



Notice of Meeting
and
Information Circular
in respect of the

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held on May 13, 2021

April 1, 2021

VALEURA ENERGY INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 13, 2021 AND
NOTICE OF AVAILABILITY OF MEETING MATERIALS**

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 Viking Room at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta at 3:00 p.m. (Calgary time) on May 13, 2021 for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2020 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 approve the Corporation’s shareholder rights plan;
5. to approve the Corporation’s amended and restated by-laws; 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 (the “**Notice of Meeting**”) for more detailed information with respect to the matters to be considered at the Meeting.

The Corporation has decided to use notice and access to deliver the Information Circular and its 2020 financial statements and related management’s discussion and analysis (collectively, the “**Meeting Materials**”) to beneficial Shareholders. Notice and access is a set of rules developed by the Canadian Securities Administrators that allows companies to post meeting materials online, reducing paper and mailing costs. However, together with this Notice of Meeting, Shareholders continue to receive a proxy (in the case of registered Shareholders) or voting instruction form (in the case of beneficial Shareholders), enabling them to vote at the Meeting. The Corporation encourages and reminds all Shareholders to review the Information Circular before voting.

If you are a registered Shareholder or you have given the Corporation instructions to send you printed copies of the Meeting Materials, the Information Circular accompanies this Notice of Meeting, and the Corporation has mailed you a copy of its 2020 financial statements and related management’s discussion and analysis. All other Shareholders can download the Meeting Materials from the Corporation’s website at www.valeuraenergy.com or from the Corporation’s profile on SEDAR at www.sedar.com.

If you prefer to have printed copies of the Meeting Materials, please contact the Corporation at 1-403-237-7102 or by email at IR@valeuraenergy.com. Please note that in order to receive the Meeting Materials in advance of the proxy deposit date, your request for printed copies must be received by the Corporation by May 5, 2021.

Shareholders with questions about notice and access can call toll free at 1-855-887-2244.

The Corporation currently intends to hold the Meeting in person if permitted by applicable laws and health orders at such time. 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=1438362&tp_key=e24b5dd660

North America toll free: 888-390-0546

Toronto local: 416-764-8668

UK toll free: 08006522435

Confirmation number: 26253353

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 3:00 p.m. (Calgary time) on May 11, 2021 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 March 31, 2021 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

April 1, 2021

INFORMATION CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 13, 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 at Viking Room at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta at 3:00 p.m. (Calgary time) on May 13, 2021 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 April 1, 2021 and all dollar amounts are expressed in the lawful currency of Canada, unless otherwise specifically stated. The Corporation has adopted the United States dollar as the presentation currency in its consolidated financial statements.

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.

The Corporation has decided to use notice and access to deliver this Information Circular and its 2020 financial statements and related management’s discussion and analysis (collectively, the “**Meeting Materials**”) to Beneficial Shareholders (as defined herein). Notice and access is a set of rules developed by the Canadian Securities Administrators that allows companies to post meeting materials online, reducing paper and mailing costs. However, together with the Notice of Meeting, Shareholders continue to receive a proxy (in the case of registered Shareholders) or voting instruction form (in the case of Beneficial Shareholders), enabling them to vote at the Meeting.

If you are a registered Shareholder or you have given the Corporation instructions to send you printed copies of the Meeting Materials, the Notice of Meeting accompanies this Information Circular and the Corporation has mailed you a copy of its 2020 financial statements and related management’s discussion and analysis. All other Shareholders can download the Meeting Materials from the Corporation’s website at www.valeuraenergy.com or from the Corporation’s profile on SEDAR at www.sedar.com.

If you prefer to have printed copies of the Meeting Materials, please contact the Corporation at 1-403-237-7102 or by email at IR@valeuraenergy.com. Please note that in order to receive the Meeting Materials in advance of the proxy deposit date, your request for printed copies must be received by the Corporation by May 5, 2021.

Shareholders with questions about notice and access can call toll free at 1-855-887-2244.

The Corporation currently intends to hold the Meeting in person if permitted by applicable laws and health orders at such time. 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=1438362&tp_key=e24b5dd660

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Confirmation number: 26253353

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 3:00 p.m. (Calgary time) on May 11, 2021 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 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 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 3:00 p.m. (Calgary time) on May 11, 2021 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 March 31, 2021 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 | 17.65% |

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly, 1,701,124 Common Shares representing approximately 1.96% 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 5,385,000 Common Shares issuable pursuant to the Corporation’s stock option plan (the “**Option Plan**”). If all such Options directly or indirectly were exercised, the directors and executive officers of Valeura, as a group, would beneficially own 7,086,124 Common Shares representing approximately 7.70% of the issued and outstanding Common Shares (on a partially diluted basis).

As of the date hereof, no performance share units (“**PSUs**”) or restricted share units (“**RSUs**”, and collectively with the PSUs, “**Unit Awards**”) have been issued pursuant to the Corporation’s performance and restricted share unit plan (the “**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, 2020 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.

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 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 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.

| W. Sean Guest | Dr. Guest 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 28 years of international experience in the oil and gas industry, including 18 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 | | | | | | | |
|--|---|---|--------------------------------|------|--|--|--|--|
| President and Chief Executive Officer | | | | | | | | |
| Calgary, Alberta, Canada | | | | | | | | |
| Director Since: May 10, 2018 | | | | | | | | |
| Age: 59 | | | | | | | | |
| Not Independent | | | | | | | | |
| Board/Committee Membership | 2020 Attendance⁽¹⁾ | | 2020 Attendance (Total) | | | | | |
| Board Not a Committee Member | 10 of 10 9 of 9 ⁽⁵⁾ | 100% 100% ⁽⁵⁾ | 19 of 19 | 100% | | | | |
| Current Public Board Membership | | | | | | | | |
| None | | | | | | | | |
| Educational Background | | | | | | | | |
| Dr. Guest has a Ph.D. in Geology and a B.Sc. in Applied Science (Honours), both from Queen's University at Kingston. | | | | | | | | |
| Common Shares Controlled or Directed (as of the date hereof) | | | | | | | | |
| Common Shares | Total Amount at Risk | Satisfies Share Ownership Requirements | | | | | | |
| 412,990 ⁽²⁾ | \$231,274 ⁽³⁾ | Requirement to be satisfied within five years of appointment date. ⁽⁴⁾ | | | | | | |
| Options Held (as of December 31, 2020) | | | | | | | | |
| Expiry Date | Number Granted | Exercise Price | Total Unexercised | | | | | |
| March 17, 2027 | 550,000 | \$0.25 | 550,000 | | | | | |
| May 17, 2024 | 600,000 | \$0.75 | 600,000 | | | | | |
| Voting Results of 2020 Annual Meeting | | | | | | | | |
| 91.20% (votes for) / 8.80% (votes withheld) | | | | | | | | |

| Timothy R. Marchant | Dr. Marchant brings more than 41 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. 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. | | | | | | |
|---|--|--------------------------------------|---|--------------------------------|------|--|--|
| Chair | | | | | | | |
| Calgary, Alberta, Canada | | | | | | | |
| Director Since: April 15, 2015 | | | | | | | |
| Age: 70 | | | | | | | |
| Independent | | | | | | | |
| Board/Committee Membership | | 2020 Attendance⁽¹⁾ | | 2020 Attendance (Total) | | | |
| Board Audit Committee ⁽⁶⁾ | | 10 of 10 | 100% | 16 of 16 | 100% | | |
| Governance and Compensation Committee | | 1 of 1 | 100% | | | | |
| Reserves & Health, Safety, Security, Environment and Community Relations Committee | | 3 of 3 | 100% | | | | |
| | | 2 of 2 | 100% | | | | |
| Current Public Board Membership | | | | | | | |
| Vermilion Energy Inc. (TSX, NYSE) TransGlobe Energy Corporation (TSX, NASDAQ, AIM) | | | | | | | |
| Educational Background | | | | | | | |
| 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. | | | | | | | |
| Common Shares Controlled or Directed (as of the date hereof) | | | | | | | |
| <i>Common Shares</i> | | <i>Total Amount at Risk</i> | <i>Satisfies Share Ownership Requirements</i> | | | | |
| 255,500 ⁽²⁾ | | \$143,080 ⁽³⁾ | Yes | | | | |
| Options Held (as of December 31, 2020) | | | | | | | |
| <i>Expiry Date</i> | | <i>Number Granted</i> | <i>Exercise Price</i> | <i>Total Unexercised</i> | | | |
| March 17, 2027 | | 100,000 | \$0.25 | 100,000 | | | |
| 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 | | | |
| Voting Results of 2020 Annual Meeting | | | | | | | |
| 91.15% (votes for) / 8.85% (votes withheld) | | | | | | | |

| James D. McFarland | Mr. McFarland was a consultant of Valeura after his retirement from January 1, 2018 until October 31, 2020. 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 2018 to January 2020 (a TSXV listed issuer). Mr. McFarland has more than 48 years of oil and gas experience in Canada, the USA, Europe, Australia and Libya, of which 28 years were in executive officer roles, and included an initial a 23-year career with Imperial Oil Limited and other ExxonMobil affiliates. | | | | | | | |
|---|--|---|-------------------|--------------------------------|------|--|--|--|
| Calgary, Alberta, Canada | | | | | | | | |
| Director Since: June 29, 2010 | | | | | | | | |
| Age: 74 | | | | | | | | |
| Not Independent | | | | | | | | |
| Board/Committee Membership | | 2020 Attendance⁽¹⁾ | | 2020 Attendance (Total) | | | | |
| Board Reserves & Health, Safety, Security, Environment and Community Relations Committee | | 10 of 10 2 of 2 | 100% 100% | 12 of 12 | 100% | | | |
| Current Public Board Membership | | | | | | | | |
| MEG Energy Corp. (TSX) | | | | | | | | |
| Educational Background | | | | | | | | |
| 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. | | | | | | | | |
| Common Shares Controlled or Directed (as of the date hereof) | | | | | | | | |
| Common Shares | Total Amount at Risk | <i>Satisfies Share Ownership Requirements</i> | | | | | | |
| 551,134 ⁽²⁾ | \$308,635 ⁽³⁾ | Yes | | | | | | |
| Options Held (as of December 31, 2020) | | | | | | | | |
| Expiry Date | Number Granted | Exercise Price | Total Unexercised | | | | | |
| March 17, 2027 | 100,000 | \$0.25 | 100,000 | | | | | |
| March 17, 2024 | 190,000 | \$0.73 | 190,000 | | | | | |
| March 23, 2023 | 140,000 | \$0.75 | 140,000 | | | | | |
| March 13, 2022 | 349,000 | \$0.57 | 349,000 | | | | | |
| March 31, 2021 | 288,000 | \$0.64 | 288,000 | | | | | |
| Voting Results of 2020 Annual Meeting | | | | | | | | |
| 91.20% (votes for) / 8.80% (votes withheld) | | | | | | | | |

| Ronald W. Royal Abbotsford, British Columbia, Canada Director Since: June 29, 2010 Age: 72 Independent | <p>Mr. Royal has been a private businessman since April 2007. He has been a director of Gran Tierra Energy Inc. (a TSX, NYSE and LSE listed issuer) 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 41 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.</p> <p>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> | | | | | | | | | | |
|---|--|---|--------------------------------|------|-------------------------|--|--|------------------------------|----------------------|----------|------|
| | <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Board/Committee Membership</th> <th colspan="2">2020 Attendance⁽¹⁾</th> <th colspan="2">2020 Attendance (Total)</th> </tr> </thead> <tbody> <tr> <td>Board Audit Committee Reserves & Health, Safety, Security, Environment and Community Relations Committee</td> <td>10 of 10 4 of 4 2 of 2</td> <td>100% 100% 100%</td> <td>16 of 16</td> <td>100%</td> </tr> </tbody> </table> | Board/Committee Membership | 2020 Attendance ⁽¹⁾ | | 2020 Attendance (Total) | | Board Audit Committee Reserves & Health, Safety, Security, Environment and Community Relations Committee | 10 of 10 4 of 4 2 of 2 | 100% 100% 100% | 16 of 16 | 100% |
| Board/Committee Membership | 2020 Attendance ⁽¹⁾ | | 2020 Attendance (Total) | | | | | | | | |
| Board Audit Committee Reserves & Health, Safety, Security, Environment and Community Relations Committee | 10 of 10 4 of 4 2 of 2 | 100% 100% 100% | 16 of 16 | 100% | | | | | | | |
| Current Public Board Membership | | | | | | | | | | | |
| Gran Tierra Energy Inc. (TSX, NYSE, LSE) | | | | | | | | | | | |
| Educational Background | | | | | | | | | | | |
| Mr. Royal holds a Bachelor of Applied Science degree in Mechanical Engineering from the University of British Columbia. | | | | | | | | | | | |
| Common Shares Controlled or Directed (as of the date hereof) | | | | | | | | | | | |
| <i>Common Shares</i> | <i>Total Amount at Risk</i> | <i>Satisfies Share Ownership Requirements</i> | | | | | | | | | |
| 314,000 ⁽²⁾ | \$175,840 ⁽³⁾ | Yes | | | | | | | | | |
| Options Held (as of December 31, 2020) | | | | | | | | | | | |
| <i>Expiry Date</i> | <i>Number Granted</i> | <i>Exercise Price</i> | <i>Total Unexercised</i> | | | | | | | | |
| March 17, 2027 | 100,000 | \$0.25 | 100,000 | | | | | | | | |
| 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 | | | | | | | | |
| Voting Results of 2020 Annual Meeting | | | | | | | | | | | |
| 90.91% (votes for) / 9.09% (votes withheld) | | | | | | | | | | | |

| Russell J. Hiscock Baie-d'Urfe, Québec, Canada Director Since: January 10, 2018 Age: 69 Independent | <p>Mr. Hiscock 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> | | | | | | | | | | |
|--|--|---|--------------------------------------|-----|--------------------------------|--|---|-----------------------------|---------------------|----------|-----|
| | <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Board/Committee Membership</th><th colspan="2">2020 Attendance⁽¹⁾</th><th colspan="2">2020 Attendance (Total)</th></tr> </thead> <tbody> <tr> <td>Board Audit Committee Governance and Compensation Committee</td><td>9 of 10 4 of 4 3 of 3</td><td>90% 100% 100%</td><td>16 of 17</td><td>94%</td></tr> </tbody> </table> | Board/Committee Membership | 2020 Attendance⁽¹⁾ | | 2020 Attendance (Total) | | Board Audit Committee Governance and Compensation Committee | 9 of 10 4 of 4 3 of 3 | 90% 100% 100% | 16 of 17 | 94% |
| Board/Committee Membership | 2020 Attendance⁽¹⁾ | | 2020 Attendance (Total) | | | | | | | | |
| Board Audit Committee Governance and Compensation Committee | 9 of 10 4 of 4 3 of 3 | 90% 100% 100% | 16 of 17 | 94% | | | | | | | |
| Current Public Board Membership | | | | | | | | | | | |
| None | | | | | | | | | | | |
| Educational Background | | | | | | | | | | | |
| 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. | | | | | | | | | | | |
| Common Shares Controlled or Directed (as of the date hereof) | | | | | | | | | | | |
| <i>Common Shares</i> | <i>Total Amount at Risk</i> | <i>Satisfies Share Ownership Requirements</i> | | | | | | | | | |
| 65,000 ⁽²⁾ | \$36,400 ⁽³⁾ | Requirement to be satisfied within five years of appointment date. ⁽⁴⁾ | | | | | | | | | |
| Options Held (as of December 31, 2020) | | | | | | | | | | | |
| <i>Expiry Date</i> | <i>Number Granted</i> | <i>Exercise Price</i> | <i>Total Unexercised</i> | | | | | | | | |
| March 17, 2027 | 100,000 | \$0.25 | 100,000 | | | | | | | | |
| Voting Results of 2020 Annual Meeting | | | | | | | | | | | |
| 92.95% (votes for) / 7.05% (votes withheld) | | | | | | | | | | | |

| Kimberley K. Wood | Ms. Wood is a legal professional with 21 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 & Elkins LLP from February 2011 to April 2015 and was previously at Dewey & 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, 2020. Ms. Wood has been a Non-Executive Director of Africa Oil Corp (a TSX and NASDAQ OMX listed issuer) since April 2018, a Non-Executive Director of Gulf Keystone Petroleum (a LSE listed issuer) since October 2018, and a Non-Executive Director of Energean PLC (a LSE and TASE listed issuer) since July 2020. | | | | | | | |
|--|--|---|--------------------------|-------------------------|------|--|--|--|
| London, United Kingdom | | | | | | | | |
| Director Since: March 26, 2019 | | | | | | | | |
| Age: 51 | | | | | | | | |
| Independent | | | | | | | | |
| Board/Committee Membership | | 2020 Attendance | | 2020 Attendance (Total) | | | | |
| Board | | 10 of 10 | 100% | 17 of 17 | 100% | | | |
| Audit Committee | | 4 of 4 | 100% | | | | | |
| Governance and Compensation Committee | | 3 of 3 | 100% | | | | | |
| Current Public Board Membership | | | | | | | | |
| Africa Oil Corp. (TSX, Nasdaq OMX) Gulf Keystone Petroleum (LSE) Energean PLC (LSE, TASE) | | | | | | | | |
| Educational Background | | | | | | | | |
| 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. | | | | | | | | |
| Common Shares Controlled or Directed (as of the date hereof) | | | | | | | | |
| <i>Common Shares</i> | <i>Total Amount at Risk</i> | <i>Satisfies Share Ownership Requirements</i> | | | | | | |
| Nil ⁽²⁾ | Nil ⁽³⁾ | Requirement to be satisfied within five years of appointment date. ⁽⁴⁾ | | | | | | |
| Options Held (as of December 31, 2020) | | | | | | | | |
| <i>Expiry Date</i> | <i>Number Granted</i> | <i>Exercise Price</i> | <i>Total Unexercised</i> | | | | | |
| March 17, 2027 | 100,000 | \$0.25 | 100,000 | | | | | |
| Voting Results of 2020 Annual Meeting | | | | | | | | |
| 88.58% (votes for) / 11.42% (votes withheld) | | | | | | | | |

| Timothy N. Chapman | Mr. Chapman is an international capital markets specialist residing in London with more than 31 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 & gas. Mr. Chapman's career has focused on corporate strategy and valuation, regularly providing expert advice to many companies on seminal M&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. | | | |
|--|--|---|-------------------------|------|
| London, United Kingdom | | | | |
| Director Since: January 7, 2020 | | | | |
| Age: 52 | | | | |
| Independent | | | | |
| Board/Committee Membership | 2020 Attendance | | 2020 Attendance (Total) | |
| Board Audit Committee ⁽⁷⁾ Reserves & Health, Safety, Security, Environment and Community Relations Committee ⁽⁷⁾ | 10 of 10 3 of 3 1 of 1 | 100% 100% 100% | 14 of 14 | 100% |
| Current Public Board Membership | | | | |
| None | | | | |
| Educational Background | | | | |
| Mr. Chapman holds a BA in Geology from Oxford University. | | | | |
| Common Shares Controlled or Directed (as of the date hereof) | | | | |
| Common Shares | Total Amount at Risk | Satisfies Share Ownership Requirements | | |
| Nil ⁽²⁾ | Nil ⁽³⁾ | Requirement to be satisfied within five years of appointment date. ⁽⁴⁾ | | |
| Options Held (as of December 31, 2020) | | | | |
| Expiry Date | Number Granted | Exercise Price | Total Unexercised | |
| January 7, 2027 | 100,000 | \$0.54 | 100,000 | |
| Voting Results of 2020 Annual Meeting | | | | |
| 92.99% (votes for) / 7.01% (votes withheld) | | | | |

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 \$0.56, the closing price of Common Shares on the TSX on March 31, 2021.
- (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, 2020. At each meeting attended by Dr. Guest, the members of each committee meet in camera without Dr. Guest.
- (6) Dr. Tim Marchant stepped off the Audit Committee effective March 13, 2020.
- (7) Mr. Chapman was appointed to the Audit Committee and the Reserves & Health, Safety, Security, Environment and Community Relations Committee on March 13, 2020.

Corporate Cease Trade Orders or Bankruptcies

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; or
 - (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.

Approval of Shareholder Rights Plan

On March 21, 2012, the Board adopted a shareholder rights plan (the “**Rights Plan**”). In order to remain effective, the terms of the Rights Plan required that it be reconfirmed by Shareholders at every third annual meeting of Shareholders. The Rights Plan was last confirmed, and certain amendments approved, by Shareholders at the annual and special meeting of Shareholders held on May 10, 2018 and, therefore, the Rights Plan must be reconfirmed by Shareholders at the Meeting or it and all outstanding Rights (as defined below) will terminate and be void and of no further force and effect. On March 24, 2021, the Board determined that it is advisable and in the best interests of the Corporation to continue the Rights Plan. No amendments are being proposed in connection with the continuance of the Rights Plan.

A copy of the amended and restated shareholder rights plan agreement dated March 20, 2018 between the Corporation and Computershare Trust Company of Canada (the “**Amended and Restated Rights Plan Agreement**”) is available on SEDAR at www.sedar.com and will also be made available upon request by contacting the Chief Financial Officer of the Corporation.

Purpose of the Rights Plan

The Rights Plan is designed to make sure, to the extent possible, that all Shareholders are treated fairly and equally if there is an acquisition of a controlling position in the Common Shares by any person or group of persons acting together.

The Rights Plan provides for a minimum time period during which a Permitted Bid (as defined below) must remain outstanding that aligns with the minimum deposit periods under Canadian securities laws in order to ensure that the Board is provided with sufficient time to pursue alternatives to maximize shareholder value in the event an unsolicited takeover bid is made for the Common Shares. In addition, the Rights Plan mitigates the risk of a “creeping takeover bid” where an acquiror may acquire a controlling position in the Corporation in reliance on exemptions from the takeover bid requirements and without having to make a takeover bid to all Shareholders. Such initiatives to acquire control may be structured such that they do not result in payment of an appropriate control premium or fair sharing of any control premium among all shareholders since such exemptions can permit a person to obtain such control or effective control without obtaining shareholder approval and without treating all shareholders equally.

After considering the purpose that the Rights Plan continues to serve in ensuring fair and equal treatment of Shareholders, the Board determined that it is advisable and in the best interests of the Corporation to continue the Rights Plan for another three years. This continuation of the Rights Plan is not being proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition of control or takeover bid and the Rights Plan is not intended as a means to prevent a takeover of the Corporation, to secure the continuance of the management or directors in their respective offices or to deter fair offers.

Summary of the Rights Plan

The following is a summary of the principal terms of the Rights Plan, which summary is qualified by and is subject to the full terms and conditions set forth in the Amended and Restated Rights Plan Agreement. Capitalized terms used in this section, but not defined, will have the meaning ascribed thereto in the Amended and Restated Rights Plan Agreement.

Issuance of Rights

The Rights Plan provided that one right (a “**Right**”) was issued by the Corporation pursuant to the Amended and Restated Rights Plan Agreement in respect of each Voting Share outstanding as of the close of business (Calgary time) (the “**Record Time**”) on May 10, 2018. “**Voting Shares**” include the Common Shares and any other shares in the capital of the Corporation entitled to vote generally in the election of all directors of the Corporation which may be issued from time to time. One Right was also issued (and will continue to be issued) for each additional Voting Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) subject to the earlier termination or expiration of the Rights as set out in the Amended and Restated Rights Plan Agreement.

As of the date hereof, the only Voting Shares outstanding are the Common Shares. The issuance of the Rights is not dilutive and has no affect reported earnings or cash flow per share until the Rights separate from the underlying Common Shares and become exercisable or until the exercise of the Rights. The issuance of the Rights does not change the manner in which Shareholders currently trade their Common Shares.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares issued from and after the Record Time. Prior to the Separation Time, Rights will trade together with the Common Shares and will not be exercisable or transferable separately from the Common Shares. From and after the Separation Time, the Rights will become exercisable, will be evidenced by Rights Certificates (as defined below) and will be transferable separately from the Common Shares.

Separation of Rights

The Rights will become exercisable and begin to trade separately from the associated Common Shares at the “**Separation Time**” which is generally (subject to the ability of the Board to defer the Separation Time) the close of business on the tenth trading day after the earliest to occur of:

- (a) a public announcement that a person or group of affiliated or associated persons or persons acting jointly or in concert has become an “**Acquiring Person**” meaning that such person or group has acquired Beneficial Ownership (as defined in the Rights Plan) of 20% or more of the outstanding Voting Shares other than as a result of: (i) a reduction in the number of Voting Shares outstanding; (ii) a Permitted Bid or Competing Permitted Bid (as defined below); (iii) acquisitions of Voting Shares in respect of which the Board has waived the application of the Amended and Restated Rights Plan Agreement; (iv) other specified exempt acquisitions and pro rata acquisitions in which Shareholders participate on a pro rata basis; or (v) an acquisition by a person of Voting Shares upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Share received by a person in the circumstances described in (ii), (iii) or (iv) above;
- (b) the date of commencement of, or the first public announcement of an intention of any person (other than the Corporation or any of its subsidiaries) to commence a takeover bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Shares subject to the bid owned by that person (including affiliates, associates and others acting jointly or in concert therewith) would constitute 20% or more of the outstanding Voting Shares; and
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to qualify as such.

As soon as practicable following the Separation Time, separate certificates evidencing rights (“**Rights Certificates**”) will be mailed to the holders of record of the Voting Shares as of the Separation Time and the Rights Certificates alone will evidence the Rights. Unless the context otherwise requires, the term “Rights Certificate” shall include any other document or written acknowledgement that is evidence of registered ownership of the applicable securities as may be adopted from time to time by the Corporation, including without limitation a Direct Registration Advice.

Rights Exercise Privilege

After the Separation Time, each Right entitles the holder thereof to purchase one Common Share at an initial exercise price equal to three times the Market Price at the Separation Time (provided that a Flip-in Event has not occurred). The “**Market Price**” is defined as the average of the daily closing prices per share of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time. Following a transaction which results in a person becoming an Acquiring Person (a “**Flip-in Event**”), the Rights entitle the holder thereof to receive, upon exercise, such number of Common Shares which have an aggregate market value (as of the date of the Flip-in Event) equal to twice the then exercise price of the Rights. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or

a transferee of any such person, will be null and void. A Flip-in Event does not include acquisitions approved by the Board or acquisitions pursuant to a Permitted Bid or Competing Permitted Bid.

Permitted Bid Requirements

A bidder can make a takeover bid and acquire Voting Shares without triggering a Flip-in Event under the Rights Plan if the takeover bid qualifies as a Permitted Bid. The requirements of a “**Permitted Bid**” include the following:

- (a) the takeover bid must be made by means of a takeover bid circular;
- (b) the takeover bid is made to all holders of Voting Shares, other than the Offeror (as defined in the Rights Plan);
- (c) no Voting Shares are taken up or paid for pursuant to the takeover bid unless more than 50% of the Voting Shares held by Independent Shareholders (as defined in the Rights Plan): (i) have been deposited or tendered pursuant to the takeover bid and not withdrawn; and (ii) have previously been or are taken up at the same time;
- (d) no Voting Shares are taken up or paid for pursuant to the takeover bid prior to the close of business on the date that is no earlier than the earlier of: (i) 105 days following the date of the takeover bid; and (ii) the last day of the initial deposit period that the Offeror must allow securities to be deposited under the takeover bid pursuant to National Instrument 62-104, *Take-Over Bids and Issuer Bids*;
- (e) Voting Shares may be deposited pursuant to such takeover bid at any time during the period of time between the date of the takeover bid and the date on which Voting Shares may be taken up and paid for and any Voting Shares deposited pursuant to the takeover bid may be withdrawn until taken up and paid for; and
- (f) if on the date on which Voting Shares may be taken up and paid for under the takeover bid, more than 50% of the Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the takeover bid and not withdrawn, the Offeror makes a public announcement of that fact and the takeover bid is extended to remain open for deposits and tenders of Voting Shares for not less than 10 Business Days (as defined in the Rights Plan) from the date of such public announcement.

The Rights Plan also allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that it must remain open for acceptance until the last day on which the takeover bid must be open for acceptance after the date of that takeover bid under National Instrument 62-104, *Take-Over Bids and Issuer Bids*.

Permitted Lock-Up Agreements

A person will not become an Acquiring Person by virtue of having entered into an agreement (a “**Permitted Lock-Up Agreement**”) with a Shareholder whereby the Shareholder agrees to deposit or tender Voting Shares to a takeover bid (the “**Lock-Up Bid**”) made by such person, provided that the agreement meets certain requirements including:

- (a) the terms of the agreement are publicly disclosed and a copy of the agreement is publicly available not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has not been

- made prior to the date on which such agreement is entered into, not later than the first Business Day following the date of such agreement;
- (b) the Shareholder who has agreed to tender Voting Shares to the Lock-Up Bid made by the other party to the agreement is permitted to terminate its obligation under the agreement in order to tender Voting Shares to another takeover bid or transaction where: (i) the offer price or value of the consideration payable under the other takeover bid or transaction is greater than the price or value of the consideration per share at which the Shareholder has agreed to deposit or tender Voting Shares to the Lock-Up Bid, or is equal to or greater than a specified minimum which is not more than 7% higher than the price or value of the consideration per share at which the Shareholder has agreed to deposit or tender Voting Shares under the Lock-Up Bid; and (ii) if the number of Voting Shares offered to be purchased under the Lock-Up Bid is less than all of the Voting Shares held by Shareholders (excluding shares held by the offeror), the number of Voting Shares offered to be purchased under the other takeover bid or transaction (at an offer price not lower than in the Lock-Up Bid) is greater than the number of Voting Shares offered to be purchased under the Lock-Up Bid or is equal to or greater than a specified number which is not more than 7% higher than the number of Voting Shares offered to be purchased under the Lock-Up Bid; and
 - (c) no break-up fees, top-up fees, or other penalties that exceed in the aggregate the greater of 2.5% of the price or value of the consideration payable under the Lock-Up Bid and 50% of the increase in consideration resulting from another takeover bid or transaction shall be payable by the Shareholder if the Shareholder fails to deposit or tender Voting Shares to the Lock-Up Bid.

Waiver and Redemption

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a takeover bid by way of a takeover bid circular sent to all holders of Voting Shares on terms which the Board considers fair to all Shareholders. In such circumstances, the Board may waive the application of the Rights Plan thereby allowing such bid to proceed without dilution to the offeror. Any waiver of the application of the Rights Plan in respect of a particular takeover bid shall also constitute a waiver of any other takeover bid which is made by means of a takeover bid circular to all holders of Voting Shares while the initial takeover bid is outstanding. The Board may also waive the application of the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Voting Shares within 14 days or such earlier or later date as may be specified by the Board. With the prior consent of the holders of Voting Shares, the Board may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Voting Shares otherwise than pursuant to the foregoing, waive the application of the Rights Plan to such Flip-in Event.

The Board may, with the prior consent of the holders of Voting Shares, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right. Rights are deemed to be redeemed following completion of a Permitted Bid, a Competing Permitted Bid or a takeover bid in respect of which the Board has waived the application of the Rights Plan.

Protection Against Dilution

The exercise price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding

Common Shares, pro rata distributions to holders of Common Shares and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.

Exemptions for Investment Advisors

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies) and administrators or trustees of registered pension plans or funds acquiring greater than 20% of the Voting Shares are exempted from triggering a Flip-in Event, provided they are not making, either alone or jointly or in concert with any other person, a takeover bid.

Duties of the Board

The adoption of the Rights Plan will not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a takeover bid or similar offer is made, will continue to have the duty and power to take such actions and make such recommendations to Shareholders as are considered appropriate.

Amendment

The Corporation may after the date of the Meeting (provided the Amended and Restated Rights Plan Agreement is approved by Shareholders) with the prior approval of Shareholders (or the holders of Rights if the Separation Time has occurred), supplement, amend, vary or delete any of the provisions of the Amended and Restated Rights Plan Agreement. The Corporation may make amendments to the Amended and Restated Rights Plan Agreement at any time to correct any clerical or typographical error or, subject to confirmation at the next meeting of Shareholders, make amendments which are required to maintain the validity of the Amended and Restated Rights Plan Agreement due to changes in any applicable legislation, regulations or rules.

Confirmation

The Rights Plan must be reconfirmed at every third annual meeting of Shareholders. If the Rights Plan is not approved at any such meeting of shareholders, including the Meeting, the Rights Plan and all outstanding Rights will terminate and be void and of no further force and effect.

Shareholder Approval

At the Meeting, Shareholders will be asked to pass the following ordinary resolution approving and confirming the Amended and Restated Rights Plan Agreement, subject to such amendments, variations or additions as may be approved at the Meeting:

“BE IT RESOLVED THAT:

1. the continued existence of the amended and restated shareholder rights plan agreement dated March 20, 2018 between the Corporation and Computershare Trust Company of Canada (the “**Amended and Restated Rights Plan Agreement**”) is hereby approved and confirmed and the Corporation is authorized to continue to perform its obligations under the Amended and Restated Rights Plan Agreement; and
2. 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.”

Recommendation of the Board

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

The Rights Plan must be approved and confirmed by Shareholders at the Meeting to continue to have effect after the Meeting.

Approval of Amended and Restated By-Laws

On November 12, 2020, the Board repealed the amended and restated by-law no. 1 (the “**Original By-Laws**”) of the Corporation and adopted the second amended and restated by-law no. 1 of Corporation (the “**Amended and Restated By-Laws**”) in the form attached as Appendix “C”.

The Amended and Restated By-Laws only lower the quorum threshold for Shareholder meetings. The Original By-Laws required at least two shareholders representing an aggregate of at least 25% of the votes attached to all of the issued and outstanding Common Shares, either in person or by proxy, be present at a Shareholders’ meeting in order to achieve quorum. The Amended and Restated By-Laws require at least two Shareholders representing an aggregate of at least 10% of the votes attached to all of the issued and outstanding Common Shares, either in person or by proxy, be present at a Shareholders’ meeting in order to achieve quorum.

The Board believes that the reduction in the quorum requirement is in the best interests of the Corporation to allow it to properly and reliably convene a Shareholders’ meeting. The Corporation currently has a strong retail base of investors, with few institutional holders and a quorum requiring at least 25% of the votes attached to all of the issued and outstanding Common Shares has become challenging and impractical for the Corporation and, consequently, may limit the Corporation’s ability to properly convene and conduct business at a Shareholders’ meeting. In the Corporation’s experience, a significant number of the Shareholders do not, either directly or through their brokerage account, complete their proxies or otherwise deliver voting instructions. Accordingly, securing a quorum for Shareholders has become a challenge despite the Corporation’s best efforts to solicit participation of Shareholders and the participation has declined in recent years. For example, at the Corporation’s 2020 annual and special meeting of Shareholders, the Corporation had to extend the proxy submission deadline and, ultimately, only 26.21% of the then outstanding Common Shares were present in person or by proxy, including shares held through brokerage accounts, at the meeting date. The Corporation also experienced a low turnout in 2019, as only 31.54% of the then outstanding Common Shares were present in person or by proxy at the meeting date. While all Shareholders are encouraged to vote at Shareholders’ meetings, the Corporation acknowledges that Beneficial Shareholders rely on their brokers to obtain proxies, and are therefore reliant on channels of communication which may not function as intended and are beyond Shareholders’ and the Corporation’s control. If the Corporation fails to achieve quorum for any future Shareholders’ meeting, the Corporation will have to set a new time and location for the meeting, and depending on timing, the Corporation may be required to prepare new proxy materials for such meeting. Preparing proxy materials and the costs that accompany any proxy solicitation, including costs related to printing and mailing proxy materials to Shareholders is a large expense, and there is a risk that even if the Corporation delays a Shareholders’ meeting, the Corporation may still not be able to achieve quorum for such meeting.

The Board believes that reducing the quorum requirement to at least 10% of the issued and outstanding Common Shares will reduce the risk of failing to achieve a quorum for Shareholders’ meetings. Consequently, the Board has determined that it is in the best interest of the Corporation to establish a

quorum threshold of two Shareholders representing an aggregate of at least 10% of the votes attached to all of the issued and outstanding Common Shares, either in person or by proxy.

Shareholder Approval

At the Meeting, Shareholders will be asked to pass the following ordinary resolution confirming the adoption of the Amended and Restated By-Laws, subject to such amendments, variations or additions as may be approved at the Meeting:

“BE IT RESOLVED THAT:

1. the repeal of amended and restated by-law no. 1 of the Corporation and the adoption of the second amended and restated by-law no. 1 of the Corporation attached as Appendix “C” to the information circular of the Corporation dated April 1, 2021 are hereby ratified, confirmed and approved; and
2. 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.”

Recommendation of the Board

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

The adoption of the Amended and Restated By-Laws must be ratified by the Shareholders at the Meeting to continue to have effect after the Meeting.

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, 2020 (each a “**Named Executive Officer**” or “**NEO**” and collectively, the “**Named Executive Officers**” or “**NEOs**”) and how the determinations in respect of the NEOs’ 2020 compensation were made. For the year ended December 31, 2020, 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

Heather Campbell, CFO

Peter Sider, Chief Operating Officer (“COO”)

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

Mr. Peter Sider retired from the Corporation effective August 31, 2020. The Corporation has no COO.

The Board has established the Governance and Compensation Committee, which in 2020 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 the following compensation-related responsibilities:

- 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 Option Plan and 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 2020 consisted of four components as set forth in the following chart.

| Compensation Components | Description and Purpose |
|-------------------------|---|
| Base Salary | 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. |

| Compensation Components | Description and Purpose |
|---------------------------------|--|
| Discretionary Cash Bonus | 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. |
| Long Term Incentives | 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. |
| Benefits | 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, 2020, the Governance and Compensation Committee was comprised of Ms. Wood (Chair) and Messrs. Hiscock and Marchant. 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.

2020 Corporate Performance Scorecard

The 2020 Corporate Performance Scorecard adopted by the Board to assess discretionary bonus payments for 2020 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: 1) health, safety, security, environmental and community performance (“HSSEC”) – 25%; 2) Valeura’s share price performance compared to a peer group of international-focused companies – 20% (the “**2020 Performance Peer Group**”, as shown in the table below); and 3) accomplishment of key strategic objectives – 55%. The main elements of the key strategic objectives were: i) progress on the deep asset evaluation with legal clarity and a farmout, ii) sale of the shallow conventional assets, iii) implementation of the new business strategy, and iv) management of business demonstrating adaptability and efficiency.

The CEO’s performance is evaluated based on Valeura’s performance under the relevant year’s Corporate Performance Scorecard.

| Entity | Listing | Entity | Listing |
|------------------------------------|----------|--|----------------|
| 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. | 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 |

2021 Corporate Performance Scorecard

The Corporation went through significant changes in 2020 which are highlighted by the focus for the 2021 objectives that will be used for evaluating 2021 corporate performance. The Board has defined the following key criteria and weightings: 1) execute merger and/or acquisition deal(s) - 50%; 2) Valeura’s share price performance compared to a peer group of international-focused companies – 25% (the “**2021 Performance Peer Group**” which remains largely the same as the 2020 Performance Peer Group as shown in the table above, except for: (i) the removal of BNK Petroleum, which renamed and changed their focus; (ii) Condor Petroleum has replaced TransAtlantic Petroleum, which went private in 2020; and (iii) reflecting the name change of Oryx Petroleum to Forza Petroleum); 3) progress the evaluation of the deep gas play in the Thrace Basin, Turkey – 15%; and 4) maintain the shallow conventional gas production in good standing (production and HSSEC) until the close of the expected sale of these assets – 10%.

The Corporation has always maintained a strong focus on HSSEC and environmental, social and governance (“**ESG**”) matters and as a key element of its performance scorecard. These objectives are also embedded in the 2021 corporate performance scorecard, including the responsible stewardship of the gas production assets in Turkey pending the expected sale, and criteria reflecting that ESG factors, risks and opportunities be taken into account in Valeura’s consideration of any strategic transaction. Should Valeura acquire an operated asset in 2021, the Board will revisit these criteria and priorities to tailor and adapt them to the particular business and operating environment and to ensure a strong focus is maintained on HSSEC and ESG matters.

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, generally including a 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 2020 were reviewed in March 2020 and the Board determined that there would not be an increase to the CEO's salary. The Board determined that there should be increases in salaries of the other NEOs for 2020 in light of the promotions of Ms. Campbell to CFO and Mr. Sider to COO, and the increased responsibility and performance by Mr. Begg since the prior year. See "NEO Compensation - Summary Compensation Table", the difference in the CEO's salary for 2020 and 2019 resulted from the CEO salary increase made in 2019.

Salaries for 2021 were reviewed by the Board in March 2021, and the Board determined that there would not be an increase in the salaries for the CEO or the other NEOs in 2021.

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.

The criteria and weightings used by the Board to assess 2020 performance were as follows and were scored on a scale of 0 to 2: 1) HSSEC – 25%; 2) Valeura's share price performance compared to a peer group of international-focused companies – 20%; and 3) accomplishment of key strategic objectives – 55%. The main elements of the strategic objectives were: i) progress on the deep asset evaluation with legal clarity and a farmout, ii) sale of the shallow conventional assets, iii) new business strategy and iv) management of the business demonstrating adaptability and efficiency.

While 2020 was a very challenging year in the world due to the COVID pandemic and particularly in the oil and gas industry, Valeura was able to recover the strong share price declines experienced in Q1 and Q2 and its share price exited 2020 largely unchanged from the beginning of the year (Valeura's share price exhibited a 3% increase based on a VWAP for first 10 days of January, 2021). Relative to the 2020 Performance Peer Group, Valeura was in the top quartile in terms of share price performance given the significant share price declines experienced by most of Valeura's peers, and the industry as a whole. Operationally and with respect to HSSEC, Valeura had very good results. Valeura was considered a critical service provider in Turkey during the COVID crisis and was required to maintain its gas production operations. Valeura drilled two commitment wells, performed extended well testing operations and undertook workover programs during this challenging period. By working with local doctors and HSSEC staff, measures were put in place across all of these operations that were successful in preventing any COVID outbreaks. Total gas production for the year was 18.5% higher than the original budget even considering the gas offtake reductions during the COVID shutdowns. During these periods, Valeura was able to use commercial arrangements to prioritise its own equity gas production and was successful in maintaining gas supply as a result of the above operational initiatives. Both exploration wells encountered gas and one of the wells, which was near pipeline infrastructure, is currently producing. During the year, Valeura also commenced new ESG programs focused on monitoring emissions, including tracking and correcting potential areas of fugitive methane emissions, advancing local community support programs, continuing to focus on water management and rehabilitating old, unused well sites and returning the surface area to community use. It was a highlight for Valeura that management was able to achieve a sale of its mature shallow gas conventional assets to bolster its balance sheet in a period of industry distress and in the face of a significant drop in commodity prices. On October 20, 2020, Valeura announced that it had executed a share purchase agreement to sell its shallow gas business to TBNG Limited for cash consideration of US\$15.5 million, plus royalty payments of up to an additional US\$2.5 million (the "**Pending Disposition**"). The Pending Disposition is structured as a sale of the shares of Thrace Basin Natural Gas Turkiye Corporation and Corporate Resources B.V. Completion of the Pending Disposition is subject to customary termination rights and a number of closing conditions including, but not limited to,

regulatory approvals and authorisations. The Corporation's deep tight gas asset underperformed expectations, given the departure of partner Equinor in Q1 2020, and the inability to find a new partner by year-end in the face of the overall downturn in the industry. However, on a positive note, management worked with the Turkish Government to facilitate the timely transfer of Equinor's working interests in the deep assets to Valeura, and to obtain extensions of the three exploration licenses in the core of the deep gas play for an additional two-year period on the basis of a drilling commitment of one well in each licence at an expected total net cost of US\$1.6 million. Valeura and the industry went through significant changes in 2020 which required constant change management. Management undertook changes within the organisation which are expected to yield an approximate 35% reduction in the gross G&A expenses on a current run-rate basis.

Based on the above results the Governance and Compensation Committee and Board have approved a corporate performance factor of 1.29 for 2020. This corporate performance factor was applied to bonus target levels as a percentage of base salary, and the resulting cash bonuses for the 2020 performance year were approved by the Board on March 24, 2021. For the NEOs, the aggregate bonus amounts were \$480,373 representing an average of 50.08% of the aggregate 2020 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 Option Plan and the PRSU Plan, both of which were amended and approved by shareholders in August 2020 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 Option Plan and the 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, 2020 NEO's were granted a total of 1,675,000 Options. The methodology for determining grants to NEO's was similar to prior years.

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".

On November 25, 2020, the NEOs voluntarily surrendered 1,010,000 Options for cancellation in exchange for nominal consideration of \$0.01 per Option.

As of the date hereof, no Unit Awards have been granted under the PRSU Plan, but the Board may elect to issue such awards in the future. In the past, the Board did not issue PSUs under the PRSU 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.

Benefits

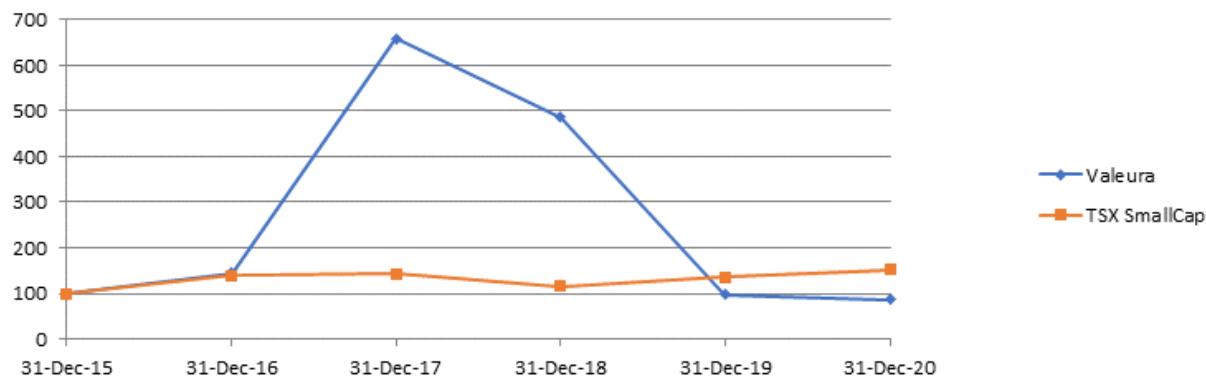
The Corporation’s benefits program consists of health and dental care and various forms of life, disability and critical illness insurances and health spending accounts consistent with industry norms. In addition, the NEOs receive a reimbursement of parking costs up to a defined limit or a transportation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

Severance and Change of Control Agreements

Executive Employment Agreements (as defined below), which provide severance or other payouts upon a change of control event, have been put in place for the following NEOs: Dr. Guest effective May 23, 2017 (and amended on January 1, 2018); Mr. Begg effective May 30, 2018; Mr. Sider effective October 2, 2019; and 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, 2015 to December 31, 2020, as compared to the cumulative total return on the Standard & Poor’s/TSX SmallCap Index (“**TSX SmallCap**”) for the same period.



| | December 31, 2015 | December 31, 2016 | December 31, 2017 | December 31, 2018 | December 31, 2019 | December 31, 2020 |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Valeura | \$100.00 | \$143.94 | \$659.09 | \$486.36 | \$96.97 | \$86.36 |
| TSX SmallCap | \$100.00 | \$138.48 | \$142.29 | \$116.44 | \$134.88 | \$152.24 |

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, 2020, 2019 and 2018.

| Name and Principal Position | Year | Salary (\$) | Option Awards (\$) | Non-equity incentive plan compensation (\$) | All Other Compensation ⁽¹⁰⁾ (\$) | Total Compensation (\$) |
|---|------|-------------|---------------------------|---|---|-------------------------|
| | | | | Annual Incentive Plan | | |
| Dr. W. Sean Guest ⁽¹⁾ CEO and President | 2020 | 370,000 | 98,009 ⁽⁵⁾ | 261,905 | Nil | 729,914 |
| | 2019 | 355,000 | 594,000 ⁽⁷⁾ | 222,000 | Nil | 1,171,000 |
| | 2018 | 297,500 | 814,000 ⁽⁸⁾ | 225,000 | Nil | 1,336,500 |
| Heather Campbell CFO ⁽²⁾ | 2020 | 203,000 | 116,006 ⁽⁵⁾⁽⁶⁾ | 108,108 | Nil | 427,114 |
| | 2019 | 177,500 | 178,200 ⁽⁷⁾ | 90,000 | Nil | 445,700 |
| | 2018 | 167,500 | 133,200 ⁽⁸⁾ | 65,000 | Nil | 365,700 |
| Peter Sider COO ⁽³⁾ | 2020 | 125,200 | 57,915 ⁽⁵⁾ | - | Nil | 183,115 |
| | 2019 | 232,100 | 306,000 ⁽⁹⁾ | 100,000 | Nil | N/A |
| | 2018 | N/A | N/A | N/A | Nil | N/A |
| Gordon R. Begg VP Commercial ⁽⁴⁾ | 2020 | 261,000 | 57,915 ⁽⁵⁾ | 110,360 | Nil | 429,275 |
| | 2019 | 239,000 | 297,000 ⁽⁷⁾ | 100,000 | Nil | 636,000 |
| | 2018 | 130,167 | 442,500 ⁽⁸⁾ | 56,000 | Nil | 628,667 |

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) Ms. Heather Campbell was appointed as CFO on January 7, 2020. Prior to this, Ms. Campbell was the Controller of Valeura since June 2017.
- (3) Mr. Peter Sider was appointed COO on October 18, 2019. Prior to this, Mr. Sider was the Turkey Country Manager from January 2019 through September 2019. Mr. Sider retired from the Corporation effective August 31, 2020.
- (4) Mr. Gordon R. Begg was hired as the VP Commercial on May 30, 2018.
- (5) 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 March 17, 2020 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 \$0.18 per share; Risk-Free Interest Rate of 0.77%; Expected Life of 4.5 years; Expected Volatility of 99.5%; 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, 2020. The 325,000 Options granted to Mr. Sider were cancelled following his retirement in August 2020.
- (6) As noted in (5) 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 January 7, 2020 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 \$0.39 per share; Risk-Free Interest Rate of 1.6%; Expected Life of 4.5 years; Expected Volatility of 99.3%; 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, 2020.
- (7) As noted in (5) 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 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 granted on February 8, 2019 were cancelled on November 25, 2020 in exchange for nominal consideration of \$3,000 for Dr. Guest, \$900 for Ms. Campbell and \$1,500 for Mr. Begg, or \$0.01 per Option (which have not been deducted from the

- (8) amount shown in the table).
- (8) As noted in (5) 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 Dr. Guest and Ms. Campbell, or May 30, 2018 in the case of Mr. Begg. 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 Options granted on March 23, 2018 were cancelled on November 25, 2020 in exchange for nominal consideration of \$2,750 for Dr. Guest and \$450 for Ms. Campbell or \$0.01 per Option (which have not been deducted from the amount shown in the table). 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 granted on May 30, 2018 were cancelled on November 25, 2020 in exchange for nominal consideration of \$1,500 or \$0.01 per Option (which have not been deducted from the amount shown in the table).
- (9) As noted in (5) 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. These 200,000 Options granted to Mr. Sider upon his recruitment as COO were cancelled upon his retirement in August 2020, with none vested. Mr. Sider was earlier granted 150,000 Options on January 7, 2019 as a hiring bonus for his previous position of Country Manager- Turkey, which were cancelled following his resignation as Country Manager in August 2019.
- (10) 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.

Mr. Stephen Bjornson was CFO until January 7, 2020, and in the period from January 1, 2020 until January 7, 2020, he was paid \$5,080.

Outstanding Option-Based Awards

The following table sets forth information with respect to the unexercised Options granted under the Option Plan to the NEOs which were outstanding as of December 31, 2020.

| 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 (\$) ⁽¹⁾ |
| Dr. W. Sean Guest CEO and President | 550,000 600,000 | 0.25 0.75 | March 17, 2027 May 17, 2024 | 176,000 Nil |
| Heather Campbell CFO | 325,000 150,000 150,000 | 0.25 0.54 0.80 | March 17, 2027 January 7, 2027 May 31, 2024 | 104,000 4,500 Nil |
| Peter Sider ⁽²⁾ COO | N/A | N/A | N/A | N/A |
| Gordon R. Begg VP Commercial | 325,000 | 0.25 | March 17, 2027 | 104,000 |

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, 2020 of \$0.57 and the exercise price.
- (2) Mr. Sider retired from the Corporation effective August 31, 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, 2020 as well as the cash bonuses granted to the NEOs during the year ended December 31, 2020.

| Name and Principal Position | Option-Based Awards Value Vested During Year (\$) ⁽¹⁾ | Non-Equity Incentive Plan Compensation Value earned during the year (\$) |
|--|---|--|
| Dr. W. Sean Guest CEO and President | Nil | 261,.905 |

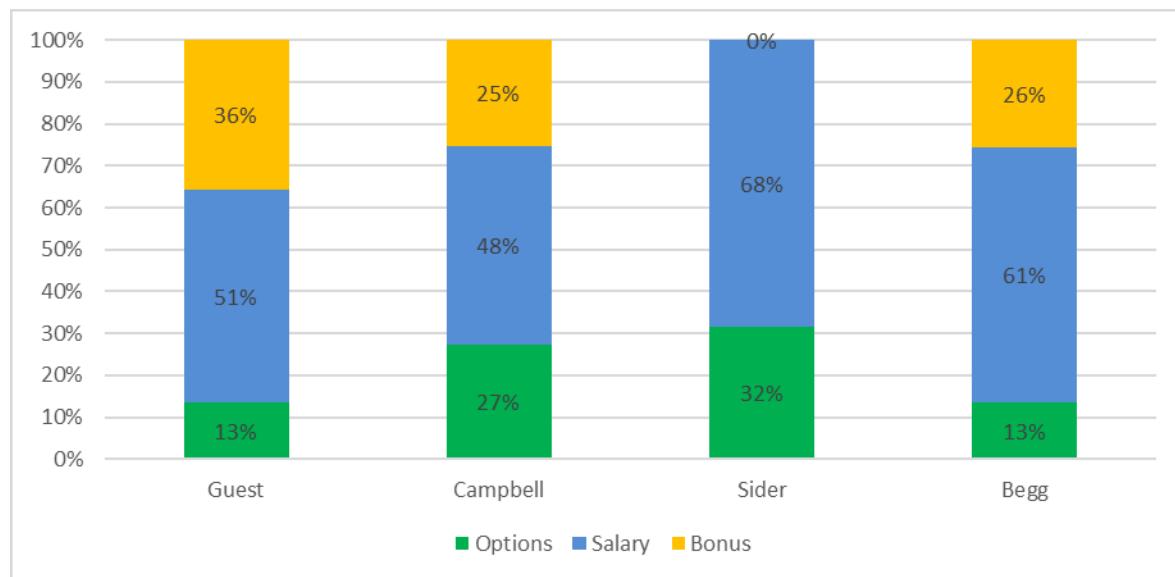
| Name and Principal Position | Option-Based Awards Value Vested During Year (\$) ⁽¹⁾ | Non-Equity Incentive Plan Compensation Value earned during the year (\$) |
|-----------------------------------|--|--|
| Heather Campbell CFO | Nil | 108,108 |
| Peter Sider ⁽²⁾ COO | Nil | - |
| Gordon R. Begg VP Commercial | Nil | 110,360 |

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. Sider retired from the Corporation effective August 31, 2020.

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

The 2020 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 HSSEC, operations, relative 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 VP Commercial in May 2018 and for the COO in October 2019. Ms. Heather Campbell entered into an Executive Employment Agreement upon her appointment as CFO in January 2020. The Executive Employment Agreements have an indefinite term (Mr. Sider retired from the Corporation effective August 31, 2020) 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 2020 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 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; and
- (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.

Each of the CEO and President and VP Commercial has a “single-trigger” change of control provision in their applicable Executive Employment Agreement executed in years prior to 2020, 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 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 Option Plan 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 Option Plan as it existed prior to August 12, 2020) or an Unsolicited Offer (as defined in the 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 Option plan and the applicable stock option agreement. All Options granted under the Option Plan since August 12, 2020 include “double-trigger” acceleration of Option vesting in connection with a Change of Control Transaction (as defined in the 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, 2020.

| 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 ⁽¹⁾ | Nil | Nil | Nil ⁽³⁾ | Nil |
| | Termination without cause | \$740,000 | \$437,000 ⁽²⁾ | \$1,177,000 | Nil ⁽³⁾ | \$1,177,000 |
| | Change of control | \$740,000 | \$437,000 ⁽²⁾ | \$1,177,000 | 176,000 ⁽⁴⁾ | \$1,353,000 |
| Heather Campbell | Termination with cause/resignation | Nil ⁽¹⁾ | Nil | Nil | Nil ⁽³⁾ | Nil |
| | Termination without cause | 210,000 | 100,000 | 303,000 | Nil ⁽³⁾ | 303,000 |
| | Change of control | 210,000 | 100,000 | 303,000 | 108,500 ⁽³⁾ | 411,000 |
| Gordon R. Begg | Termination with cause/resignation | Nil ⁽¹⁾ | Nil | Nil | Nil ⁽³⁾ | Nil |
| | Termination without cause | \$265,000 | 92,000 ⁽²⁾ | \$357,000 | Nil ⁽³⁾ | \$357,000 |
| | Change of control | \$265,000 | \$92,000 ⁽²⁾ | \$357,000 | 104,000 ⁽⁴⁾ | \$461,000 |

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, 2020, 2019 and 2018.
- (3) 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, 2020 of \$0.57 and the exercise price.
- (4) 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, 2020 of \$0.57 and the exercise price.

Mr. Sider retired from the Corporation effective August 31, 2020.

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 to remove meeting fees (except under special circumstances). Non-employee directors receive an annual retainer of \$45,000. The Chairman of the Board 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. No additional meeting fees or travel fees were paid for Board and committee meeting attendance in 2020.

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.

On November 25, 2020, the non-executive Directors voluntarily surrendered 515,000 Options for cancellation in exchange for nominal consideration of \$0.01 per Option.

Dr. Guest did not receive any compensation as a director of the Corporation for the year ended December 31, 2020 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, 2020.

| Name | Fees Earned (\$) | Option-based awards (\$) ⁽¹⁾ | All Other Compensation (\$) ⁽⁴⁾ | Total (\$) |
|-------------------------|------------------|---|--|------------|
| Dr. Timothy R. Marchant | 62,000 | 18,000 ⁽²⁾ | Nil | 80,000 |
| Ronald W. Royal | 53,000 | 18,000 ⁽²⁾ | Nil | 71,000 |
| Russell J. Hiscock | 55,000 | 18,000 ⁽²⁾ | Nil | 73,000 |
| James D. McFarland | 45,000 | 18,000 ⁽²⁾ | 105,000 | 168,000 |
| Kimberley K. Wood | 51,000 | 18,000 ⁽²⁾ | Nil | 69,000 |
| Timothy N. Chapman | 44,000 | 39,000 ⁽³⁾ | Nil | 83,000 |

Notes:

- (1) 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".
- (2) This does not represent cash paid to the director. This figure is based on the grant date fair value of such Options as at March 17, 2020 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 March 17, 2020 are as follows: Fair Value of \$0.18 per share; Risk-Free Interest Rate of 0.77%; Expected Life of 4.5 years; Expected Volatility of 99.5%; 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, 2020.
- (3) This does not represent cash paid to the director. This figure is based on the grant date fair value of such Options as at January 7, 2020 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 \$0.39 per share; Risk-Free Interest Rate of 1.6%; Expected Life of 4.5 years; Expected Volatility of 99.3%; 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, 2020.
- (4) 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. This consulting arrangement ended on October 31, 2020.

Outstanding Option-Based Awards

The following table sets forth information with respect to the unexercised Options granted under the Option Plan to the non-employee directors which were outstanding as of December 31, 2020

| 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 (\$) ⁽¹⁾ |
| Dr. Timothy R. Marchant | 100,000 30,000 | 0.25 0.73 | March 17, 2027 March 17, 2024 | 32,000 Nil |

| 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 (\$) ⁽¹⁾ |
| | 20,000 100,000 | 0.75 0.68 | March 23, 2023 April 15, 2022 | Nil Nil |
| Ronald W. Royal | 100,000 30,000 20,000 51,000 42,000 | 0.25 0.73 0.75 0.57 0.64 | March 17, 2027 March 17, 2024 March 23, 2023 March 13, 2022 March 31, 2021 | 32,000 Nil Nil Nil Nil |
| Russell J. Hiscock | 100,000 | 0.25 | March 17, 2027 | 32,000 |
| James D. McFarland | 100,000 190,000 140,000 349,000 288,000 | 0.25 0.73 0.75 0.57 0.64 | March 17, 2027 March 17, 2024 March 23, 2023 March 13, 2022 March 31, 2021 | 32,000 Nil Nil Nil Nil |
| Kimberley K. Wood | 100,000 | 0.25 | March 17, 2027 | 32,000 |
| Timothy N. Chapman | 100,000 | 0.54 | January 7, 2027 | 3,000 |

Note:

(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, 2020 of \$0.57 and the exercise price.

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, 2020 as well as the cash bonuses granted to directors during the year ended December 31, 2020.

| Name | Option-Based Awards Value Vested During Year (\$) ⁽¹⁾ | Non-Equity Incentive Plan Compensation Value earned during the year (\$) |
|-------------------------|---|---|
| Dr. Timothy R. Marchant | Nil | Nil |
| Ronald W. Royal | Nil | Nil |
| Russell J. Hiscock | Nil | Nil |
| James D. McFarland | Nil | Nil |
| Kimberley K. Wood | Nil | Nil |
| Timothy N. Chapman | Nil | Nil |

Note:

(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.

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 Option Plan and PRSU Plan as amended and approved by shareholders in August 2020. 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. In 2020, the Corporation granted Options exercisable into 3,195,000 Common Shares, representing 3.69% of the issued and outstanding Common Shares as at December 31, 2020. A total of nil Options exercisable into Common Shares were exercised and 2,629,834 Options were forfeited and cancelled in 2020 and 525,000 Options exercisable into Common Shares were not exercised and were cancelled upon the retirement of one employee. As of December 31, 2020, the Corporation had Options exercisable into 5,636,833 Common Shares outstanding, which represented approximately 6.51% of the then issued and outstanding Common Shares as at December 31, 2020.

As of December 31, 2020, no PSUs or RSUs had been granted under the PRSU Plan.

Number of Common Shares Available Under the Option Plan and the 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 Option Plan and the 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 Option Plan, Unit Awards under the 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.

The “reloading” of Options is permitted under the 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 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 PRSU Plan.

Insider Participation Limits Under the Option Plan and the 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 Option Plan, the 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 Option Plan, the 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 Option Plan and 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.

Option Plan

Purposes of the Option Plan

The 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 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 Option Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Option Plan.

Vesting

The vesting of an Option granted under the 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 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 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 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 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 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 Options granted under the Option Plan since August 12, 2020 are subject to a change of control provision providing for “double-trigger” acceleration of Option vesting (as opposed to “single-trigger” acceleration on Options granted prior to August 12, 2020). 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 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 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 Option Plan, will expire immediately prior to the termination of the 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 prior to August 12, 2020 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 Option Plan gives the Board discretion to 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 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 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 Option Plan contains provisions specifically outlining amendments to the 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 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 Option Plan or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the 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 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 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 Option Plan maximum;

- is necessary for Options to qualify for favourable treatment under applicable tax laws;
- is an amendment to the Option Plan of a “housekeeping nature”; or
- is an amendment necessary to suspend or terminate the 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 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 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 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 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.

The amendment provision explicitly requires that Shareholder approval be sought for each of the applicable amendments listed above.

Clawback

Options are subject to the Clawback Policy described below.

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 Option Plan in respect of: (i) fiscal year 2020 was 3.69%; (ii) fiscal year 2019 was 2.34%; and (iii) fiscal year 2018 was 1.25%. The “annual burn rate” is the number of Options granted under the Option Plan during the applicable fiscal year divided by the weighted average number of Common Shares outstanding for the applicable fiscal year.

PRSU Plan

No Unit Awards have been issued under the 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 PRSU Plan

The principal purposes of the 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 PRSU Plan

The PRSU Plan is administered by the Board. Subject to Shareholder approval requirements, the Board has 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 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 PRSU Plan, to interpret the 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 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 PRSU Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the 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 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 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 31st 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 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 PRSU Plan.

Dividends

Under the terms of the 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 PRSU Plan) will be increased pursuant to the terms of the 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 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 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 PRSU Plan, in the event of a Change of Control Transaction (as such term is defined in the 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 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 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 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 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 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 PRSU Plan, the Board will have the power and authority to approve amendments relating to the 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 PRSU Plan that is inconsistent with any other provision of the 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 PRSU Plan respecting administration and eligibility for participation under the PRSU Plan;
- changes the terms and conditions on which Unit Awards may be or have been granted pursuant to the 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 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 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 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 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 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.

The amendment provision explicitly requires that Shareholder approval be sought for each of the amendments listed above.

Clawback

Unit Awards are subject to the Clawback Policy described below.

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 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, 2020.

| 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 | 5,636,833 | \$0.57 | 3,021,666 ⁽¹⁾ |
| Equity compensation plans not approved by Shareholders | Nil | N/A | N/A |
| Total | 5,636,833 | - | 3,021,666 |

Note:

(1) Based on the figure that is 10% of the issued and outstanding Common Shares that are available for issuance under the Option Plan or PRSU Plan as at December 31, 2020. As at December 31, 2020, 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, 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, 2020, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at 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, 2020 and information with respect to the business of the Corporation is contained in the Corporation's annual information for the year ended December 31, 2020. 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 - 6th 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 consultant until October 31, 2020, 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 |
| Independent Board Members | | | | |
| 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 |
| Not Independent | | | | |
| Dr. W. Sean Guest (Management) | 2018 | | | |
| James D. McFarland (former Management and Consultant) | 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. Following certain director retirements, the Board had new directors join in each of 2018 (Mr. Hiscock), 2019 (Ms. Wood) and 2020 (Mr. Chapman). 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, LSE | 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 ESGHSC |

| Name | Name of other Reporting Issuer | Exchange | Committee Appointments |
|--------------------|--------------------------------|-----------|--|
| | Gulf Keystone Petroleum Ltd. | LSE | Audit and Risk Remuneration Safety and Sustainability |
| | Energean PLC | LSE, TASE | Audit and Risk Remuneration and Talent Nomination and Governance |
| 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 2020 ⁽¹⁾ | | Committee Meetings Attended in 2020 | |
|----------------------------------|--|------|-------------------------------------|------|
| | No. | % | No. | % |
| Dr. Timothy R. Marchant | 10 of 10 | 100% | 6 of 6 | 100% |
| James D. McFarland | 10 of 10 | 100% | 2 of 2 | 100% |
| Ronald W. Royal | 10 of 10 | 100% | 6 of 6 | 100% |
| Russell J. Hiscock | 9 of 10 | 90% | 7 of 7 | 100% |
| Dr. W. Sean Guest ⁽²⁾ | 10 of 10 | 100% | 9 of 9 | 100% |
| Kimberley K. Wood | 10 of 10 | 100% | 7 of 7 | 100% |
| Timothy Chapman | 10 of 10 | 100% | 4 of 4 | 100% |

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, 2020. At each meeting attended by Dr. Guest the members of each committee meet *in camera* without Dr. Guest.

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.

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 (the "**Risk Management Framework**") to identify, prioritize, focus and mitigate risks impacting the Corporation. Under the Risk Management 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.

The Board is responsible for oversight of the Risk Management Framework, though management is responsible for specific risk identification. Management, through the Corporation's risk manager, reports to the Board quarterly on the identification of new, emerging or increased risks and the status of risk mitigation strategies. Risks are identified in accordance with the following risk categories, though new categories may be added as necessary:

- Strategic;
- Joint Venture;
- Operations;
- Finance;
- Legal;
- ESG;
- Human Resources;
- Information Technology; and
- Country.

From this process, risks are assessed and evaluated based on the Corporation's vulnerability to the risk and the potential impact that the underlying risks would have on the Corporation's ability to execute its strategies and achieve its objectives. In order to identify and address any material risks, the Board undertakes an annual assessment of the Risk Management Framework and risk register, in addition to receiving its quarterly reports

on new, emerging or increased risks. In 2020, Valeura completed director interviews, which among other matters, allowed the directors to discuss various risks and the Corporation's risk management practices.

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, as well as any perceived gaps in the Board's collective Skill Set. 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 with diverse backgrounds 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 diverse candidates for directors, executive officers and senior management appointments and promoting the consideration of criteria that promotes diversity including gender, age, ethnicity and geographic and indigenous background (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. While the Board has not yet decided to adopt targets for women or other diverse groups at this time, it continues to monitor diversity within the organization and may adopt targets in the future. As part of its annual Board evaluation process, the Corporation's progress toward achieving the objectives of the Diversity Policy are reviewed and recommendations are made regarding the policy and the manner in which it is being implemented. 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 conducted individual 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.

The Governance and Compensation Committee reviewed the completed skills matrix and evaluations for 2020 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.

| Skill/Experience Description |
|--|
| CEO/Senior Officer – Experience working as a CEO or senior officer for an organization of a size similar to or larger than the Corporation. |
| Oil and Gas Experience – 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. |
| Managing/Leading Growth – Senior executive experience leading significant growth and value creation through various strategies. Demonstrates knowledge in developing long term corporate business strategies. |
| Global/Government Relations/International Risks – 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. |
| Governance/Board – 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. |
| Financial Acumen – 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. |
| Health, Safety, Security, Environment and Community – 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. |
| ESG – 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. |
| Investment Banking/Deal Making – 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. |
| Compensation – Senior executive experience or board compensation committee participation with a thorough understanding of compensation, benefits and long-term incentive programs, legislation and agreements. |
| Investor and Public Relations – Demonstrated understanding and experience managing communication with investor communities and the public, including social media. Understanding of investor expectations and trends. |

| Skill/Experience Description |
|---|
| Technology/Cyber Security – 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. |
| Diversity – 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. |
| Company-Specific Knowledge – 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, 2020 and filed on SEDAR at 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:

| Services Performed | Fees paid in 2020 | Fees paid in 2019 |
|-------------------------------------|--------------------------|--------------------------|
| Executive compensation-related fees | Nil | Nil |
| All other fees | Nil | Nil |
| TOTAL: | Nil | Nil |

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 and other diverse characteristics 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). While the Board has not yet decided to adopt targets for women or other diverse groups, it continues to monitor diversity within the organization and may adopt targets in the future. 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")¹ 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;

¹ 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"

SECOND AMENDED AND RESTATED BY-LAW NO.1

(See Attached)

SECOND AMENDED AND RESTATED BY-LAW NO. 1

A By-law relating generally to the transaction of
the business and affairs of Valeura Energy Inc.

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IT IS HEREBY ENACTED as Second Amended and Restated By-law No. 1 of Valeura Energy Inc. (hereinafter called the “**Corporation**”), which replaces all previous by-laws of the Corporation and amendments thereto as follows:

SECTION ONE **INTERPRETATION**

1.01 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

“**Act**” means the *Business Corporations Act* (Alberta), and any statute that may be substituted therefor, including the regulations thereunder, as from time to time amended;

“**appoint**” includes “**elect**” and vice versa;

“**Articles**” means the articles of the Corporation, as defined in the Act, and includes any amendments thereto;

“**Board**” means the board of directors of the Corporation;

“By-laws” means this second amended and restated by-law no. 1 and all other by-laws of the Corporation from time to time in force and effect;

“Meeting of Shareholders” means any meeting of Shareholders, including any meeting of one or more classes or series of Shareholders;

“public filing or announcement” means disclosure in a press release disseminated by the Corporation through a national news service in Canada or in a document filed by the Corporation for public access under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com;

“recorded address” means, in the case of a Shareholder, the address of such Shareholder as recorded in the securities register; in the case of joint Shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and, in the case of a director, officer, auditor or member of a committee of the Board, the latest address of such person as recorded in the records of the Corporation;

“Shareholders” means the holders of any class or series of shares of the Corporation; and

“Signing Officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.03 or by a resolution passed pursuant thereto.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts, unincorporated organizations and personal representatives.

1.02 Conflict with the Act, the Articles or any Unanimous Shareholder Agreement

To the extent of any conflict between the provisions of the By-laws and the provisions of the Act, the Articles or any unanimous shareholder agreement relating to the Corporation, the provisions of the Act, the Articles or the unanimous shareholder agreement shall govern.

1.03 Headings and Sections

The headings used throughout the By-laws are inserted for convenience of reference only and are not to be used as an aid in the interpretation of the By-laws. **“Section”** followed by a number means or refers to the specified section of this By-law.

1.04 Invalidity of any Provision of By-laws

The invalidity or unenforceability of any provision of the By-laws shall not affect the validity or enforceability of the remaining provisions of the By-laws.

SECTION TWO **BUSINESS OF THE CORPORATION**

2.01 Corporate Seal

The corporate seal of the Corporation, if any, shall be in such form as the Board may from time to time by resolution approve.

2.02 Financial Year

The financial year of the Corporation shall end on such date in each year as the Board may from time to time by resolution determine.

2.03 Execution of Instruments

Deeds, transfers, assignments, contracts, mortgages, charges, obligations, certificates and other instruments of any nature whatsoever (collectively “**instruments**”) shall be signed on behalf of the Corporation by two persons, one of whom holds the office of Chair of the Board, President and Chief Executive Officer, Chief Financial Officer, Vice President or director and the other of whom holds one of the said offices or the office of Secretary, Treasurer, Assistant Secretary or Assistant Treasurer, or any other office created by resolution of the Board. In addition, the Board is authorized from time to time by resolution to appoint any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments. Any Signing Officer may affix the corporate seal to any instrument requiring the same.

2.04 Execution in Counterpart, By Facsimile, and by Electronic Signature

- (a) subject to the Act, any instrument or document required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by electronic means or by facsimile; and
- (b) any instrument or document required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such instrument or document.

2.05 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be authorized by the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

2.06 Voting Rights in Other Bodies Corporate

The Signing Officers may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the persons executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board or, failing the Board, the Signing Officers may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.07 Divisions

The Board may from time to time cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the Board may consider

appropriate in each case. From time to time the Board may authorize upon such basis as may be considered appropriate in each case:

- (a) the designation of any such division by, and the carrying on of the business and operations of any such division under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (b) the appointment of officers for any such division and the determination of their powers and duties, provided that any such officers shall not, as such, be officers of the Corporation.

SECTION THREE **DIRECTORS**

3.01 Number of Directors

The Board shall consist of the number of directors provided in the Articles, or, if a minimum number and a maximum number of directors is so provided, the number of directors of the Corporation shall be determined from time to time by resolution of the directors without shareholder approval.

3.02 Calling and Notice of Meetings

Meetings of the Board shall be called and held at such time and at such place as the Board, the Chair of the Board, the Chief Executive Officer, the President or any two directors may determine, and the Secretary or any other officer shall give notice of meetings when directed or authorized by such persons. Notice of each meeting of the Board shall be given in the manner provided in Section Ten to each director not less than forty-eight (48) hours before the time when the meeting is to be held unless waived in accordance with the Act. A notice of a meeting of the Board need not specify the purpose of or the business to be transacted at the meeting, except where required by the Act. Notwithstanding the foregoing, the Board may from time to time fix a day or days in any month or months for regular meetings of the Board at a place and hour to be named, in which case no other notice shall be required for any such regular meeting except where the Act requires specification of the purpose or the business to be transacted thereat. Provided that a quorum of directors is present, each newly elected Board may, without notice, hold its first meeting following the Meeting of Shareholders at which such Board was elected.

3.03 Place of Meetings

Meetings of the Board may be held at any place in or outside Alberta.

3.04 Meetings by Telephonic, Electronic or Other Communication Facility

A director may participate in a meeting of the Board or of a committee of the Board by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear each other. A director participating in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

3.05 Quorum

Subject to the requirements under the Act requiring resident Canadians to be present at any meeting of the Board, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of

the directors or such greater number of directors as the Board may from time to time determine, provided that, if the Board consists of only one director, the quorum for the transaction of business at any meeting of the Board shall consist of one director.

3.06 Chair

The chair of any meeting of the Board shall be the director present at the meeting who is the first mentioned of the following officers as have been appointed: Chair of the Board, President and Chief Executive Officer, Chief Financial Officer or a Vice-President (in order of seniority). If no such officer is present, the directors present shall choose one of their number to be chair. If the Secretary of the Corporation is absent, the chair of the meeting shall appoint some person, who need not be a director, to act as secretary of the meeting.

3.07 Action by the Board

At all meetings of the Board every question shall be decided by a majority of the votes cast on the question. A director participating in a meeting by electronic means, telephone or other communication facilities may vote by means of such facility. In case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote. The powers of the Board may also be exercised by resolution in writing signed by all the directors who would be entitled to vote on that resolution at a meeting of the Board.

3.08 Adjourned Meeting

Any meeting of the Board may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

3.09 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

3.10 Officers

The Board from time to time may appoint one or more officers of the Corporation and, without prejudice to rights under any employment contract, may remove any officer of the Corporation. The powers and duties of each officer of the Corporation shall be those determined from time to time by the Board and, in the absence of such determination, shall be those usually incidental to the office held.

3.11 Agents and Attorneys

The Board shall have the power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION FOUR COMMITTEES

4.01 Committees of the Board

Subject to the Act, the Board may appoint one or more committees of the Board, however designated, and delegate to any such committee any of the powers of the Board.

4.02 Transaction of Business

The powers of any committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of any committee may be held at any place in or outside Alberta.

4.03 Procedure

Unless otherwise determined by the Board, a quorum for meetings of any committee shall be a majority of its members, each committee shall have the power to appoint its chair and the rules for calling, holding, conducting and adjourning meetings of the committee which, unless otherwise determined, shall be the same as those governing the Board. Each member of a committee shall serve during the pleasure of the Board and, in any event, only so long as such person shall be a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

SECTION FIVE PROTECTION OF DIRECTORS AND OFFICERS

5.01 Limitation of Liability

No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or with which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets of or belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly, in good faith and with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.02 Indemnity

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, indemnify a director or officer of the Corporation, a former director or officer of the Corporation, and a person who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other action or proceeding to which he or she is made a party to or involved by reason of that association with the Corporation or such other entity.

5.03 Advance Of Costs

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, advance moneys to an individual referred to in Section 5.02 to defray the costs, charges and expenses of a proceeding referred to in Section 5.02 provided such individual shall repay the moneys advanced if the individual does not fulfill the conditions set forth in the Act.

5.04 Court Approval

The Corporation shall use reasonable commercial efforts to obtain any court or other approvals necessary for any indemnification pursuant to Sections 5.02.

5.05 Indemnities Not Exclusive

The rights of any person to indemnification granted by the Act or this By-law are not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of Shareholders or directors, at law or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and will enure to the benefit of the heirs and legal representatives of that person.

5.06 Insurance

The Corporation may purchase, maintain or participate in insurance for the benefit of the persons referred to in Section 5.02 as the Board may from time to time determine.

SECTION SIX

NOMINATION OF DIRECTORS

6.01 Nomination of Directors

Subject to the Act and the Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the Shareholders made in accordance with the provisions of the Act; or

- (c) by any person (a “**Nominating Shareholder**”) who: (i) at the close of business on the date of the giving of the notice described in Section 6.02 and on the record date for notice of such Meeting of Shareholders, is a registered holder of one or more shares carrying the right to vote at such Meeting of Shareholders; and (ii) complies with the provisions set forth in this Section.

6.02 Timely Notice

A Nominating Shareholder must give notice of a nomination (a “**Nomination Notice**”) in proper form to the Chair of the Board:

- (a) in the case of an annual Meeting of Shareholders, not less than 30 days before the date of the annual Meeting of Shareholders, unless such Meeting of Shareholders is called for a date that is less than 50 days after the date on which the first public filing or announcement of the date of such meeting was made, in which case a Nomination Notice must be given not later than the close of business on the 10th day following the date of such public filing or announcement; and
- (b) in the case of a special Meeting of Shareholders (which is not also an annual Meeting of Shareholders) called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public filing or announcement of the date of such Meeting of Shareholders was made.

In the event of any adjournment or postponement of a meeting of shareholders, or an announcement thereof, the required time periods for the giving of a Nomination Notice as described above shall apply using the date of the adjourned or postponed meeting, or the date of announcement thereof, as the case may be. This means that a Nominating Shareholder who failed to deliver a timely Nomination Notice in proper written form to the Chair of the Board for purposes of the originally scheduled Meeting of Shareholders shall nonetheless be entitled to provide a Nomination Notice for purposes of any adjourned or postponed Meeting of Shareholders as the determination as to whether a Nomination Notice is timely is to be determined based off of the adjourned or postponed Meeting of Shareholders date and not the original Meeting of Shareholders date.

6.03 Proper Written Form

To be in proper written form, a Nomination Notice must set forth:

- (a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “**Nominee**”):
 - (i) their name, age, business and residential address, principal occupation or employment for the past five years, status as a “resident Canadian” (as such term is defined in the Act);
 - (ii) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount;
 - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the

- Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominee and the Nominating Shareholder; and
- (iv) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law;
- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:
- (i) their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount;
 - (ii) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation, including any derivative or hedging arrangements;
 - (iii) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the Board; and
 - (iv) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities laws;
- (c) Such notice shall include a written consent duly signed by each Nominee to being named as a nominee and to serve as a director of the Corporation, if elected, and that the Nominee is eligible to serve as a director under the Act.
- (d) All information to be provided in a Nomination Notice shall be provided as of the date of such notice. The Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days prior to the date of the Meeting of Shareholders, or any adjournment or postponement thereof.

6.04 Further Information

The Corporation may require that any Nominee furnish such other information as may be required to be contained in a dissident proxy circular or by applicable law or regulation to determine the independence of the Nominee or his or her eligibility to serve as a director of the Corporation or a member of any committee of the Board.

6.05 Discussion Permitted

Nothing in this Section shall be deemed to preclude discussion by a Shareholder (as distinct from nominating directors) at a Meeting of Shareholders of any matter in respect of which such Shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act.

6.06 Notice

A Nomination Notice may only be given by personal delivery, facsimile transmission or by e-mail at such e-mail address as may be stipulated from time to time by the Corporation for purposes of this notice, and shall be deemed to have been given and made only at the time it is served by personal delivery to the Chair of the Board at the address of the principal executive offices of the Corporation, sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) or sent by e-mail (at the address as aforesaid); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

6.07 Additional Matters

- (a) The chair of any Meeting of Shareholders (the “**Chair**”) shall have the power to determine whether any proposed nomination is made in accordance with the provisions of the By-Laws, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any Meeting of Shareholders.
- (b) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section.

SECTION SEVEN **SHARES**

7.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat as the absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation’s records or on the share certificate.

7.02 Joint Shareholders

If two or more persons are registered as joint holders of any share:

- (a) the Corporation shall record only one address on its books for such joint holders;
- (b) the address of such joint holders for all purposes with respect to the Corporation shall be their recorded address; and
- (c) any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

SECTION EIGHT

DIVIDENDS

8.01 Dividend Cheques

A dividend payable in cash shall be paid by cheque of the Corporation or of any dividend paying agent appointed by the Board, to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the Shareholder's recorded address, unless such holder otherwise directs and the Corporation agrees to follow such direction. In the case of joint holders the cheque shall, unless such joint holders otherwise direct and the Corporation agrees to follow such direction, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. Alternatively, dividends payable in money may be paid to Shareholders by such form of electronic funds transfer as the Board considers appropriate.

8.02 Non-receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case. No dividend shall bear interest against the Corporation.

8.03 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION NINE

MEETINGS OF SHAREHOLDERS

9.01 Place of Meetings

Meetings of the Shareholders shall be held at such place within Alberta as the Board shall determine. Subject to the Act, meetings may be held outside of Alberta.

9.02 Participation in Meeting By Electronic Means

Any person entitled to attend a Meeting of Shareholders may participate in the Meeting of Shareholders, in accordance with the Act, by electronic means, telephone or other communication facility that permits all participants to hear each other or otherwise communicate with each other during the Meeting of Shareholders, if the Corporation makes available such a communication facility. A person participating in a Meeting of Shareholders by such means shall be deemed to be present at the Meeting of Shareholders.

9.03 Electronic Meetings

If the Board or the Shareholders call a Meeting of Shareholders, the Board or those Shareholders, as the case may be, may determine that the Meeting of Shareholders shall be held, in accordance with the Act,

entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the Meeting of Shareholders.

9.04 Chair, Secretary and Scrutineers

The Chair, who need not be a Shareholder, shall be any of the following officers as appointed by the Board to act as Chair and is present at such Meeting of Shareholders: Chair of the Board, President and Chief Executive Officer, Chief Financial Officer or a Vice-President. If no such officer is present and willing to act as Chair within fifteen (15) minutes from the time fixed for holding the Meeting of Shareholders, the persons present and entitled to vote shall choose one of their number to be Chair. The Chair shall conduct the proceedings at the Meeting of Shareholders in all respects and his or her decision in any matter or thing, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy and any question as to the admission or rejection of a vote, shall be conclusive and binding upon the Shareholders. The secretary of any Meeting of Shareholders shall be the Secretary of the Corporation, provided that, if the Corporation does not have a secretary or if the Secretary of the Corporation is absent, the Chair shall appoint some person, who need not be a Shareholder, to act as secretary of the Meeting of Shareholders. The Board may from time to time appoint in advance of any Meeting of Shareholders one or more persons to act as scrutineers at such Meeting of Shareholders and, in the absence of such appointment, the Chair may appoint one or more persons to act as scrutineers at any Meeting of Shareholders. Scrutineers so appointed may, but need not be, Shareholders or directors, officers or employees of the Corporation.

9.05 Persons Entitled to be Present

The only persons entitled to be present at a Meeting of Shareholders shall be; (a) those entitled to vote at such Meeting of Shareholders; (b) the directors and auditors of the Corporation; (c) others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles or the By-laws to be present at the Meeting of Shareholders; (d) legal counsel to the Corporation when invited by the Corporation to attend the Meeting of Shareholders; and (e) any other person on the invitation of the Chair or with the consent of the meeting.

9.06 Quorum

A quorum for the transaction of business at any Meeting of Shareholders shall be at least two persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent Shareholder so entitled, and representing in the aggregate not less than ten percent (10%) of the outstanding shares of the Corporation carrying voting rights at the Meeting of Shareholders, provided that, if there should be only one Shareholder entitled to vote at any Meeting of Shareholders, the quorum for the transaction of business at the Meeting of Shareholders shall consist of the one Shareholder.

9.07 Representatives

The authority of an individual to represent a body corporate or association at a Meeting of Shareholders shall be established by depositing with the Corporation a certified copy of the resolution of the directors or

governing body of the body corporate or association, as the case may be, granting such authority, or in such other manner as may be satisfactory to the Chair.

9.08 Action by Shareholders

The Shareholders shall act by ordinary resolution unless otherwise required by the Act, the Articles, the By-laws or any unanimous shareholder agreement. In case of an equality of votes either upon a show of hands or upon a poll, the Chair shall not be entitled to a second or casting vote, but may request another vote.

9.09 Show of Hands

Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the Chair that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Shareholders upon the said question.

9.10 Ballots

A ballot required or demanded shall be taken in such manner as the Chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he or she is entitled to vote at the Meeting of Shareholders upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the Shareholders upon the said question.

9.11 Electronic Voting

Notwithstanding Section 9.09, any vote referred to in Section 9.08 may be held, in accordance with the Act, partially or entirely by electronic means, telephone or other communication facility, if the Corporation has made available such a facility. Any person participating in a Meeting of Shareholders under Sections 9.02 or 9.03 and entitled to vote at the Meeting of Shareholders may vote, in accordance with the Act by electronic means, telephone or other communication facility that the Corporation has made available such purpose.

9.12 Resolution in Lieu of Meeting

A resolution in writing signed by all the Shareholders entitled to vote on that resolution at a Meeting of Shareholders is as valid as if it had been passed at a Meeting of Shareholders. A resolution in writing may be signed in one or more counterparts.

SECTION TEN **NOTICES**

10.01 Method of Giving Notices

Except as otherwise provided herein, any notice (which term includes any communication or contract document or instrument in writing, or electronic document) to be given (which term includes sent, delivered or served) pursuant to the Act, the Articles or the By-laws or otherwise to a Shareholder, director, officer,

or auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's record address or if mailed to such person at such record address by prepaid mail or if sent to such person by electronic means as permitted by, and in accordance with, the Act. The Secretary may change or cause to be changed the recorded address of any Shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by the Secretary to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law.

10.02 Notice to Joint Holders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

10.03 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

10.04 Omissions and Errors

The accidental omission to give any notice to any Shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.05 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a Shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the Shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of such person's entitlement prescribed by the Act.

SECTION ELEVEN

EFFECTIVE DATE

11.01 Effective Date

This By-law shall come into force when made by the Board in accordance with the Act.

11.02 Repeal

All previous by-laws of the Corporation are repealed as of the coming into force of this By-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any Articles or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this By-law and all resolutions of the Shareholders or the Board or a committee of the Board with continuing effect passed

under any repealed by-law shall continue good and valid except to the extent inconsistent with this By-law and until amended or repealed.

MADE by the Board the 12th day of November, 2020.

Signed “*Sean Guest*”

President and Chief Executive Officer