settled on the Grantee’s cessation date, and (b) all Restricted Share Units credited to the Grantee’s Share Unit Account that have not yet vested as of such time shall vest and be settled on the Grantee’s cessation date. The number of Performance Share Units which are deemed to be vested shall be determined by the Board, in its sole discretion, having regard to the level of achievement of the Performance Factor(s) prior to the Grantee’s cessation date.
- (f) Rights as a Shareholder – Until the Common Shares deliverable pursuant to any Unit Award have been delivered in accordance with the terms of the Plan, the Grantee to whom such Unit Award has been made shall not possess any incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive dividends on such Common Shares and the right to exercise voting rights in respect of such Common Shares. Such Grantee shall only be considered a Shareholder in respect of such Common Shares when such transfer has been entered upon the records of the duly authorized transfer agent of the Corporation.
- (g) Effect of Certain Changes – In the event:
  - (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
  - (ii) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below fair market value; or
  - (iii) that, as a result of any recapitalization, merger, consolidation or other transaction that is not a Change of Control Transaction, the Common Shares are converted into or exchangeable for any other securities;

then, in any such case, the Board may make such adjustments to the Plan and to any Share Units outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the

circumstances, subject to such adjustment being permitted pursuant to the policies of the Exchange, to prevent substantial dilution or enlargement of the rights granted to Grantees hereunder.

- (h) Dividends - In the event that the Corporation has paid any dividends on the Common Shares since the granting of a Unit Award (other than a dividend payable in Common Shares), the number of Performance Share Units or Restricted Share Units relating to such Unit Award and credited to a Grantee's Share Unit Account (the "**Credited Units**") shall be increased by an amount equal to: (a) the product of the aggregate number of Credited Units multiplied by the per share amount of such dividend (or, in the case of any dividend payable in property other than cash, the per share value of such dividend, as determined by the Board), divided by (b) the Fair Market Value of a Common Share. In the event that the Corporation has paid any dividends on the Common Shares in additional Common Shares, the number of Credited Units shall be increased by a number equal to the product of (x) the aggregate number of Credited Units, multiplied by (y) the number of Common Shares (including any fraction thereof) payable as a dividend on one Common Share.
- (i) Fractions - Notwithstanding any other provision of this Plan, where the determination of the number of Performance Share Units or Restricted Share Units which have vested on or prior to any particular Settlement Date would result in a fractional Common Share, the number of Share Units credited to the Grantee's Share Unit Account shall be rounded down to the next whole number of Share Units. No fractional Common Shares shall be delivered pursuant to this Plan nor shall cash be paid at any time in lieu of any such fractional interest.
- (j) Black-Out Periods - In the event that the date determined by the Board on which Share Units will vest falls within a Black-Out Period or which vest within five (5) business days after a Black-Out Period (not including Black-Out Periods imposed due to a cease trade order), the vesting date of the Share Units shall be ten (10) business days from the date any Black-Out Period ends; *provided that*, the Settlement Date of any such Share Units cannot be extended later than December 31 of the third year following the year in respect of which the Share Unit was granted.
- (k) Effect of a Change of Control Transaction. Notwithstanding any other provision of this Plan, in the event of a Change of Control Transaction, the surviving, successor or acquiring entity shall assume any outstanding Share Units or shall substitute similar share units for the outstanding Share Units. If the surviving, successor or acquiring entity does not assume the outstanding Share Units or substitute similar share units for the outstanding Share Units or if the Board otherwise determines in its discretion, the Corporation shall give written notice to all Grantees advising that the Plan shall be terminated effective immediately prior to the effective time of the Change of Control Transaction and all Restricted Share Units and a specified number of Performance Share Units shall be deemed to be vested and, unless otherwise settled, forfeited or cancelled prior to the termination of the Plan, shall be settled immediately prior to the termination of the Plan. The number of Performance Share Units which are deemed to be vested shall be determined by the Board, in its sole discretion, having regard to the level of achievement of the Performance Factor(s) prior to the effective time of the Change of Control Transaction.

In the event of a Change of Control Transaction, the Board has the power to: (i) make such other changes to the terms of the Share Units as it considers fair and appropriate in the circumstances, provided such changes are not adverse to the Grantees; (ii) otherwise modify the terms of the Share Units to assist the Participants to tender into a takeover bid or other arrangement leading to a Change of Control Transaction, and thereafter; and (iii) terminate, conditionally or otherwise, the Share Units not settled following successful completion of such Change of Control Transaction. If the Change of Control Transaction is not completed within the time specified therein (as the same may be extended), the Share Units which vest pursuant to this Section 6(k) shall be returned by the Corporation to the Grantee and, if settled the Common Shares issued on such settlement shall be reinstated as authorized but unissued Common Shares and the original terms applicable to such Share Units shall be reinstated.

- (l) Clawback. Notwithstanding any other provisions in this Plan, the Corporation may cancel any Share Unit, require reimbursement of any Share Unit by a Grantee, and effect any other right of recovery or recoupment of equity or other compensation provided under the Plan under applicable laws, stock exchange listing requirements or in accordance with any Corporation policies that may be adopted and/or modified

from time to time (“**Clawback Policy**”). In addition, a Grantee may be required to repay to the Corporation previously paid compensation, whether provided pursuant to the Plan or a Unit Award Agreement, in accordance with the Clawback Policy. By accepting a Unit Award, the Grantee is agreeing to be bound by the Clawback Policy, as in effect or as may be adopted and/or modified from time to time by the Corporation in its discretion (including, without limitation, to comply with applicable laws or stock exchange listing requirements).

#### **7. Withholding Taxes**

It is the responsibility of the Grantee to complete and file any tax returns which may be required under Canadian or other applicable jurisdiction’s tax laws within the periods specified in those laws as a result of the Grantee’s participation in the Plan.

Notwithstanding any other provision of this Plan, a Grantee shall be solely responsible for all Applicable Withholding Taxes resulting from his or her receipt of Common Shares or other property pursuant to this Plan. Prior to the delivery of Common Shares or other property pursuant to this Plan on any Settlement Date, a Grantee shall elect (at the Grantee’s discretion) and make arrangements acceptable to the Corporation to satisfy the Applicable Withholding Taxes by either: (i) paying to the Corporation an amount as necessary to ensure that the Corporation is in compliance with the applicable provisions of any federal, provincial, local or other law relating to the Applicable Withholding Taxes in connection with such delivery; (ii) authorizing a securities dealer designated by the Corporation, on behalf of the Grantee, to sell in the capital markets a portion of the Common Shares delivered hereunder to realize cash proceeds to be used to satisfy the Applicable Withholding Taxes; or (iii) making other arrangements acceptable to the Corporation to fund the Applicable Withholding Taxes. If, prior to the Settlement Date, the Grantee fails to notify the Corporation of its election and make arrangements acceptable to the Corporation to satisfy the Applicable Withholding Taxes, the Corporation shall be entitled to elect the manner in which the Applicable Withholding Taxes will be satisfied in connection with the delivery of Common Shares on any Settlement Date.

#### **8. Non-Transferability**

Common Shares, or cash equivalents, delivered upon vesting and settlement of a Share Unit shall only be delivered to a Grantee personally except that if a Grantee dies, Common Shares or cash may be delivered to the Grantee’s estate or designated beneficiary by will or by the laws of descent and distribution. Except for the foregoing and as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of a Share Unit, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Share Unit whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Share Unit shall terminate and be of no further force or effect.

#### **9. Amendment and Termination of the Plan**

The Corporation retains the right to amend from time to time or to suspend, terminate or discontinue the terms and conditions of the Plan and the Share Units granted hereunder by resolution of the Board. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange, as may be required. Any amendment to the Plan shall take effect only with respect to Share Units granted after the effective date of such amendment, provided that it may apply to any outstanding Share Units with the mutual consent of the Corporation and the Service Providers to whom such Share Units have been granted. Other than amendments requiring Shareholder approval as described below, the Board shall have the power and authority to approve amendments relating to the Plan or to Share Units, without further approval of the Shareholders, including without limitation the following types of amendments:

- (a) is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (b) is necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed;
- (c) is an amendment to the Plan respecting administration and eligibility for participation under the Plan;

- (d) changes the terms and conditions on which Share Units may be or have been granted pursuant to the Plan including changes to the vesting provisions of the Share Units;
- (e) alters, extends or accelerates the terms of vesting applicable to any Share Unit;
- (f) is an amendment to the Plan of a “housekeeping nature”;
- (g) is necessary for Share Units to qualify for favourable treatment under applicable tax laws;
- (h) is an amendment to the termination or early termination provisions of this Plan or any Share Unit, whether or not such Share Unit is held by an Insider, provided such amendment does not entail an extension beyond the original expiry date of such Share Unit; or
- (i) is an amendment necessary to suspend or terminate this Plan.

Shareholder approval will be required for the following types of amendments:

- (i) an amendment to increase the maximum number of Common Shares issuable under the Plan, other than pursuant to Section 6(g);
- (ii) an amendment that increases the limits previously imposed on non-employee director participation;
- (iii) an amendment to the amendment provisions;
- (iv) an amendment that would allow for the transfer or assignment of Share Units under this Plan, other than for normal estate settlement purposes;
- (v) an amendment extending the term of a Share Unit beyond the original expiry date, except as provided in Section 6(j);
- (vi) an amendment to change the class of eligible participants to the Plan which would have the potential of broadening or increasing participation by Insiders of the Corporation, including any amendment to remove or to exceed the insider participation limits set out in Section 5(b); and
- (vii) an amendment required to be approved by security holders under applicable law or the rules, regulations and policies of the Exchange.

## **10. Effective Date**

This Plan took effect on April 9, 2010 and was amended and restated on August 24, 2011 and on May 11, 2020, the date of its adoption by the Board, subject to receipt of all necessary Shareholder and Exchange approvals. This Plan applies to Share Units granted hereunder on and after May 11, 2020.

## **11. Miscellaneous**

- (a) Effect of Headings – The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) Compliance with Legal Requirements - The Corporation shall not be obliged to deliver any Common Shares if such delivery would violate any law or regulation or any rule of any government authority or stock exchange. The Corporation, in its sole discretion, may postpone the delivery of Common Shares under any Share Unit as the Board may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the delivery of Common Shares in compliance with applicable laws, rules and regulations. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Common Shares delivered under the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Unit Awards hereunder in accordance with any such requirements.

- (c) No Right to Continued Employment – Nothing in the Plan or in any Unit Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Corporation or a Subsidiary, to be entitled to any remuneration or benefits not set forth in the Plan or a Unit Award Agreement or to interfere with or limit in any way the right of the Corporation or a Subsidiary to terminate any Grantee’s employment or service.
- (d) Ceasing to be a Subsidiary – Except as otherwise provided in this Plan, Share Units granted under this Plan shall not be affected by any change in the relationship between or ownership of the Corporation and a Subsidiary. For greater certainty, all outstanding Share Units shall remain valid in accordance with the terms and conditions of this Plan and are not affected by reason only that, at any time, any corporation, partnership, trust or other entity ceases to be a Subsidiary.
- (e) Expenses – All expenses in connection with the Plan shall be borne by the Corporation.
- (f) Unfunded Plan – This Plan shall be unfunded. Although Share Unit Accounts may be established with respect to Grantees, any such accounts shall be used merely as a bookkeeping convenience. The Corporation shall not be required to segregate any assets that may at any time be represented by Common Shares, cash or rights thereto, nor shall this Plan be construed as providing for such segregation. Any liability or obligation of the Corporation to any Grantee with respect to a Share Unit under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Unit Award Agreement, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. Neither the Corporation nor the Board shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

**12. Governing Law**

This Plan shall be governed by and construed in accordance with the laws in force in the Province of Alberta.