

TERMS OF REFERENCE OF THE BOARD**1. INTRODUCTION**

- (a) The board of directors (the “**Board**”) of Valeura Energy Inc. (the “**Corporation**”)¹ primary responsibility is to foster the long-term success of the Corporation consistent with the Board’s responsibility to act in the best interests of the Corporation taking into account the interests of shareholders and other stakeholders.
- (b) The Board 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, Nominating 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;

¹ Reference to the Corporation’s operations and employees and matters related thereto shall include the Corporation’s subsidiaries, as applicable.

TERMS OF REFERENCE OF THE BOARD

- (iii) nominating candidates for election to the Board;
- (iv) appointing committees;
- (v) determining director compensation;
- (vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities;
- (vii) managing conflicts of interests and ensuring that appropriate processes are in place to manage situations involving conflicts of interest involving management or directors.

(b) **Management and Human Resources**

Taking into account the recommendations of the Governance, Nominating and Compensation Committee, 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, approving annual goals and objectives that the CEO is responsible for meeting;
- (iv) reviewing CEO performance at least annually, against agreed upon written goals and 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 or any executive officer’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 emergency and longer-term succession planning programs are in place, including programs to train and develop management;
- (vii) review the Corporation’s talent management and retention strategies;
- (viii) approving certain matters relating to all employees, including:
 - (A) the annual salary policy/program for employees; and

TERMS OF REFERENCE OF THE BOARD

(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;
- (vi) taking into account the recommendations of the committees of the Board, oversee the Corporation's commitment, approach, targets and objectives, performance, monitoring and disclosure related to sustainability, climate action and environment, social and governance strategies and plans;
- (vii) monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances; and
- (viii) oversee the Corporation's plans and strategies for stakeholder engagement and communications.

(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 Corporation's 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;

TERMS OF REFERENCE OF THE BOARD

- (v) approve annual and quarterly financial statements and approve release thereof by management;
- (vi) approve the management information circular, annual information form, including the disclosure of reserves and resources, 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 shareholder 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, subject to shareholder approval.

(e) **Business and Risk Management**

The Board has the responsibility to:

- (i) ensure management identifies the principal technical, operational and strategic, reputational, financial, sustainability, climate and other risks of the Corporation's business and implements appropriate systems to manage these risks;
- (ii) assess which of the principal risks individually or together with other identified risks could have a significant impact on the Corporation if they were to materialize;
- (iii) assess and monitor management control systems, and evaluate and assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems;
- (iv) review the Corporation's risk management controls and policies, including the Corporation's overall risk profile and philosophy and its Enterprise Risk Management Policy and Enterprise Risk Management Framework;
- (v) oversee the Corporation's Risk Register and review the Corporation's principal risks and management of those risks, including with consideration to the recommendations of each of the committees of the Board with respect to the risks under the scope of their responsibilities; and
- (vi) with consideration to the recommendations of the Audit Committee, approve the Corporation's insurance program.

(f) **Policies and Procedures**

The Board has the responsibility to:

TERMS OF REFERENCE OF THE BOARD

- (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;
 - (iv) in collaboration with and considering the recommendations of the Governance, Nominating and Compensation Committee, approve and monitor compliance with the Code of Business Conduct and Ethics, provided that the Board will collaborate with and consider the recommendations of the Audit Committee regarding situations involving financial, audit or other matters under that committee's responsibility;
 - (v) in cases of serious non-compliance or when otherwise warranted, conduct investigations or other disciplinary action; and
 - (vi) 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, Corporate Communications and Stakeholder Engagement**

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) evaluate the interests of key stakeholders and the Corporation's strategy for engagement with them;
- (iii) approve interaction with shareholders on all items requiring shareholder response or approval;
- (iv) ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (v) ensure the financial results are reported fairly and in accordance with applicable accounting principles and financial reporting standards (including IFRS);
- (vi) oversee the approach to mandatory and voluntary reporting on climate, sustainability, environment, social and governance matters;
- (vii) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (viii) report annually to shareholders on the Board's stewardship for the preceding year (through the management information circular or otherwise).

TERMS OF REFERENCE OF THE BOARD

The Board will ensure that there is a clear process to allow stakeholders to communicate directly with the Board when desired.

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.