



**Notice of Annual General and Special Meeting  
of Shareholders to be  
held on June 27, 2018**

**Management Information Circular**

**May 31, 2018**

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**PIERIDAE ENERGY LIMITED.**

**1718 Argyle Street, Suite 730, Halifax, Nova Scotia B3J 3N6**

**NOTICE OF ANNUAL GENERAL AND SPECIAL  
MEETING OF SHAREHOLDERS**

The annual general and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares (“**Common Shares**”) of Pieridae Energy Limited (“**Pieridae**” or the “**Corporation**”) will be held at 333 – 7<sup>th</sup> Avenue SW, Suite 1600 Dome Tower, Calgary, Alberta T2P 2Z1 on June 27, 2018 at 16:30 PM to:

1. receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2017, together with the report of the auditor thereon;
3. elect the directors of the Corporation for the ensuing year;
4. appoint the auditors of the Corporation for the ensuing year and authorize the board of directors to fix the remuneration of the auditors;
5. to consider and, if deemed advisable, to pass an ordinary resolution approving the Stock Option Plan (as described below); and
6. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular prepared for the Meeting, relating to the approval of a new By-Law No. 2 for the Corporation; and
7. to transact any other business which may be properly brought before the Meeting.

The enclosed management information circular contains additional information on matters to be discussed at the Meeting and of its adjournment and, in this respect, is hereby deemed to be an integral part of this notice.

Shareholders that are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the form of proxy must be received by Computershare Trust Company of Canada, Attention: Proxy Dept., by mail: 100 University Ave., 8th Floor, Toronto, ON M5J 2Y1, Alternatively, Shareholders may use the internet ([www.investorvote.com](http://www.investorvote.com)) or the telephone (1-866-732-VOTE (8683)) to transmit voting instructions. In each case, proxies must be received not later than 5:00 PM (Mountain time) on June 22<sup>nd</sup>, 2018, or at least 48 hours (excluding Saturdays, Sundays and statutory holidays), before the time for holding the Meeting or any adjournment thereof.

Non-registered shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may not be entitled to vote at the Meeting, either in person or by proxy.**

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining and depositing the required form of proxy, you should contact Computershare Trust Company of Canada by telephone (toll-free) at 1-800-564-6253, or by e-mail [atservice@computershare.com](mailto:atservice@computershare.com).

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Dated May 31, 2018.

**BY ORDER OF THE  
BOARD OF DIRECTORS**

*(signed) Thomas Ciz*

Thomas Ciz

General Counsel and Corporate Secretary

**To be effective at the Meeting, proxies must be deposited with Computershare Trust Company of Canada no later than 48 hours prior to the commencement of the Meeting.**

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## **MANAGEMENT INFORMATION CIRCULAR**

This Management Information Circular (the “**Circular**”) is provided in connection with the solicitation by the management (“**Management**”) of Pieridae Energy Limited (the “**Corporation**”) of proxies for use at the Corporation’s annual general and special meeting of the holders (“**Shareholders**”) of common shares of the Corporation (the “**Common Shares**”) to be held on June 27, 2018 (the “**Meeting**”) or at any adjournment or postponement thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. Unless otherwise indicated, all information in this Circular is given as of December 31, 2017, and all dollar amounts are stated in Canadian dollars.

### **PROXY INFORMATION**

#### **Solicitation of Proxies**

It is anticipated that the solicitations will be made primarily by mail in relation to the delivery of the Circular. Proxies may also be solicited personally or by telephone by directors, officers or employees of the Corporation at nominal cost. The cost of the solicitation will be borne by the Corporation. The Corporation has arranged for Intermediaries (as defined below) to forward the meeting materials to Non-Registered Shareholders (as defined below) and the Corporation will reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

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

The person(s) designated by Management in the enclosed form of proxy are directors and/or officers of the Corporation (the “**Management Proxyholders**”). **Each Shareholder has the right to appoint as proxyholder any person (who need not be a Shareholder or a Management Proxyholders) to attend and act on the Shareholder’s behalf at the Meeting or at any adjournment or postponement thereof. Such right may be exercised by striking out the names of the person(s) printed in the accompanying form of proxy and inserting the full legal name of the person in the blank space provided in the enclosed form of proxy or by completing another suitable form of proxy and, in either case, delivering the completed and executed form of proxy as provided below.**

In the case of registered Shareholders (“**Registered Shareholders**”), the completed, signed and dated form of proxy should be sent in the addressed envelope enclosed to Computershare Trust Company of Canada, Attn: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1. Alternatively, Registered Shareholders may vote by telephone by calling 1-866- 732-8683 (toll-free) or by using the internet at [www.investorvote.com](http://www.investorvote.com). Non-Registered Shareholders who receive these materials through their broker or other Intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or other Intermediary. To be effective, a proxy must be received no later than 5:00 PM (Mountain time) on June 22<sup>nd</sup>, 2018, or at least 48 hours (excluding Saturdays, Sundays and statutory holidays), before the time for holding the Meeting or any adjournment thereof.

A Shareholder who has given a proxy may revoke it by depositing an instrument in writing, including another proxy bearing a later date, signed by the Shareholder or by the Shareholder’s attorney, who is authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the Shareholder or by the Shareholder’s attorney, who is authorized in writing, to the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment or postponement of the Meeting, the last business day preceding the day of the adjournment or postponement, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment or postponement thereof. A Shareholder may also revoke a proxy in any other manner permitted by law.

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## Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the Management Proxyholders will be voted or withheld from voting in accordance with the instructions given on the ballot. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

In the absence of any direction in the instrument of proxy, such Common Shares will be voted in favour of the matters set forth in the accompanying Notice of Meeting. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting, and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. At the date of this Circular, Management is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment or postponement thereof, the Common Shares represented by properly executed proxies given in favour of the Management Proxyholders will be voted on such matters pursuant to such discretionary authority.

## Non-Registered Holders

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. However, in many cases, Shareholders are “non-registered” Shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. More particularly, a person is not a Registered Shareholder in respect of Common Shares which are held on behalf of that person (a “**Non-Registered Shareholder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. Non-Registered Shareholders do not appear on the list of Shareholders maintained by the transfer agent.

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

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

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) Be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not

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completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Non-Registered Shareholder must complete the form of proxy and deposit it with the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, as provided above. If a Non-Registered Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Non-Registered Shareholder must strike out the names of the persons named in the proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided; or

- (b) More typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**proxy authorization form**") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one-page pre-printed form. Sometimes, instead of the one-page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a barcode and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. If Non-Registered Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Non-Registered Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Shareholder.

In either case, the purpose of this procedure is to permit a Non-Registered Shareholder to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Shareholder should strike out the names of the Management Proxyholders named in the form and insert the Non-Registered Shareholder's name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered. Only Registered Shareholders have the right to revoke a proxy. A Non-Registered Shareholder who wishes to change its vote must arrange for its Intermediary to revoke its proxy on its behalf.

## VOTING SHARES

### Voting Shares

The authorized voting securities of the Corporation consist of an unlimited number of Common Shares. As at Record Date (as defined below), the Corporation had 50,547,159 Common Shares issued and outstanding, each carrying the right to one vote. Except as otherwise noted in this Circular, a simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote.

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The outstanding Common Shares are listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol PEA.

### **Record Date**

The board of directors of the Corporation (the “**Board**”) has fixed May 23<sup>rd</sup>, 2018 (the “**Record Date**”) as the record date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. In accordance with the provisions of the *Canada Business Corporations Act* (the “**CBCA**”), the Corporation or its transfer agent will prepare a list of holders of Common Shares on the Record Date. Each Shareholder named in the list or such Shareholder’s proxy will be entitled to vote the Common Shares shown opposite such Shareholder’s name on the list at the Meeting.

### **Quorum**

A quorum will be present at the Meeting if there are 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 5% of the outstanding Common Shares. If a quorum is present at the opening of the Meeting, the Shareholders present or represented may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Shareholder(s) present or represented may adjourn the Meeting to a fixed time and place but may not transact any other business.

### **Principal Shareholders**

To the knowledge of the directors and executive officers of the Corporation, as at the Record Date, no person beneficially owned, controlled or directed, directly or indirectly, more than 10% of the voting rights attached to the outstanding Common Shares except the following:

- Electron Capital Partners, LLC filed a report dated March 9, 2018, with securities regulators stating that it controls 5,269,727 (or approximately 10.43%) of the issued and outstanding Common Shares as at the date of the report; and
- Alfred Sorensen Holdings Ltd., a private corporation controlled by Mr. Alfred Sorensen, is the registered holder of 9,784,235 (or approximately 19.36%) of the issued and outstanding Common Shares on the Record Date.

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

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

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## SHAREHOLDERS QUESTIONS AND ANSWERS

### *Who is soliciting my proxy?*

The Management of Pieridae is soliciting your proxy for use at the Annual General and Special Meeting of Shareholders.

### *What will I be voting on?*

You will be voting on:

- (i) the election of the directors of the Corporation for the ensuing year (page 11);
- (ii) the appointment of the auditors of the Corporation for the ensuing year and the authorization of the board of directors to fix the remuneration of the auditors (page 14);
- (iii) the approval of the Stock Option Plan in the form attached as Schedule A; and
- (iv) the approval of By-Law No. 2 the form attached as Schedule B;
- (v) any other business which may be properly brought before the Meeting and put to a vote.

### *What else will happen at the Meeting?*

The financial statements for the year ended December 31, 2017, together with the auditors' report on these statements, will be presented at the Meeting.

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

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

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

You will have one vote for each Common Share that you hold at the close of business on the Record Date (May 23, 2018). In order to vote the Common Shares that you acquired after the Record Date, you must, no later than the commencement of the Meeting:

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

### *How many shares are eligible to vote?*

At the close of business on the Record Date, there were 50,547,159 Common Shares issued and outstanding. Each Common Share held by you at that Record Date entitles you to one vote. Electron Capital Partners, LLC filed a report dated March 9, 2018, with securities regulators stating that it controls 5 269 727 (or approximately 10.43% of the Corporation's Common Shares as at the date of the report. Alfred Sorensen Holdings Ltd., a private corporation controlled by Mr. Alfred Sorensen, the Chief Executive Officer of the Corporation, holds 9,784,235 (or approximately 19.36%) of the Common Shares. To the knowledge of the

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directors and officers of the Corporation as of the Record Date, no other person or corporation owns or exercises control or direction over 10% or more of the issued and outstanding Common Shares.

***How do I vote?***

If you are eligible to vote and your Common Shares are registered in your name, you can vote your Common Shares in person at the Meeting or by proxy, as explained in detail in the section “*Voting of Proxies*” above. If your Common Shares are registered in the name of an Intermediary, such as a bank, trust company, securities broker or other financial institution, please see the instructions below under the heading “*How can a Non-Registered Shareholder vote?*”

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

If your Common Shares are not registered in your name, they will be held by an Intermediary such as a bank, trust company, securities broker or other financial institution. **Each Intermediary has its own procedures that should be carefully followed by Non-Registered Shareholders to ensure that their Common Shares are voted at the Meeting, including when and where the proxy or voting instruction form (or proxy authorization form) is to be delivered.** If you are a Non-Registered Shareholder, you should have received this Circular, together with either (a) the voting instruction form (or proxy authorization form) from your Intermediary to be completed and signed by you and returned to the Intermediary in accordance with the instructions provided by the Intermediary, or (b) a form of proxy, which has already been signed by the Intermediary and is restricted as to the number of Common Shares beneficially owned by you, to be completed by you and returned to the Corporation’s transfer agent no later than 48 hours prior to the commencement of the Meeting. To vote in person at the Meeting, a Non-Registered Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Shareholder.

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

In addition to voting in person at the Meeting, you may vote by mail by completing the form of proxy and returning it in the enclosed envelope to Computershare Trust Company of Canada (the “**Transfer Agent**”). **You may also appoint a person (who need not be a shareholder), other than one of the directors or officers named in the form of proxy, to represent you at the Meeting by inserting the person’s name in the blank space provided in the form proxy and returning the proxy to the Transfer Agent no later than 48 hours prior to the commencement of the Meeting.**

You may also vote by phone or via the Internet. To vote by phone, in Canada and the United States only, call the toll-free number listed on the form of proxy from a touch tone phone. When prompted, enter your Control Number listed on the form of proxy and follow the voting instructions. To vote via the Internet, go to the website specified on the proxy and enter your Control Number listed on the form of proxy and follow the voting instructions on the screen. **If you vote by telephone or via the Internet, do not complete or return the proxy form.**

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

On the form of proxy, you can indicate how you would like your proxyholder to vote your Common Shares for any matter put to a vote at the Meeting and on any ballot, and your Common Shares will be voted accordingly. **If you do not indicate how you want your Common Shares to be voted, the persons named in the form of proxy intend to vote your Common Shares in the following manner:**

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- (i) **for the election of Management’s nominees for directors;**
  - (ii) **for the appointment of Management’s nominee, Ernst & Young LLP, as the auditors and for the authorization of the directors to fix the remuneration of the auditors;**
  - (iii) **for the approval of the Stock Option Plan;**
  - (iv) **for the approval of By-Law No. 2; and**
  - (v) **for Management’s proposals generally.**

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

You can revoke your proxy at any time prior to its use. You may revoke your proxy by requesting, or having your authorized attorney request, in writing to revoke your proxy. This request must be delivered to the Corporation’s address (as listed in this Circular) before the last business day preceding the day of the Meeting or to the Chairperson of the Meeting on the day of the Meeting or any adjournment.

***How are proxy solicited?***

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

***How are meeting materials delivered to Shareholders?***

Meeting Materials are sent to Registered Shareholders directly. Meeting Materials are sent to Intermediaries to be forwarded to all Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. The Corporation pays the cost of delivery of Meeting Materials for all Registered Shareholders and Non-Registered Shareholders, including to Intermediaries for delivery to objecting Non-Registered Shareholders (OBOs).

**BUSINESS OF THE MEETING**

**Election of Directors**

The current number of directors is five and the Board has fixed the number of directors to be elected at the Meeting at six, with the six nominees being:

Myron A. Tétreault  
Alfred Sorensen  
Charles Boulanger

Andrew Judson  
Matthew Rees  
Kjell Pedersen (New Nominee)

Each director will hold office until the conclusion of the next annual general meeting of the Corporation or until the successor of such director is duly elected or appointed, unless such office is earlier vacated.

In the absence of a contrary instruction, the Management Proxyholders intend to vote FOR the election as directors of the proposed nominees whose names are set forth above, each of whom has been a director since the date indicated opposite the proposed nominee’s name. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the

Meeting, the Common Shares represented by properly executed proxies given in favour of such nominee( s) may be voted by the Management Proxyholders, in their discretion, in favour of another nominee.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by such person or the person's associates or affiliates as at the Record Date. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually, and such information does not include Common Shares issuable upon the exercise of options, warrants or other convertible securities of the Corporation.

Except as indicated below, each of the proposed nominees has held the principal occupation shown beside the nominee's name in the table below or another executive office with the same or a related company, for the last five years.

NAME, CITY AND PROVINCE OF RESIDENCE <sup>(1)</sup>	POSITION WITHIN THE CORPORATION	PRINCIPAL OCCUPATION	DIRECTOR SINCE <sup>(2)</sup>	NUMBER OF SHARES BENEFICIALLY OWNED CONTROLLED, OR DIRECTED	Meetings Attended in 2017
Myron A. Tétreault <sup>(3)(5)(11)</sup> Calgary, Alberta, Canada	Chairman	Chairman of Calafate Holdings Ltd. since 1999. Director of Fitzroy Developments Ltd. and Northern Vision Development Corp since 2004. Currently Lead Director of PHX Energy Services Corp. since 2012 (and director or officer of PHX Energy Services Corp. and its predecessor since 1997	March 20, 2009 <sup>(9)</sup>	100,000 <sup>(6)</sup>	Board:8/8 Governance and Compensation: 3/3
Alfred Sorensen <sup>(4)</sup> Calgary, Alberta, Canada	President, Chief Executive Officer and Director	President and CEO of Pieridae since its founding in 2012. Prior thereto, a principal founder of Galveston LNG Inc. Currently Director of Canadian Spirit Resources Inc. since January 2012.	May 29, 2012 <sup>(10)</sup>	9,784,235	Board: 3/3
Andrew Judson <sup>(3)(4)</sup> Calgary, Alberta, Canada	Director	Managing Partner of Camcor Partners Inc. since 2013. Prior thereto, a Managing Director with FirstEnergy Capital Corp. since September 2007.	June 12, 2015 <sup>(10)</sup>	Nil <sup>(7)</sup>	Board: 3/3
Matthew Rees <sup>(4)(5)</sup> Calgary, Alberta, Canada	Director	President and Chief Executive Officer of ORLEN Upstream Canada Ltd. since June 2015. Prior thereto, held positions with Talisman	December 17, 2015 <sup>(11)</sup>	Nil	Board: 3/3

		Energy Inc. and Petro-Canada Oil & Gas in the U.K., Columbia and Canada.			
Charles Boulanger (3)(5)(12) Quebec, QC, Canada	Director	President and Chief Executive Officer of LeddarTech Inc. and President of Moody Management Inc.	December 11, 2012 <sup>(9)</sup>	43,458 <sup>(8)</sup>	Board: 7/8 Audit: 4/4 Governance and Compensation: 3/3
Kjell Pedersen Stavanger, Norway	Director	Director of Det Norske Oljeselskap AS from 2015 until 2016. Prior thereto, was Chairman of Aibel AS from April 2013 until March 2015. Prior thereto, CEO of Petoro AS from 2001 until 2013. Mr. Pedersen was also Vice-Chairman of the Board of AHLP from June 2014 until July 2016	New Nominee	Nil	N/A

- 1) All of the directors will hold office until the next annual meeting of Shareholders or until their successor is duly elected or appointed, unless their office is earlier vacated. The information as to province and country of residence, principal occupation or employment and Common Shares beneficially owned is not within the knowledge of the Management and has been furnished by the respective nominees.
- 2) On October 24, 2017 (the “**Arrangement Date**”) the completion of a plan of arrangement under the *Canada Business Corporations Act* between Pieridae Energy Limited (“**Former Pieridae**”) and Pétrolia Inc. (“**Pétrolia**”) lead to the amalgamation of Former Pieridae and Pétrolia, and their continuation together as the Corporation.
- 3) Member of the Audit Committee of Pieridae since October 27, 2017, .
- 4) Member of the Governance and Compensation.
- 5) Member of the Reserve and Health, Safety and Environment Committee of Pieridae since October 27, 2017,.
- 6) Not including 94,790 shares that may be issued to him through options and warrants.
- 7) Not including 441,150 shares that may be issued to him through options.
- 8) Not including 27,081 shares that may be issued to him through options and warrants.
- 9) To the extent the dates indicated are prior to the Arrangement Date, such dates reflect the date of election or appointment as director of Pétrolia.
- 10) To the extent the dates indicated are prior to the Arrangement Date, such dates reflect the date of election or appointment as director of Former Pieridae.
- 11) Previously to October 27, 2017, Mr.Tétreault and Mr. Boulanger were members of Pétrolia Compensation and Governance Committee. Mr. Boulanger was also Chair of the audit committee of Pétrolia.

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

Other than as described below, no proposed director is as at the Record Date, or has been:

- a) within 10 years of the date thereof, a director or chief executive officer or chief financial officer of any company, including the Corporation, that:
  - i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
  - ii) was subject to an event that resulted in the company, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of the company, being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days and which resulted from

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an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer, or

- b) within 10 years of the date thereof, a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, to the knowledge of the Corporation, no proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a security regulatory authority or has entered into a settlement agreement with a security regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

No proposed director of the Corporation is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Corporation acting solely in such capacity.

#### **Appointment of Auditors**

The Board proposes to appoint **Ernst & Young LLP**, Chartered Professional Accountants, as auditors of the Corporation at remuneration to be fixed by the Board.

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

#### **Approval of the Stock Option Plan**

The Corporation was formed on October 24, 2017 (the “**Arrangement Date**”) as a result of the amalgamation of Pétrolia Inc. (“**Pétrolia**”) and Pieridae Energy Limited (“**Former Pieridae**”) pursuant to a plan of arrangement under the *Canada Business Corporations Act* (the “**Arrangement**”) which was approved by the Superior Court (Commercial Division) of the Province of Québec on October 16, 2017. Pursuant to section 3.1(g)(x) of the Arrangement, the stock option plan that was approved by the shareholders of Pétrolia at the annual general and special meeting held by Petrolia on October 3, 2017, in connection with the Arrangement became the stock option plan of the Corporation *mutatis mutandis*.

At the Meeting, Shareholders will be asked to approve an amended stock option plan in the form attached as Schedule A of this Circular (the “**Stock Option Plan**”).

The following is a summary of certain key terms of the Stock Option Plan after giving effect to the proposed amendments.

The Stock Option Plan is a “rolling” stock option plan under which options may be granted for a maximum of 10% of the issued and outstanding Common Shares at the time of the grant. The number of Common Shares

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that may be reserved under the Stock Option Plan automatically increases or decreases as the number of issued and outstanding Common Shares increases or decreases.

The Corporation has adopted the Stock Option Plan to provide additional incentives to attract, retain and motivate directors, officers, employees and consultants.

The Stock Option Plan provides that the number of Common Shares issuable under the Stock Option Plan may not exceed 10% of the total number of issued and outstanding Common Shares. In addition, the number of Common Shares reserved for issuance under the Stock Option Plan within a period of 12 months must not exceed the following percentage of issued and outstanding Common Shares: (i) 5% in the case of any one individual; (ii) 2% for all persons performing investor relations activities provided that the options granted to such persons must vest in stages over the 12-month period with no more than  $\frac{1}{4}$  of the options vesting in any three-month period; and (iii) 2% in the case of a “consultant” (as defined in the Stock Option Plan).

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

Employees, officers, directors and consultants of the Corporation, employees of any person providing management services to the Corporation, or any company wholly owned by any of the aforementioned are entitled to participate in the Stock Option Plan while they are engaged with the Corporation. If an option holder under the Stock Option Plan dies while engaged with the Corporation (or with any other corporation which it controls), the right of that option holder (or of that option holder's legal representative) to participate in the Stock Option Plan terminates as of the date of death, but any vested options may be exercised until the earlier of one year after the date of death of such option holder and the date of expiration of the option as otherwise applicable. If an option holder under the Stock Option Plan ceases to be employed by, or provide services, to the Corporation (or by or to any other corporation which it controls), except in the case of termination for cause, any vested options may be exercised until the earlier of three months (or twelve months for options granted on or before the Arrangement Date) after the date that the option holder ceases to be so employed or ceases to provide such services, as the case may be, and the date of expiration of the option as otherwise applicable, or for such longer period as agreed by the Board and approved by the Exchange at any time prior to expiry of the option. If an option holder under the Stock Option Plan ceases to be employed by or provide services to the Corporation as a result of termination for cause, all options, whether or not vested, will terminate immediately without any right of exercise unless the Board extends the date of such termination to a later date not to exceed beyond the fifth anniversary of the date the option was granted.

Options granted under the Stock Option Plan may be exercised only: (i) during the lifetime of the option holder by such option holder personally and (ii) on the death of the option holder by the option holder's legatees in accordance with the terms and conditions of the option holder's last will or by the option holder's representative with respect to the option holder's estate. No assignment or transfer of options, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such options whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such options will terminate and be of no further force or effect. However, the Board retains discretion to waive this requirement, subject to the approval of the Exchange, and permit the option holder or its legal representative to exercise all or any unvested part of an option if the option would have otherwise vested but for the option holder ceasing to be an “eligible person” (as defined in the Stock Option Plan).

The Stock Option Plan is administered by the Board, which has authority and discretion, subject to the express provisions of the plan, to interpret the Stock Option Plan, to amend the Stock Option Plan and to make all other determinations deemed necessary or advisable for the administration of the Stock Option Plan. The Board has the right, in its sole discretion, to amend, suspend or terminate the Stock Option Plan or any portion

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thereof at any time, in accordance with applicable legislation, without obtaining the approval of shareholders; provided that any amendment to any provision of the Stock Option Plan will be subject to any required regulatory approval, stock exchange rules and the provisions of any applicable law, if any, that may require the approval of shareholders. Notwithstanding the foregoing, the Corporation will be required to obtain the approval of disinterested shareholders for any amendment related to: (i) issuance to any one individual within a 12 month period a number of common shares exceeding 5% of the issued and outstanding common shares, and (ii) reducing the exercise price for outstanding options granted to an insider of the Corporation.

#### *Approval Required for Stock Option Plan*

The resolution respecting the Stock Option Plan (the “**Option Plan Resolution**”) must be approved by a majority of the votes cast by the Shareholders present or represented by proxy at the Meeting. The text of the Option Plan Resolution is set out below.

“IT IS RESOLVED THAT as an ordinary resolution:

1. subject to regulatory approval, and with or without amendments as may be required by the TSXV, the Stock Option Plan is hereby ratified, confirmed and approved;
2. the Corporation is authorized to grant stock options pursuant and subject to the terms and conditions of the Plan entitling all of the option holders in aggregate to purchase up to such number of common shares of the Corporation as is equal to 10% of the number of common shares of the Corporation issued and outstanding on the applicable grant date; and
3. any one director or officer of the Corporation is authorized and directed on behalf of the Corporation to execute all documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.”

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

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

#### **Approval of By-Law No. 2**

At the Meeting, shareholders will be asked to pass resolutions in substantially the form set out below (the “**By-Law Resolutions**”), confirming a new by-law of the Corporation in the form attached hereto as Schedule B, (“**By-Law No. 2**”) which was previously approved by the Board and which is intended to repeal and replace By-Law No. 1 of the Corporation previously in force. The Corporation has recently undertaken a review of By-Law No. 1 and determined that it would be in the best interests of the Corporation to implement a new by-law in order to implement certain minor changes. The By-Law No. 2 is being presented for confirmation in order to update various aspects of the Corporation's by-laws regarding the titles of certain executive officers and vice-presidents.

The foregoing description is not a complete list of all changes made in the new By-Law No. 2 and is qualified in its entirety by the full text of the By-Law No. 2 which is set out in Schedule B attached to this Circular and is also available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). Shareholders are encouraged to read the full text of the new By-Law No. 2.

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In order to be confirmed by shareholders, the By-Law Resolutions must be approved by a majority of the votes cast at the Meeting. The Board recommends that the shareholders of the Corporation vote for the adoption of By-Law No. 2 as the Board believes that the by-law is in the best interest of the Corporation and its shareholders as it would provide for more efficient management and governance.

The management representatives named in the attached form of proxy intend to vote the Common Shares represented by such proxy in favour of the By-Law Resolutions unless a shareholder specifies in the proxy that his or her Common Shares are to be voted against the By-Law Resolutions.

**"BE IT RESOLVED THAT:**

1. By-Law No. 1 of Pieridae Energy Limited (the "**Corporation**") is repealed, provided that such repeal shall not affect the operation of such by-law prior to such repeal 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, such by-law prior to its repeal;
2. By-Law No. 2 of the Corporation, the full text of which is attached as Schedule "B" to the management information circular of the Corporation dated May 31, 2018, being a by-law regulating the business and affairs of the Corporation, is confirmed as made by the Board of Directors of the Corporation;
3. Any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise and to deliver or cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the terms of the foregoing resolutions; and
4. The directors of the Corporation be and are hereby authorized to revoke this resolution and abandon the repeal and replacement of By-Law No. 1 with By-Law No. 2 described herein before they are acted on without further approval of the shareholders, if in the sole discretion of the Board of Directors of the Corporation, it is in the best interests of the Corporation to do so."

## **STATEMENT OF EXECUTIVE COMPENSATION**

In this Circular, a Named Executive Officer ( "**NEO**") means: (a) the Corporation's Chief Executive Officer ("CEO"); (b) the Corporation's Chief Financial Officer ("CFO"); (c) the Corporation's three other most highly compensated executive officers at the end of the financial year ended December 31, 2017, whose total compensation, individually, was greater than \$150,000; and (d) each individual who would be an NEO but for the fact that the individual was neither an executive officer of the Corporation, nor serving in a similar capacity, at the end of the financial year ended December 31, 2017.

For the financial year ended December 31, 2017, the Corporation had six named NEOs namely, Alfred Sorensen (CEO) ; Mario Racicot (CFO); Thom Dawson (President-LNG, previously Chief Operating Officer ("COO") of Former Pieridae), Martin Bélanger (President-Production, previously CEO of Pétrolia inc.), Myron Tétréault (Chairman of the Board, previously Executive-Chairman of Pétrolia)<sup>1</sup> and Thomas Ciz (General Counsel and Corporate Secretary).

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<sup>1</sup> Mr. Tétréault was considered a NEO up until October 24<sup>th</sup> 2017.

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## **Compensation Discussion and Analysis**

### **Role of the Governance and Compensation Committee**

In November 2017, the corporation formed a Governance and Compensation Committee which is responsible, among other things, for the oversight of the Corporation's compensation plans. The Governance and Compensation Committee is comprised of Alfred Sorensen, Andrew Judson and Matthew Rees of which Andrew Judson and Matthew Rees are considered to be independent members. Specifically, the Committee is responsible for reviewing the corporation's compensation philosophy and developing and fostering a compensation policy that rewards the creation of shareholder value and reflects an appropriate balance between short and long-term performance. It is important to the Corporation to ensure it is capable of attracting, motivating and retaining individuals who will contribute to the long-term success of the Corporation. For the mandate of the Governance and Compensation Committee **refer to SCHEDULE C**

The Governance and Compensation Committee is responsible for negotiating the total compensation program for the NEOs and any other officers, reviewing and advising on stock option guidelines, including making recommendations on specific option grants, and reviewing and communicating to the Board the compensation policy and principles that will be applied to other employees of the Corporation.

In reviewing executive compensation, the Governance and Compensation Committee will rely on the advice of the CEO regarding other officers of the Corporation (including the NEOs) and will allow him to participate in the Governance and Compensation Committee's deliberations on those officers. The CEO will not, however, participate in any manner in the deliberations of the Governance and Compensation Committee or the Board on his compensation. The Governance and Compensation Committee may not delegate any of its responsibilities to another entity or to an individual without the approval of the Board.

### **Composition of the Governance and Compensation Committee**

Two of the members of the Governance and Compensation Committee are considered independent under National Instrument 58-101 *Disclosure of Corporate Governance Practices* (as defined under "Corporate Governance Matters – Approach to Corporate Governance").

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

The objectives of the Corporation's NEO compensation program are to: (a) attract, motivate and retain high-caliber individuals; (b) align the interests of the NEOs with those of the Corporation's shareholders; (c) establish an objective connection between NEO compensation and the Corporation's financial and business performance; and (d) incentivize the NEOs to continuously improve operations and execute on corporate strategy. The NEO compensation program is, therefore, designed to reward the NEOs for increasing shareholder value, achieving corporate performance that meets pre-defined objective criteria and improving operations and executing on corporate strategy.

The Corporation's policy with respect to the compensation of NEOs is to establish annual goals with respect to corporate development and the individual areas of responsibility of each NEO and then to review total compensation with respect to the achievement of these goals. In addition, the Corporation recognizes the importance of ensuring that overall compensation for NEOs is not only internally equitable, but also competitive within the market segment. Specifically, the Governance and Compensation

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Committee's review and evaluation will include measurement of, among others, the following areas: (a) the achievement of corporate objectives, such as financings, partnerships and other business development, in particular having regard to budgetary constraints and other challenges facing the Corporation; (b) the Corporation's financial condition; and (c) the Corporation's share price and market capitalization.

The NEO compensation program consists of two principal components: (a) base salary; and (b) longterm incentives. Each component has a different function, as described in greater detail below, but all elements work together to reward the NEOs appropriately for personal and corporate performance.

Base salaries are considered an essential element in attracting and retaining the Corporation's senior executives (including the NEOs) and rewarding them for corporate and individual performance. Base salaries are established taking into account individual performance and experience, level of responsibility and competitive pay practices. Base salaries are reviewed annually and adjusted, if appropriate, to reflect performance and market changes. Any increase to the base salary of the CEO must be approved by the Board and will be based on the recommendation of the Governance and Compensation Committee. The CEO is responsible for determining and approving any increase in salary for the other NEOs.

### **Long-Term Incentives**

The Corporation's long-term incentive compensation for senior executives (including the NEOs) may be provided through stock option grants under the option plan of the Corporation. Participation in the Option Plan is considered to be a material component of compensation that incentivizes the NEOs to create long-term shareholder value, as the value of the Options is directly dependent on the market valuation of the Corporation. The Option Plan also serves to assist the Corporation in retaining senior executives as the Options granted under the Option Plan typically vest over time.

Each NEO is eligible for an annual option grant that will be approved from time to time by the Board and based on the recommendation of the Governance and Compensation Committee. The number of stock options granted is based on the NEO's level of responsibility and personal performance and also competitive and market conditions. Special option grants may be considered, if warranted, for performance or other reasons. Each NEO may be granted options upon the commencement of employment with the Corporation. When determining whether and how many new option grants will be made, the Board takes into account the amount and terms of any outstanding options. As of December 31, 2017, the Corporation does not require its NEOs to own a specific number of Common Shares of the Corporation. The Corporation is currently working on implementing such a plan for 2018.

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

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

The Board and the Governance and Compensation Committee have considered the implications of the risks associated with the Corporations' compensation policies or practices.

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

The Governance and Compensation Committee reviews the NEO's compensation based upon yearly corporate accomplishments, market and sector comparisons, corporate budget and individual requirements for retaining the NEOs. Compensation may consist of salary and stock options. Options to acquire Common Shares are granted at the discretion of the Board and often in conjunction with grants of options to directors, executives, employees and consultants to the Corporation.

### Summary Compensation Table

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

Name and principal position	Year	Salary (\$)	Bonus (\$)	Share - based awards (\$)	Option-based awards <sup>(7)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
						Annual incentive plans	Long-term incentive plans			
Alfred Sorensen CEO <sup>(1)</sup>	2017	137,500	Nil	N/A	N/A	N/A	N/A	N/A	N/A	137,500
	2016	330,000	Nil	N/A	N/A	N/A	N/A	N/A	N/A	330,000
	2015	330,000	Nil	N/A	N/A	N/A	N/A	N/A	N/A	330,000
Mario Racicot CFO <sup>(2)</sup>	2017	145,000	70,000	N/A	Nil	N/A	N/A	N/A	Nil	215,000
	2016	129,557	11,100	N/A	37,388	N/A	N/A	N/A	Nil	178,045
	2015	29,886	6,000	NA	15,400	N/A	N/A	N/A	Nil	51,286
Thom Dawson President-LNG <sup>(3)</sup>	2017	129,335	Nil	N/A	N/A	N/A	N/A	N/A	N/A	129,335
	2016	275,000	Nil	N/A	N/A	N/A	N/A	N/A	N/A	275,000
	2015	275,000	Nil	N/A	N/A	N/A	N/A	N/A	N/A	275,000
Martin Bélanger President-Production <sup>(4)</sup>	2017	Nil	101,000	N/A	Nil	N/A	N/A	N/A	222,000	323,000
	2016	Nil	Nil	N/A	24,075	N/A	N/A	N/A	95,700	119,775
	2015	Nil	Nil	N/A	50,825	N/A	N/A	N/A	16,183	67,008
Thomas Ciz General Counsel <sup>(5)</sup>	2017	109,995	44,850	65,142	Nil	N/A	N/A	N/A	N/A	219,987
	2016	219,992	Nil	N/A	Nil	N/A	N/A	N/A	N/A	219,992
	2015	91,667	Nil	N/A	1,000,000	N/A	N/A	N/A	N/A	1,091,667
Myron A. Tétreault Chairman <sup>(6)</sup>	2017	Nil	134,000	N/A	Nil	N/A	N/A	N/A	149,091	283,091
	2016	Nil	29,372	N/A	28,563	N/A	N/A	N/A	127,950	185,885
	2015	Nil	26,738	N/A	23,100	N/A	N/A	N/A	118,825	168,663

**Notes:**

- (1) CEO of Pieridae since October 24, 2017. Previously CEO of Former Pieridae since its founding in 2012. For fiscal year 2017, an amount of \$ 76,290 included in the amounts presented in the "Total compensation" column represents Mr. Sorensen's compensation as a CEO of Former Pieridae.

- (2) CFO of Pieridae since October 24, 2017. Previously CFO and Corporate secretary of Pétrolia from May 2016 until October 24, 2017. For fiscal year 2017, an amount of \$ 192,692 included in the amounts presented in the "Total compensation" column represents Mr. Racicot's compensation as a CFO and Corporate Secretary of Pétrolia. Prior to that held the position of Corporate Affairs Manager of Pétrolia from September 2015 to May 2016
- (3) President-LNG of Pieridae since October 24, 2017. Previously COO of Former Pieridae since its founding in 2012. For fiscal year 2017, an amount of \$ 78,327 included in the amounts presented in the "Total compensation" column represents Mr. Dawson's compensation as a COO of Former Pieridae.
- (4) President-Production of Pieridae since October 24, 2017. Interim President and CEO of Pétrolia from September 2016 until October 24, 2017. Director of Pétrolia from March 2015 until October 2017. For fiscal year 2017, an amount of \$ 266,370 included in the "Total Compensation" represent's Mr. Bélanger compensation as Interim President and CEO of Pétrolia and \$ 15,375 represents his remuneration as a director. For fiscal year 2016, an amount of \$21,700 included in the amount presented in the "all other compensation" column and \$6,825 presented in the "option-based awards" column represents Mr. Bélanger 's compensation as a director. The services of Mr. Bélanger, as Interim President and CEO of Pétrolia were provided by Mr. Bélanger under the terms of a Consulting Agreement.
- (5) General Counsel since October 24, 2017. Previously General Counsel of Former Pieridae since July 15, 2015. For fiscal year 2017, an amount of \$ 69,188 included in the amounts presented in the "Total compensation" column represents Mr. Ciz's compensation as a General Counsel of Former Pieridae.
- (6) Chairman of Pieridae since November 2017, Previously Executive Chairman since 2014 of Pétrolia, Interim President and CEO of Pétrolia from September 2013 to May 2014. For fiscal year 2017, an amount of \$ 99,000 included in the amounts presented in the "Total compensation" column represents Mr. Tétréault's compensation as an Executive Chairman of Pétrolia and the amounts of \$18,225 and \$9,866 represent Mr. Tétréault's compensation as a director for Pétrolia and Pieridae, respectively. For fiscal year 2016, an amount of \$26,750 (2015 - \$25,325;) included in the amounts presented in the "all other compensation" column as well as the amounts presented in the "option-based awards" column for fiscal years, 2015 and 2016 represents Mr. Tétréault's compensation as a director. The services of Mr. Tétréault, as Executive Chairman of Pétrolia, were provided under the terms of a consulting agreement.
- (7) The estimated fair value of the Pieridae Options granted as of the grant date has been calculated using the Black-Scholes-Merton model.

## Incentive Plan Awards

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

The following table sets forth information in respect of all awards outstanding at the end of the last financial year to Pieridae's NEOs:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiry date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards that have vested (not paid or distributed) (\$)
Mario Racicot	15,625 <sup>(3)</sup>	1.98	November 16, 2021	35,000	-	-	-
	6,250 <sup>(3)</sup>	2.52	August 25, 2021	10,625	-	-	-
	8,333 <sup>(2)</sup>	2.64	May 25, 2021	13,166	-	-	-
	8,333 <sup>(2)</sup>	4.08	November 24, 2020	1,167	-	-	-
Martin Bélanger	6,250 <sup>(3)</sup>	1.98	November 16, 2021	14,000	-	-	-
	12,500 <sup>(2)</sup>	2.52	August 25, 2021	21,250	-	-	-
	4,166 <sup>(2)</sup>	4.08	November 24, 2020	583	-	-	-
	6,250	6.60	May 27, 2020	-	-	-	-
	6,250	6.84	March 25, 2020	-	-	-	-

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiry date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards that have vested (not paid or distributed) (\$)
Thomas Ciz	441,150	5.67	October 19, 2021	-	-	-	-
Myron A. Tétreault	15,625 <sup>(3)</sup>	1.98	November 16, 2021	35,000	-	-	-
	8,333 <sup>(2)</sup>	2.52	August 25, 2021	14,166	-	-	-
	12,500 <sup>(2)</sup>	4.08	November 24, 2020	1,750	-	-	-
	8,333	5.82	November 25, 2019				
	12,500	8.04	May 27, 2019	-	-	-	-
	33,333	11.76	September 14, 2018				

**Notes:**

- (1) Based on the closing price of the common shares on the Exchange on December 31, 2017 (\$4.22).
- (2) As required by the exchange, these securities are held in escrow pursuant to the TSXV Tier 1 Value Escrow Agreement which provides for a release of the Pieridae Tier 1 Value Escrowed Securities as set forth above. Pursuant to the TSXV Tier 1 Value Escrow Agreement, the Pieridae Tier 1 Valued Escrow Securities can only be transferred in accordance with the exchange policy.
- (3) As required by the exchange, these securities are held in escrow pursuant to the TSXV Tier 2 Value Escrow Agreement which provides for a release of the Pieridae Tier 2 Value Escrowed Securities as set forth above. Pursuant to the TSXV Tier 2 Value Escrow Agreement, the Pieridae Tier 2 Valued Escrow Securities can only be transferred in accordance with the exchange policy.

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

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

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Alfred Sorensen	-	-	-
Mario Racicot	13,147	-	-
Thom Dawson	-	-	-
Martin Bélanger	-	-	-
Thomas Ciz	500,000	65,142	-
Myron A. Tétreault	-	-	-

**Notes:**

- (1) The estimated fair value of the Pieridae Options granted as of the grant date has been calculated using the Black-Scholes-Merton model.

**Pension Plan Benefits**

*Defined Benefits Plan*

Pieridae does not sponsor a defined benefits pension plan for any of its directors or officers except for Thomas Ciz. However, Pieridae is not liable under such defined benefits pension plan, and is not obligated

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under relevant pension legislation, to fund the amount of any unfunded liability or any solvency deficiency that may arise at any time under that pension plan.

### **Termination and Change of Control Benefits**

As at December 31, 2017, the Corporation was a party to executive employment agreements ("Contract of Service") with each of Messrs. Sorensen, Dawson and Ciz. The Contract of Service provide that such agreements may be terminated by the Corporation (for reason other than "just cause") by providing the employee with the minimum amount of prior notice of termination that the Corporation is required to provide to the employee pursuant to the employment standards legislation applicable in the provinc in which the employees are employed or a termination amount, in lieu of notice, in an amount equal to the amount of wages that would have been earned during the notice period computed in accordance with the employment standards legislation applicable in the province in which the employees are employed.

The Contract of Service provides that if the Corporation terminates the employment within one hundred (100) days before, or at any time after, the day that 50% or more of the Common Shares are held by a Person, or by a group of Persons that are "related" or are "affiliated", the notice period shall be deemed to be equal to the lesser of: a)twenty four months; and b) the aggregate of six months and one (1) additional month for each calendar year throughout which the employee was employed by the Corporation or by any of its affiliated corporations or by any predecessor corporation of the Corporation.

As at December 31, 2017, the Corporation was party to an employment contract with Mr. Racicot, which indemnifies him to receive as an indemnity in the event of termination of employment without just cause or of his resignation in the 12 months following a change of control (as defined in the employment contract):

- (a) a minimum of six months' salary based on the executive's then annual salary, plus one month per year of service completed, up to a maximum of 12 months, and;
- (b) one (1.0) times the average of any cash bonuses paid to the executive calculated for the same period as the above point.

<b>Name</b>	<b>Indemnity in the event of termination of employment after a change of control</b>
Alfred Sorensen	\$289, 863
Mario Racicot	\$170,043
Thom Dawson	\$241,552
Martin Bélanger <sup>2</sup>	\$18,500
Thomas Ciz	\$123,607

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<sup>2</sup> In 2017, Mr. Bélanger had a Consulting Service Agreement with the Corporation. Under this agreement provided that it may be terminated by either party upon providing thirty (30) days written notice to the other party.

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## Director Compensation

The Corporation has structured director compensation with three goals in mind:

- to reflect their responsibilities, time commitment and expected contribution;
- to align their interests with those of our shareholders; and
- to be competitive with institutions that are comparable to the Corporation in scope and complexity.

The table on the next page shows the 2017 director fee schedule for services they provide to the Corporation. In 2017, Pieridae's compensation policy stipulates that each director is entitled to receive annual fees of \$10,000 and that each director sitting on a committee is entitled to receive annual fees of \$1,500. The Vice-Chairman of the Pieridae Board receives additional annual fees of \$12,000, and the chairs of the Audit Committee and the Compensation and Governance along with the Reserves HSE Committee receive additional annual fees of \$7,500 and \$5,500, respectively.

The non-executive directors also receive compensation of \$750 for each meeting of the Pieridae Board or of a committee which they attend in person or by phone. An amount of \$375 is allocated when an unscheduled meeting of the Pieridae Board must be held.

The directors are reimbursed for all reasonable expenses incurred in the execution of their functions.

For the year ended December 31, 2017, the directors of Pétrolia and Pieridae earned an aggregate total of \$127,765 (\$93,225 for Pétrolia's Directors and \$34,540 for Pieridae's Directors) in annual retainer fees and attendance fees.

### *Policy with respect to Share Ownership*

Pursuant to the director compensation policy of Pétrolia prior to the Amalgamation, directors had to devote at least \$20,000 to purchasing common shares of the Corporation during the first year of their term. A new policy is being developed and will be implemented in 2018.

### *Director Compensation Table*

The following table sets forth information with respect to all compensation elements paid to the non-executive directors of Pieridae during the last financial year. All compensation (including director compensation) received by Martin Bélanger and Myron A. Tétreault is included in the "Summary Compensation Table" above.

Name	Fees earned (\$)	Share-based award (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Charles Boulanger <sup>(2)</sup>	44,542	-	-	-	-	-	44,542
David McCallum <sup>(3)</sup>	18,000	-	-	-	-	-	18,000
Karl McLellan <sup>(4)</sup>	9,750	-	-	-	-	-	9,750
Matthew Rees	N/A	-	-	-	-	-	N/A
Steve Harding	-	-	-	-	-	-	-
Andrew Judson	12,007	-	-	-	-	-	12,007

Notes:

- (1) The estimated fair value of the Pieridae Options granted as of the grant date has been calculated using the Black-Scholes-Merton model.
- (2) An amount of \$ 31,875 included in the amounts presented in the "Total compensation" column represents Mr. Boulanger compensation as a director of Pétrolia.
- (3) The total compensation of Mr. McCallum represents his compensation as a director of Pétrolia.
- (4) The total compensation of Mr. McLellan represents his compensation as a director of Pétrolia.

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

The following table provides information concerning awards to the non-executive directors of the Corporation during the year. The information pertaining to the awards granted to Alfred Sorensen, Thom Dawson, Martin Bélanger and Myron A. Tétréault is set out in the disclosure pertaining to share-based and option-based awards for NEO's above.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiry date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards that have vested (not paid or distributed) (\$)
Charles Boulanger	8,333 <sup>(4)</sup>	1.98	November 16, 2021	18,666			
	4,166 <sup>(3)</sup>	4.08	November 24, 2020	584			
	3,750	5.82	November 25, 2019	-	-	-	-
	2,500	8.04	May 27, 2019	-	-	-	-
	4,166	8.04	December 5, 2018	-	-	-	-
Karl McLellan <sup>(2)</sup>	12,500	4.08	November 24 ,2020	1,750	-	-	-
	8,333	5.82	November 24, 2019	-	-	-	-
	6,250	8.04	December 5, 2018	-	-	-	-
Andrew Judson	441,150 <sup>(3)</sup>	4.08	June 13, 2021	61,761	-	-	-
David McCallum <sup>(2)</sup>	6,250	1.98	November 16, 2021	14,000	-	-	-
	4,166	4.08	November 24, 2020	583	-	-	-
	2,500	5.82	November 25, 2019	-	-	-	-
	2,083	8.04	December 5, 2018	-	-	-	-
Matthew Rees	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Based on the closing price of the Common Shares on the Exchange on December 31, 2017 (\$4.22).
- (2) In accordance with Pieridae's Stock Option Plan, the Pieridae Options of Mr. McLellan and Mr. McCallum expire 12 months after the date of their resignation as a director (i.e. on October 24, 2017, respectively).
- (3) As required by the exchange, these securities are held in escrow pursuant to the TSXV Tier 1 Value Escrow Agreement which provides for a release of the Pieridae Tier 1 Value Escrowed Securities as set forth above. Pursuant to the TSXV Tier 1 Value Escrow Agreement, the Pieridae Tier 1 Valued Escrow Securities can only be transferred in accordance with the exchange policy.
- (4) As required by the exchange, these securities are held in escrow pursuant to the TSXV Tier 2 Value Escrow Agreement which provides for a release of the Pieridae Tier 2 Value Escrowed Securities as set forth above. Pursuant to the TSXV Tier 2 Value Escrow Agreement, the Pieridae Tier 2 Valued Escrow Securities can only be transferred in accordance with the exchange policy.

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

The following table provides the value vested in relation to awards held by each non-executive director during the last financial year. The information pertaining to each of Martin Bélanger and Myron A. Tétreault is set out in the table “*Incentive Plan Awards – Value Vested or Earned during the Year*”.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Charles Boulanger	-	-	-
David McCallum	-	-	-
Andrew Judson	145,600	-	-

**Notes:**

- (1) The estimated fair value of the Pieridae Options granted as of the grant date has been calculated using the Black-Scholes-Merton model.

### *Liability Insurance for Directors and Executive Officers*

Pieridae has liability insurance for its directors and executive officers, which protects them from the liability that they incur in their capacity of director or executive officer. The insurance policy, effective October 24, 2017, and expiring on October 24, 2018, provides coverage of \$10,000,000 per event and per policy year. Last year, Former Pieridae paid an annual premium of \$16,369 for this insurance policy and Pétrolia paid an annual premium of \$27,671 for this insurance policy. Run-off policies were implemented for both companies at the cost of \$27,221 and \$ 32,994 for Pétrolia and Former Pieridae, respectively.

### **EQUITY COMPENSATION PLAN INFORMATION**

Other than the Stock Option Plan, the Corporation does not have any compensation plans under which Common Shares are authorized for issue. The following table sets forth information regarding the Corporation’s equity compensation plan as at December 31, 2017:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issue under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,835,385	\$4.92	3,212,735
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,835,385	\$4.92	3,212,735

### *Stock Option Plan*

As of the date hereof, stock options for the issuance of a total of 2,801,432 Common Shares are outstanding. See the section above entitled “*Approval of the Stock Option Plan*” for a description of the Stock Option Plan and the section entitled “*Statement of Executive Compensation*” for additional information pertaining to stock options held by the executive officers and the directors of the Corporation.

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

No current or former director, executive officer or employee of The Corporation nor any affiliates or associate of such persons is as of the date of the Information Circular indebted to The Corporation or to any of its subsidiaries, or to any other entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by The Corporation.

No person who is or was, at any time during the most recently completed financial year of The Corporation, a director or executive officer of The Corporation nor any associate of any such person, is or at any time since the beginning of the most recently completed financial year of The Corporation has been indebted to the The Corporation Group or whose indebtedness to another entity is or at any time since the beginning of the most recently completed financial year of The Corporation has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the The Corporation Group under securities purchase program or any other program.

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

Other than as disclosed in this Information Circular, none of the directors, executive officers or principal shareholders, if any, of The Corporation or any associate or affiliate of the foregoing has had a material interest, direct or indirect, in any transactions in which The Corporation has participated within the three-year period prior to the The Corporation Record Date, which has materially affected or will materially affect The Corporation.

## **INFORMATION CONCERNING GOVERNANCE**

### **Board of Directors**

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

The Board meets at least once per quarter and at each meeting it reviews the activities of the Corporation. The frequency of the meetings of the Board and the nature of the items on the agenda will vary depending on the activities and priorities of Pieridae

The governance practices of the Board, which must be disclosed annually pursuant to securities legislation and the policies of the Exchange, are reproduced in Schedule E of this Circular.

Independent members of the Board are Myron A. Tétreault, Matthew Rees, Charles Boulanger, Andrew Jusdon. Alfred Sorensen is Pieridae's President and Chief Executive Officer, this director is not considered independent member of the Board.

### **Audit Committee**

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

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

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

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

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

#### *Composition*

The Audit Committee is comprised of Andrew Judson, Charles Boulanger and Myron A. Tétréault. All three (3) members are considered to be independent members and all members have financial expertise, as defined in Regulation 52-110 on audit committees (“**Regulation 52-110**”). According to Regulation 52-110, a person has "financial expertise" when he/she has the ability to read and understand a set of financial statements presenting accounting matters of a scope and level of complexity that are, on the whole, comparable with those that may reasonably be expected to be raised by Pieridae 's financial statements.

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

#### *Relevant Training and Experience*

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

**Charles BOULANGER** graduated from Université Laval with a degree in mechanical engineering (1981) and acquired senior management training from the International Centre for Research and Studies in Management (CIREM) in 1990. Since 2011, he has been president of Moody Management Inc., a private investment firm. He is also the President and CEO of LeddarTech inc. Prior to that, he was founder, president and CEO of Groupe Unipex SAS in 2008 after serving as president of the Active Ingredients and Specialty Chemicals Division of Atrium Innovations (TSX:ATB) from 2004 to 2008. He was also a founder and president of PÔLE Québec Chaudière-Appalaches after being a partner with Phénix Capital. Mr. Boulanger has over 30 years' experience in senior management positions in several industrial sectors with companies such as Shell Canada, Irving Oil, GSI Environment and Prolab Technologies.

**Andrew JUDSON** has been a Managing Director of Camcor Partners Inc., a general partner and investment manager for a series of limited partnerships mandated to invest in the Canadian upstream energy industry since 2013. Previously he was a Managing Director with energy focused boutique investment dealer FirstEnergy Capital Corp. with offices in Calgary and London, helping lead the capital markets group. Mr. Judson was responsible for covering some of the largest institutional investors in Canada, the United States and Europe, and advising on their energy related investments. Mr. Judson has extensive board governance experience and serves on several boards of directors of Camcor portfolio companies.

**Myron A. TÉTREAULT** has been President since 1999 of Calafate Holdings Ltd., a private investment management and venture capital company. Mr. Tétreault serves as the Lead Director of PHX Energy Services Corp. a TSX-listed horizontal and directional drilling company. He is also a cofounder and director of Fitzroy Developments Ltd. (a private real estate company), Northern Vision Development Corp. (a private real estate company) and of Webber Academy Foundation (a nonprofit company that operates a private school in Calgary, Alberta). From August 1993 to December 1997, Mr. Tétreault was a corporate and securities lawyer with the law firm Bennett Jones Verchere (now Bennett Jones, LLP). Mr. Tetreault has over twenty years of experience as a director and officer of numerous companies in the oil & gas and oilfield services sector. Mr. Tétreault obtained his Juris Doctor degree (with distinction) from the University of Saskatchewan in 1992 and his Bachelor of Business Administration degree (cum laude) from the University of Ottawa in 1988. He is a member of the Law Society of Alberta and was a member of the Entrepreneurs' Organization for 10 years.

#### *External Auditor Service Fees*

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

<b>Fees</b>	<b>Fiscal Year ended on December 31, 2017 (\$)</b>	<b>Fiscal Year ended on December 31, 2016 (\$)</b>
Audit Fees <sup>(1)</sup>	102,237	83,385
Audit-Related Fees <sup>(2)</sup>	29,320	7,600
Amalgamation – Related Fees <sup>(3)</sup>	261,050	
Tax Fees <sup>(4)</sup>	31,384	11,200
Translation Fees <sup>(5)</sup>	16,783	14,201
<b>Total of all Fees:</b>	<b>440,774</b>	<b>116,386</b>

(1) Related to the total fees invoiced by Pieridae's external auditor for the audit services. Audit fees invoiced to Petrolia were \$ 85,450 and \$ 66,660 for fiscal years 2017 and 2016, respectively.

(2) Related to the total fees invoiced by Pieridae's external auditor for related services that are reasonably related to the performance of the audit of Pieridae and that are not reported under note (1) above. Audit-related fees invoiced to Petrolia were \$ 6,320 and \$ 7,600 for fiscal years 2017 and 2016, respectively.

(3) Related to the total fees invoiced by Pieridae's external auditor for services that were related to the amalgamation between Pieridae and Petrolia and all its required disclosure excluding fees reported reported under note (1) and (2) above. Amalgamation-related fees invoiced to Petrolia were \$ 158,050 for fiscal years 2017.

(4) Related to the total fees invoiced by Pieridae's external auditor for professional services rendered for tax compliance and, tax advice. Tax fees were invoiced to Petrolia in fiscal year 2017 and 2016.

(5) Related to translation fees invoiced to Petrolia.

#### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's financial year ended December 31, 2015 did the Corporation rely on any of the various exemptions provided for in Regulation 52-110. However, the

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Corporation is exempted from the application of Parts 3 and 5 of Regulation 52-110 as it is a venture issuer as defined by Regulation 52-110.

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

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

### **Governance and Compensation Committee**

The Governance and Compensation Committee is comprised of Alfred Sorensen, Andrew Judson and Matthew Rees of which Andrew Judson and Matthew Rees are considered to be independent members. This Committee supervises matters related to the governance of the Corporation and analyzes the adequacy and form of the corporation's compensation of its directors and executive officers. The mandate of this committee is reproduced in Schedule C of this Circular.

### **Reserve and Health, Safety and Environment Committee**

The Reserve and HSE Committee is comprised of Matthew Rees, Myron Tétreault and Charles Boulanger. All three (3) members are considered to be independent members. This Committee supervises matters in order to assist the directors of the Corporation in satisfying their responsibilities in respect of the timely compliance by the Corporation with its disclosure and related obligations under National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the protection by the Corporation of the health and safety of its employees and of the environment. The mandate of this committee is reproduced in Schedule G of this Circular.

## **NON-ARM'S LENGTH TRANSACTIONS**

The Corporation leases lands from David McCallum, one of Pétrolia's former directors, until October 24, 2017. These lands are located on lots 4E-3, 4D-3 and 4C-3 Ptie du Rang 1, Canton de Douglas, Québec, and are used by the Corporation for operations in connection with the Haldimand wells. The compensation for such lease is 4,167 Common Shares for each five (5) year period of the lease, as long as the value of the weighted average price of the Common Shares is equal or inferior to \$24.00 per Common Share.

On November 6, 2015, Ressources Québec completed a private placement in Pétrolia in the amount of \$2,881,800 by entering into a Subscription Agreement (*Convention de souscription*) with Pétrolia, and also invested \$918,200 in Bourque property by way of a joint venture created by Pieridae, Ressources Québec and TUGLIQ Energy, governed by a Master Agreement (*Entente-cadre*) and a Joint Operations Agreement (*Convention d'opérations conjointes*) both executed on this same date. This financing aimed to allow the start-up of work on the first phase of the resource confirmation program on the Bourque property. The Master Agreement and the Joint Operations Agreement were amended on July 15, 2016, as Ressources Québec further invested an amount of \$8,500,000 in the above-mentioned joint venture.

Pieridae had consulting agreements in place with Mr. Myron A. Tétreault (Executive Chairman of the Board and Director of Pétrolia) up until March 31, 2018, and Mr. Martin Bélanger (Interim President and Chief Executive Officer and Director of Pétrolia) up until February 1, 2018, in connection with the services rendered by these individuals in their respective roles of Executive Chairman and Interim President and Chief Executive Officer of Pétrolia (see the "Summary Compensation Table in "Part III – Executive Compensation" of this Information Circular).

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## **REGISTRAR AND TRANSFER AGENT**

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., having offices at 1500 Robert-Bourassa Boulevard, Suite 700, Montreal, Quebec, H3A 3S8.

## **OTHER BUSINESS**

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

## **SHAREHOLDER PROPOSITIONS**

Any Shareholder wishing to present a proposition to the next annual general meeting in 2019 must transmit such proposition to the Corporation prior to June 15, 2019, in order for it to be included in the proxy solicitation documentation for such annual general meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Corporation's comparative financial statements for the year ended December 31, 2017, and related and management discussion and analysis which can be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [www.pieridaeenergy.com](http://www.pieridaeenergy.com). Shareholders may also obtain these documents, without charge, upon request to the CFO at Pieridae Energy Limited, 511 St-Joseph Street East, Suite 304, 2<sup>nd</sup> Floor, Québec, Québec G1K 3B7.

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**APPROVAL OF DIRECTORS**

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

DATED as of the 23<sup>rd</sup> day of May, 2018.

*(signed) Alfred Sorensen*  
Alfred Sorensen  
President and Chief Executive Officer

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## SCHEDULE A

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### PIERIDAE ENERGY LIMITED STOCK OPTION PLAN

#### 1. Definitions and interpretation

##### 1.1. Definitions

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

- a) **Board of Directors** means the board of directors of the Corporation.
- b) **Corporation** means Pieridae Energy Limited and any corporation which it controls pursuant to the *Canada Business Corporations Act*.
- c) **Consultant** means an individual or consulting firm, other than an employee or a director of the Corporation, respecting the conditions prescribed by section 1.2 of Policy 4.4 of the Exchange.
- d) **Consulting Firm** means for an individual consultant, a corporation or partnership of which the individual is an employee, shareholder or partner.
- e) **Date of Grant** means the date on which the Board of Directors grants a particular Option in favour of an individual.
- f) **Exchange** means the TSX Venture Exchange.
- g) **Exercise Notice** means the notice regarding the exercise of an Option duly executed by the Optionee.
- h) **Exercise Period** means the period during which a particular Option may be exercised, which runs from the Date of Grant inclusively, provided that all of the regulatory approvals have been obtained, up to and including the Expiry Date.
- i) **Exercise Price** means the price at which an Option may be exercised, as established pursuant to section 3.5 hereof.
- j) **Expiry Date** means the date established pursuant to section 3.3 hereof and after which a particular Option cannot be exercised.
- k) **Investor Relations** means any activity by or on behalf of the Corporation or a shareholder of the Corporation that promotes or reasonably could be expected to promote the purchase or sale of the Corporation's securities, with the exception of the activities excluded pursuant to Policy 1.1 of the Exchange.

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- l) **Market Value** means the closing price of a Share sold in the last regular lot traded on the **Exchange** on the trading day immediately preceding the Date of Grant during which a regular lot of Shares has been traded on the Exchange. If no regular lot is traded on such date, the Market Value shall then be equal to the price of a Share sold in the last regular lot on the nearest trading day preceding the Date of Grant during which a regular lot has been traded.
- m) **Option Certificate** means the certificate representing an Option.
- n) **Option** or **Options** means, as the case may be, one or several Options granted pursuant to the Plan for the purpose of purchasing Shares.
- o) **Optionee** means an employee, director, senior executive, Consultant, or person performing Investor Relations, or a former employee, director, senior executive, Consultant, or person performing Investor Relations holding unexercised and unexpired Options or, as the case may be, their Personal Representatives.
- p) **Personal Representative** means (i) in the case of a deceased Optionee, the liquidator of the succession or the court administrator of the deceased duly appointed by a court or a public body duly authorized with respect thereto; and (ii) in the case of an Optionee who, for any reason whatsoever, is incapable of managing his or her affairs, the person legally authorized to act on behalf of such Optionee.
- q) **Plan** means this Stock Option Plan.
- r) **Share** or **Shares** means, as the case may be, one or several common shares in the share capital of the Corporation.

## 1.2. Governing Law

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

## 1.3. Headings

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

## 2. Purpose and Participation

### 2.1. Purpose

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

### 2.2. Participation

From time to time, the Board of Directors will designate, at its discretion, the directors, senior

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

### 2.3. Notice of Granted Options

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

### 2.4. Copies of the Text of the Plan

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

### 2.5. Limitations

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

## 3. Terms and Conditions of the Options

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

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

### 3.2. Number of Shares

- a) The Options to be granted under the Plan must not be exercisable for more than 10% of the common shares issued at the time the Options are granted, provided that if the Options expire

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or are terminated for any reason before they are exercised, the number of Shares underlying such expired or terminated Options may again be available under the Plan.

- b) The number of Shares reserved for issuance within a period of 12 months must not exceed the following percentage of issued and outstanding Shares of the Corporation:
  - (i) 2% in the case of a Consultant; and
  - (ii) 2% for all persons performing Investor Relations, provided that such Options must vest in stages over such 12-month period with no more than 1/4 of the Options vesting in any three-month period; and
  - (iii) 5% in the case of an individual, unless the Corporation has obtained disinterested shareholder approval.

### 3.3. Term of Options

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

### 3.4. Termination of Options

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

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

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- c) Notwithstanding paragraphs (a) and (b) above, the Board of Directors may, at its discretion, by means of a prior notice sent to an Optionee or his or her Personal Representative, allow an Option, or part of an Option, to remain valid and in effect, and may direct that the Expiry Date of an Option or part of an Option held by the Optionee be deemed to be the date of the death, the retirement, the resignation, or the termination of employment, or a date after any of such events. *Termination of Employment for Cause* – If the employment of an Optionee is terminated for cause, the Expiry Date of an Option shall be the date upon which the Corporation gave the Optionee a notice of the termination of his or her employment.
  - d) *Discretion of the Board of Directors* – The Board of Directors may, at any time or from time to time, with the consent of an Optionee and, subject to the approval of the regulatory authorities, accelerate or postpone the Expiry Date of an Option or of any part of an Option held by the Optionee if the Board of Directors establishes, at its discretion, that this measure is warranted under the circumstances and provided that the Expiry Date of the Option does not extend beyond the fifth anniversary of the Date of Grant.

### 3.5. Exercise Price

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

### 3.6. Assignment of Options

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

### 3.7. Adjustments

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

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### 3.8. Disinterested Shareholder Approval

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

## 4. Exercise of Options

### 4.1. Exercise of Options

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

### 4.2. Issuance of Shares

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

### 4.3. Conditions of the Issuance

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

## **5. Administration**

### **5.1. Administration**

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

### **5.2. Interpretation**

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

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

### **6.1. Future Amendments**

The Board of Directors may, from time to time and subject to the approval of regulatory authorities, amend the Plan and the terms and conditions of any Option to be granted thereafter, and without limiting the generality of the foregoing, the Board of Directors may make such amendments in order to comply with changes to any relevant law or regulation applicable with respect to the Plan, an Option or the Shares, or for any other purposes authorized by law. However, such amendments will not affect any rights of any Optionee pursuant to an Option, nor affect the terms and conditions of an Option that was granted to such Optionee prior to the amendment. 6.2 Advanced Exercise of Options

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

### **6.3 Retroactive Amendment**

The Board of Directors may, from time to time and subject to the approval of regulatory authorities,

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retroactively amend the Plan and, with the consent of the affected Optionees, retroactively amend the terms and conditions of the Options that have been granted until then.

#### 6.4 Termination of the Plan

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

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**SCHEDULE B**

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**PIERIDAE ENERGY LIMITED**  
**BY-LAW NO. 2**  
**A BY LAW RELATING GENERALLY TO THE**  
**TRANSACTION OF THE BUSINESS AND AFFAIRS OF**

**PIERIDAE ENERGY LIMITED**

(the "Corporation")

CONTENTS

ONE	-	INTERPRETATION
TWO	-	BUSINESS OF THE CORPORATION
THREE	-	BORROWING AND SECURITIES
FOUR	-	DIRECTORS
FIVE	-	COMMITTEES
SIX	-	OFFICERS
SEVEN	-	PROTECTION OF DIRECTORS, OFFICERS AND OTHERS
EIGHT	-	SHARES AND OTHER SECURITIES
NINE	-	DIVIDENDS AND RIGHTS
TEN	-	MEETINGS OF SHAREHOLDERS
ELEVEN	-	DIVISIONS AND DEPARTMENTS
TWELVE	-	NOTICES
THIRTEEN	-	DOCUMENTS IN ELECTRONIC OR OTHER FORM
FOURTEEN	-	EFFECTIVE DATE

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## INTERPRETATION

### *DEFINITIONS*

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

"Act" means the *Canada Business Corporations Act*, and any statute that may be substituted therefore, as from time to time amended;

"appoint" includes "elect" and vice versa;

"articles" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution, articles of revival of the Corporation and includes an amendment to any of them;

"board" means the board of directors of the Corporation;

"by-laws" means this by law and all other by laws of the Corporation from time to time in force and effect;

"corporation" means a body corporate incorporated or continued under the Act and not discontinued under the Act;

"electronic document" means, subject to the Act, any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means;

"information system" means a system used to generate, send, receive, store or otherwise process an electronic document;

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders;

"non business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

"prescribed" means prescribed by the Act or the regulations, as the case may be;

"recorded address" means in the case of a shareholder, the shareholder's latest address as shown in the records of the Corporation or its transfer agent; and in the case of a director, at the director's latest address as shown in the records of the Corporation or in the last notice filed under the Act; and in the case of an officer, an auditor or a member of a committee of the board, such person's latest address as recorded in the records of the Corporation;

"regulations" means the regulations to the Act and any regulations that may be substituted therefore, as from time to time amended;

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.04 or by a resolution passed pursuant thereto;

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"special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

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, associations, unincorporated organizations and personal representatives.

## **BUSINESS OF THE CORPORATION**

### ***REGISTERED OFFICE***

Until changed in accordance with the Act, the registered office of the Corporation shall be in the province specified in the articles, and at such location therein as the board may from time to time determine.

### ***CORPORATE SEAL***

The Corporation may, but need not, adopt a corporate seal, and may change a corporate seal that is adopted. A document executed on behalf of the Corporation is not invalid merely because a corporate seal is not affixed to it.

### ***FINANCIAL YEAR***

The financial year of the Corporation shall be determined by the board from time to time.

### ***EXECUTION OF INSTRUMENTS***

Any officer or any director may sign certificates and similar instruments (other than share certificates) on the Corporation's behalf with respect to any factual matters relating to the Corporation's business and affairs, including certificates certifying copies of the articles, by laws, resolutions and minutes of meetings of the Corporation. Subject to the foregoing:

**Deeds, transfers, assignments, contracts, obligations and other instruments shall be signed on behalf of the Corporation by one or more persons who hold the office of director, chairman of the board, chief executive officer, managing director, vice-president, secretary, treasurer, assistant secretary or assistant treasurer or any other office created by by-law or by resolution of the board. When there is only one director and that director is the only officer of the Corporation, deeds, transfers, assignments, contracts, obligations and other instruments may be signed by that person alone, as director or officer, on behalf of the Corporation;**

**Security certificates (including share certificates) shall be signed by at least one director or officer of the Corporation, or by a registrar, transfer agent**

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**or branch transfer agent of the Corporation or an individual on their behalf, or by a trustee who certifies it in accordance with a trust indenture. Any signatures required on a security certificate (including share certificates) may be printed or otherwise mechanically reproduced on it.**

In addition, the board may from time to time direct the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer or director may affix the corporate seal to any instrument requiring the same.

Any resolutions of the directors or shareholders of the Corporation and any documents and other instruments in writing requiring execution on behalf of the Corporation may be executed in separate counterparts, and all such executed counterparts when taken together shall constitute one resolution, document or other instrument in writing as the case may be. The Corporation and the directors and shareholders shall be entitled to rely on delivery of a facsimile copy of any executed resolution of the directors or shareholders of the Corporation or any executed document or other instrument in writing and such facsimile copy shall be legally effective to create a valid and binding resolution, document or other instrument in writing as the case may be.

### ***BANKING ARRANGEMENTS***

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of 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.

### ***VOTING RIGHTS IN OTHER BODIES CORPORATE***

The signing officers of the Corporation 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 officers 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 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.

## **BORROWING AND SECURITIES**

### ***BORROWING POWER***

Without limiting the borrowing powers of the Corporation as set forth in the Act and subject to the articles, the board may from time to time:

**borrow money upon the credit of the Corporation;**

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**issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation, whether secured or unsecured;**

**give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and**

**mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.**

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

### ***DELEGATION***

Subject to the articles, the board may from time to time delegate to such one or more of the directors and officers of the Corporation or a committee of directors as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

## **DIRECTORS**

### ***NUMBER OF DIRECTORS AND QUORUM***

Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum of directors provided in the articles. Subject to section 4.09, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater or lesser number of directors as the board may from time to time determine.

### ***QUALIFICATION***

No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder.

### ***RESIDENCY***

Subject to the Act, at least 25% of the directors of the Corporation must be resident Canadians. However, if the Corporation has less than four directors, at least one director must be a resident Canadian.

### ***ELECTION AND TERM***

The election of directors shall take place at the first meeting of the shareholders and at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, if a maximum or minimum number of directors is authorized, be the number of directors then in office unless the directors or the shareholders otherwise determine or shall, if a fixed number of directors is authorized, be such fixed number. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

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## ***REMOVAL OF DIRECTORS***

Subject to the provisions of the Act, the shareholders may by resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by the directors.

## ***VACATION OF OFFICE***

A director ceases to hold office when: he dies; he is removed from office by the shareholders; he ceases to be qualified for election as a director, or his written resignation is sent or delivered to the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later.

Subject to the Act, if all of the directors of the Corporation have resigned or have been removed without replacement, a person who manages or supervises the management of the business and affairs of the Corporation is deemed to be a director for the purposes of the Act.

## ***VACANCIES***

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the minimum number of directors or from a failure of the shareholders to elect the minimum number of directors provided for in the articles. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the minimum number of directors provided for in the articles, the board shall forthwith call a special meeting of shareholders to fill the vacancy. If the board fails to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

## ***ACTION BY THE BOARD***

The board shall manage, or supervise the management of, the business and affairs of the Corporation. Subject to sections 4.09 and 4.10, the powers of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office. Where the Corporation has only one director, that director may constitute a meeting.

## ***CANADIAN DIRECTORS PRESENT AT MEETINGS***

Subject to the Act, the board shall not transact business at a meeting unless,

**if the Corporation is subject to subsection 105(3) of the Act, at least 25% of the directors present are resident Canadians, or if the Corporation has less than four directors, at least one of the directors present is a resident Canadian; or**

**if the Corporation is subject to subsection 105(3.1) of the Act, a majority of the directors present are resident Canadians or if the Corporation has only two directors, at least one of the directors present is a resident Canadian.**

Despite the foregoing but subject to the Act, directors may transact business at a meeting of directors where the number of resident Canadian directors required is not present if

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- (a) **a resident Canadian director who is unable to be present approves in writing, or by telephonic, electronic or other communication facility, the business transacted at the meeting, or**
- (b) **the required number of resident Canadian directors would have been present had that director been present at the meeting.**

### ***PARTICIPATION***

A director may, in accordance with the regulations, if any, and if all the directors of the Corporation consent, participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director participating in such a meeting by such means is deemed for the purposes of the Act, to be present at that meeting.

### ***PLACE OF MEETINGS***

Meetings of the board may be held at any place in or outside Canada.

### ***CALLING OF MEETINGS***

Meetings of the board shall be held from time to time at such place, on such date and at such time as the board, the chairman of the board, the managing director, the chief executive officer or any two directors may determine.

### ***NOTICE OF MEETING***

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 12.01 to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

**submit to the shareholders any question or matter requiring approval of the shareholders;**

**fill a vacancy among the directors or in the office of auditor, or appoint additional directors;**

**issue securities except as authorized by the directors;**

**issue shares of a series under the Act except as authorized by the directors;**

**declare dividends;**

**purchase, redeem or otherwise acquire shares issued by the Corporation;**

**pay a commission referred to in the Act except as authorized by the directors;**

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- approve a management proxy circular;**
  - approve a take-over bid circular or directors' circular;**
  - approve any annual financial statements; or**
  - adopt, amend or repeal by laws.**

A director may in any manner waive notice of or otherwise consent to a meeting of the board.

#### ***FIRST MEETING OF NEW BOARD***

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

#### ***ADJOURNED MEETING***

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

#### ***REGULAR MEETINGS***

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

#### ***CHAIRMAN***

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director, chief executive officer, or a vice-president. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the directors present shall choose one of their number to be chairman.

#### ***VOTES TO GOVERN***

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

#### ***CONFLICT OF INTEREST***

A director or officer who is a party to; or who is a director or officer, or an individual acting in a similar capacity, of a party to; or has a material interest in any person who is a party to, a material contract or material transaction, whether made or proposed, with the Corporation shall disclose the nature and extent of his interest at the time and in the manner provided by the Act. Any such contract or proposed contract shall be referred to the board or, in the event that all of the directors are so interested in such contract or the directors determine that it is advisable, to the shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or shareholders.

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A director interested in a contract so referred to the board shall not vote on any resolution to approve the same except as provided by the Act.

### ***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 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 therefore.

### ***VALIDITY OF ACTS OF DIRECTORS AND OFFICERS***

An act of a director or officer is valid notwithstanding an irregularity in their election or appointment or a defect in their qualification.

## **COMMITTEES**

### ***COMMITTEE OF DIRECTORS***

The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

### ***TRANSACTION OF BUSINESS***

Subject to the provisions of section 4.10, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

### ***ADVISORY COMMITTEES***

The board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

### ***PROCEDURE***

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

## **officers**

### ***APPOINTMENT***

The board may from time to time appoint a chief executive officer, a chief financial officer, a president (production), a president (LNG), one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine,

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including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to sections 6.02 and 6.03, an officer may but need not be a director and one person may hold more than one office.

### ***CHAIRMAN OF THE BOARD***

The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that are by any provisions of this by law assigned to the managing director or to the chief executive officer, and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the chief executive officer.

### ***MANAGING DIRECTOR***

The board may from time to time also appoint a managing director who shall be a resident Canadian and a director. If appointed, he shall be the president and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chief executive officer, or if no chief executive officer has been appointed, the managing director shall also have the powers and duties of that office.

### ***CHIEF EXECUTIVE OFFICER***

The board may from time to time also appoint a chief executive officer. If appointed, the chief executive officer shall, subject to the discretion of the board, be the president and, subject to the authority of the board, shall have general supervision of the business of the Corporation, and he shall have such other powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the chief executive officer shall also have the powers and duties of that office.

### ***VICE PRESIDENTS***

The board may from time to time also appoint a president (LNG), president (production), or one or more vice-presidents. If appointed, the president (LNG), president (production), or vice-president (as applicable) shall have such powers and duties as the board or the chief executive officer may specify.

### ***SECRETARY***

The board may from time to time also appoint a secretary. If appointed, the secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.

### ***TREASURER***

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The board may from time to time also appoint a treasurer. If appointed, the treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board or the chief executive officer may specify.

### ***POWERS AND DUTIES OF OTHER OFFICERS***

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

### ***VARIATION OF POWERS AND DUTIES***

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

### ***TERM OF OFFICE***

The board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract or otherwise at law. Otherwise each officer appointed by the board shall hold office until his successor is appointed, or until his earlier resignation.

### ***TERMS OF EMPLOYMENT AND REMUNERATION***

The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time.

### ***CONFLICT OF INTEREST***

An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with section 4.19.

### ***AGENTS AND ATTORNEYS***

The board shall have 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 powers to subdelegate) as may be thought fit.

### ***FIDELITY BONDS***

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine.

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## PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

### *LIMITATION OF LIABILITY*

Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer 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 other 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 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 the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations or from liability for any breach thereof.

### *INDEMNITY*

Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation; a former director or officer of the Corporation; or another individual 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, against all costs, charges and expenses, including an 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 proceeding in which the individual is involved because of that association with the Corporation or other entity.

The Corporation shall not indemnify an individual under the foregoing unless the individual

**acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request, and**

**in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.**

The Corporation shall also indemnify an individual in such other circumstances as the Act permits or requires.

### *INSURANCE*

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of an individual referred to in section 7.02 against any liability incurred by the individual

**in the individual's capacity as a director or officer of the Corporation, or**

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**in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request,**

in such amounts as the board may from time to time determine.

## **shares and other securities**

### ***ALLOTMENT***

The Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

### ***COMMISSIONS***

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

### ***REGISTRATION OF TRANSFERS***

Subject to the provisions of the Act, no transfer of securities shall be registered in a securities register except upon presentation of the certificate representing such securities with an endorsement, which complies with the Act, made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 8.05.

### ***TRANSFER AGENTS AND REGISTRARS***

The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

### ***LIEN FOR INDEBTEDNESS***

If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder or the shareholder's personal representative for a debt of that shareholder to the Corporation, such lien may be enforced, subject to any other provisions of the articles, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or equity and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

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## ***NON RECOGNITION OF TRUSTS***

Subject to the provisions of the Act, the Corporation may treat as absolute owner of any security the person in whose name the security 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 of description in the Corporation's records or on the security certificate.

## ***SECURITY CERTIFICATES***

Every holder of securities of the Corporation shall be entitled, at his option, to a security certificate that complies with the Act, or to a non transferable written acknowledgment of his right to obtain a security certificate, stating the number and class or series of securities held by him as shown on the securities register. Security certificates and acknowledgments of a shareholder's right to a security certificate, respectively, shall be in such form as the board shall from time to time approve. Any security certificate shall be signed in accordance with section 2.04 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing securities in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of security certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon security certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A security certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

## ***REPLACEMENT OF SECURITY CERTIFICATES***

The board or any officer or agent designated by the board shall direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated or in substitution for a security certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding the prescribed amount, if any, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

## ***JOINT HOLDERS***

If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. 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 security.

## ***DECEASED SECURITY HOLDERS***

In the event of the death of a holder, or of one of the joint holders, of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

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## **DIVIDENDS AND RIGHTS**

### ***DIVIDENDS***

Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

### ***DIVIDEND CHEQUES***

A dividend payable in cash shall be paid by cheque or other comparable form of payment 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 his recorded address, unless such holder otherwise directs. In the case of joint holders, the cheque or other comparable form of payment shall, unless such joint holders otherwise direct, 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 or other comparable form of payment 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.

### ***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.

### ***RECORD DATE FOR DIVIDENDS AND RIGHTS***

The board may, within the prescribed period, fix in advance a date, as a record date for determining shareholders entitled to receive payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation and, unless notice of the record date is waived in writing, notice of any such record date shall be given within the prescribed period. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or for the issue of any warrant or other evidence of or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

### ***UNCLAIMED DIVIDENDS***

Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **meetings of shareholders**

### ***ANNUAL MEETINGS***

Subject to the Act, the annual meeting of shareholders shall be held at such time in each year and,

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subject to section 10.03, at such place as the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

### ***SPECIAL MEETINGS***

The board shall have power to call a special meeting of shareholders at any time.

### ***PLACE OF MEETINGS***

Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situate or, if the board shall so determine, at some other place in Canada. Subject to the Act, a meeting of shareholders of the Corporation may be held at a place outside Canada if the place is specified in the articles or if all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

### ***PARTICIPATION***

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the regulations, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

### ***MEETING HELD BY ELECTRONIC MEANS***

If the directors or shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the regulations, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

### ***NOTICE OF MEETINGS***

Notice of the time and place of each meeting of shareholders shall be given, within the prescribed period, in the manner provided in section 12.01, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's or accountant's report, election of directors and reappointment of the incumbent auditor or accountant shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

### ***LISTS OF SHAREHOLDERS ENTITLED TO NOTICE AND TO VOTE***

For every meeting of shareholders, the Corporation shall, within the time period prescribed by the Act, prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to receive notice of the meeting, as of

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the record date for notice of the meeting as fixed by the directors, or, if no record date is fixed by the directors, as deemed by the Act.

For every meeting of shareholders, the Corporation shall, within the time period prescribed by the Act, prepare a list of shareholders entitled to vote at the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting, as of the record date for voting at the meeting as fixed by the directors, or, if no record date is fixed by the directors, as deemed by the Act.

### ***RECORD DATE FOR NOTICE AND VOTING***

**The board may, within the prescribed period, fix in advance a date, as a record date for determining shareholders entitled to receive notice of a meeting of shareholders.**

**If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is so given or, if no notice is given, the day on which the meeting is held.**

**The board may, within the prescribed period, fix in advance a date, as a record date for determining shareholders entitled to vote at a meeting of shareholders.**

**If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice of the record date shall be given within the prescribed period and in the manner set out in the Act.**

### ***MEETINGS WITHOUT NOTICE***

A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

### ***CHAIRMAN, SECRETARY AND SCRUTINEERS***

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chief executive officer, managing director or a vice-president who is a shareholder. If no such officer is present within 15

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minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be a shareholder, may be appointed by a resolution or by the chairman with the consent of the meeting.

### ***PERSONS ENTITLED TO BE PRESENT***

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote are entitled or required under any provision of the Act or the articles or by laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

### ***QUORUM***

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, or, if authorized by resolution of the Corporation's board of directors and in accordance with regulation, if any, by telephonic, electronic or other communication facility, 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 5% of the outstanding shares of the Corporation carrying voting rights at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholder(s) present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholder(s) present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

### ***RIGHT TO VOTE***

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in section 10.07, every person who is named in such list shall be entitled to vote the shares shown opposite his name at the meeting to which the list relates.

### ***PROXIES***

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof.

### ***TIME FOR DEPOSIT OF PROXIES***

The board may specify in a notice calling a meeting of shareholders a time, not exceeding 48 hours excluding Saturdays and holidays, preceding the meeting or an adjournment thereof, before which time proxies to be used at such meeting must be deposited with the Corporation or its agent. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

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## ***JOINT SHAREHOLDERS***

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

## ***VOTES TO GOVERN***

At any meeting of shareholders every question shall, unless otherwise required by the articles or by laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

## ***SHOW OF HANDS***

Subject to the provisions of the Act any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. 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 so required or demanded, declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried, 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.

## ***BALLOTS***

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman 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 is entitled to vote at the meeting 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.

## ***ELECTRONIC VOTING***

Despite section 10.18, any vote referred to in such section may be held in accordance with the regulations, if any, entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility.

Any person participating in a meeting of shareholders under sections 10.04 or 10.05 and entitled to vote at that meeting may vote, in accordance with the regulations, if any, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

## ***ADJOURNMENT***

If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate

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of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

### ***RESOLUTION IN WRITING***

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 the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

### ***ONLY ONE SHAREHOLDER***

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

## **DIVISIONS AND DEPARTMENTS**

### ***CREATION AND CONSOLIDATION OF DIVISIONS***

The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub units and the business and operations of any such divisions or sub units to be consolidated upon such basis as the board may consider appropriate in each case.

### ***NAME OF DIVISION***

Any division or its sub units may be designated by such name as the board may from time to time determine and may transact business under such name, 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.

### ***OFFICERS OF DIVISIONS***

From time to time the board or, if authorized by the board, the chief executive officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or, if authorized by the board, the chief executive officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub units shall not, as such, be officers of the Corporation.

## **notices**

### ***METHOD OF GIVING NOTICES***

Any notice, document or other information (which term includes any communication or documents) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations, the articles, the by-laws or otherwise to a shareholder, director, officer, 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 his

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recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him pursuant to Section 13 hereof. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent pursuant to Section 13 hereof shall be deemed to have been given when it is sent or otherwise forwarded via the relevant information system. 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 him to be reliable.

### ***NOTICE TO JOINT SHAREHOLDERS***

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

### ***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 also be excluded.

### ***UNDELIVERED NOTICES***

If any notice given to a shareholder pursuant to section 12.01 is returned on two consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

### ***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.

### ***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 he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

### ***WAIVER OF NOTICE***

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations, the articles, the by-laws or otherwise and such waiver or abridgment, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgment shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

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## **DOCUMENTS IN ELECTRONIC OR OTHER FORM**

### ***CREATION AND PROVISION OF INFORMATION***

Subject to the Act and the regulations, a notice, document or other information may be created or provided in the form of an electronic document and such electronic document may be generated, sent, received, stored or otherwise processed by means of an information system.

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**effective date**

***EFFECTIVE DATE***

This by law shall come into force when made by the board in accordance with the Act.

**MADE AND ADOPTED** by the board of directors the 24<sup>th</sup> day of October, 2017.

(signed) "*Alfred Sorensen*"

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Chief Executive Officer

**CONFIRMED** by the shareholders in accordance with the Act the \_\_\_\_ day of \_\_\_\_\_, 2017.

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Chief Executive Officer

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## SCHEDULE C

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### MANDATE

#### *GOVERNANCE AND COMPENSATION COMMITTEE*

##### **1. primary objective**

The primary objective of the Committee in discharging its mandate on behalf of the Board is to assist the directors of the Corporation in satisfying their responsibilities in respect of the effective governance of the Corporation, the management of its human resources, the compensation of its directors and Officers and the evaluation of their performance.

##### **2. membership**

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

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

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

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

##### **(a) corporate governance**

The Committee has responsibility:

- to review the adequacy and effectiveness of the Board's governance policies and the Corporation's governance practices and make appropriate recommendations to the Board for their improvement;
- to review the corporate governance sections of the proxy circular distributed to shareholders of the Corporation;
- to assess shareholder proposals as necessary for inclusion in the proxy circular, and make appropriate recommendations to the Board;
- to annually review the mandates of the Board and its committees, including the mandate of this Committee, and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
- to consider the appropriate size of the Board, with a view to facilitating effective decision-making;

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- to review the composition of the Board members ensuring that an appropriate number of directors serve on the Board, as well as identifying the competencies and skills the Board, as a whole, should possess;
  - to make annual recommendations to the Board as to which Directors should be classified as “independent” directors and to review on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board and its committees;
  - to assess and review periodically the skills, areas of expertise, backgrounds, independence and qualifications of the members of the Board;
  - to identify directors qualified to fill vacancies on any committee of the Board (including this Committee), and recommend that the Board appoint the identified director or directors to the respective committee;
  - to recommend to the Board appropriate criteria for the selection of new directors, periodically review the criteria adopted by the Board and, if deemed desirable, recommend to the Board changes to such criteria;
  - to identify individuals qualified and suitable to become Board members and make recommendations to the Board in that regard and in making such recommendations, the Committee shall consider:
    - the criteria for the selection of new directors adopted by the Board;
    - the needs of the Corporation and its stage of development and the competencies and skills that the Board considers to be necessary for the Corporation and the Board, as a whole, to possess;
    - the competencies and skills that each new nominee would bring to the Board; and
    - whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board;
  - to ensure that all new directors receive a comprehensive orientation respecting the nature and operation of the Corporation's business and affairs as well as the role of the Board and its committees and the contribution which individual directors are expected to make;
  - to ensure that directors are provided with continuing education opportunities so that they may maintain or enhance their skills and abilities as directors as well as ensure that their knowledge and understanding of the Corporation's business and affairs remains current;
  - to identify and recommend to the Board the slate of nominees for election by shareholders at the annual meeting;
  - to assist the Board in its oversight role with respect to:
    - the development of the Corporation's corporate governance policies, practices and processes;
    - the effectiveness of the Board and its committees; and
    - the contributions of individual directors;
  - to assist the Board in its oversight role with respect to all matters relating to proper utilization of human resources within the Corporation, with special focus on management succession, development and compensation;
  - to assist the Board in its oversight role with respect to the Corporation's global human resources strategy, policies and programs;
  - to review succession and leadership plans and make appropriate recommendations to the Board;
  - to establish, review and update periodically the Corporation's Code of Ethical Conduct;
  - to assess periodically the performance, goals and objectives of the CEO and make appropriate recommendations to the Board;
  - to oversee the performance evaluations of Officers made by the CEO;
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- to review periodically the actual and potential conflicts of interest and continuing qualifications of members of the Board; and
  - to review the relationship of the Board with management.

**(b) compensation and performance**

- to establish an overall compensation policy for the Corporation and monitor their implementation, with special attention devoted to the Officers taking into consideration compensation received by chief executive officers and other executive officers in public companies of comparable size, industry and complexity;
- to review periodically the Corporation's overall compensation policy and specific compensation practices and plans including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans, executive stock option plans and grants and benefit plans (including the group life and health program) and recommend changes to the Board as appropriate to improve the Corporation's ability to recruit, retain and motivate employees while taking into account the implications and risks associated with the Corporation's compensation policies and plans;
- to review and approve periodically the corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance relative to the achievement based on such evaluation it being stipulated that the CEO shall not be present during any deliberations or voting by the Committee with respect to such matters;
- to review the executive compensation sections disclosed in information circulars and the proxy circulars distributed to shareholders;
- to administer the stock option plan and other incentive plans approved by the Board in accordance with their terms and recommend to the Board the grant of stock options and incentives under such plans in accordance with their terms;
- to review periodically the level of compensation for the Board and its committees and make recommendations to the Board with respect thereto.

**(c) other responsibilities**

- to exercise such other powers and discharge such other responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board;
- to review and assess the adequacy of this mandate periodically and, where necessary, recommend changes to the Board for its approval.

**4. meetings and operation**

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

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

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

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

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

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

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

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

The Committee may invite such Officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.

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

#### **5. independent advisors**

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

#### **6. limitations on the duties of the members of the committee**

Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.

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## SCHEDULE D

### MANDATE

#### *BOARD OF DIRECTORS*

##### **1. primary objective**

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

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

##### **2. directors**

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

- act honestly and in good faith with a view to the best interests of the Corporation<sup>3</sup>;
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances<sup>4</sup>;
- disclose to the Corporation the nature and extent of any interest that the director has in a material contract or material transaction with the Corporation if the director is a party to the contract or transaction, is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction or has a material interest in a party to the contract or transaction<sup>5</sup>;
- comply with the CBCA and the regulations enacted thereunder as well as with the Corporation's articles and by-laws<sup>6</sup>; and
- comply with their obligations under applicable law and the policies adopted by the Corporation.

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<sup>3</sup> Paragraph 122(1)(a) of the CBCA

<sup>4</sup> Paragraph 122(1)(b) of the CBCA

<sup>5</sup> Subsection 120(1) of the CBCA

<sup>6</sup> Subsection 122(2) of the CBCA

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### **3. mandate**

#### **(a) statutory responsibilities**

The Board has the statutory responsibility:

- to supervise the management of the business and affairs of the Corporation<sup>7</sup>;
- to review and to approve the annual consolidated financial statements of the Corporation<sup>8</sup>;
- to place before the shareholders at every annual meeting the annual consolidated financial statements of the Corporation, the report of the auditor and any further information respecting the financial position of the Corporation and the results of its operations required by the articles and by-laws of the Corporation<sup>9</sup>.

The Board is also responsible for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board<sup>10</sup>:

- any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- the filling of a vacancy among the directors or in the office of auditor, or appointment of additional directors;
- the issuance of securities except as authorized by the directors;
- the issuance of shares of a series under section 27 of the CBCA except as authorized by the directors;
- the declaration of dividends;
- the purchase, redemption or any other form of acquisition of securities issued by the Corporation;
- the payment of a commission referred to in section 41 of the CBCA except as authorized by the directors;
- the approval of a management proxy circulars;
- the approval of any take-over bid circular or directors' circular;
- the approval of annual consolidated financial statements of the Corporation; and
- the adoption, amendment or repeal of the by-laws of the Corporation.

#### **(b) strategic and financial planning**

The Board has the responsibility:

- to review and consider for approval the strategic and financial objectives of the Corporation proposed by management;

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<sup>7</sup> Subsection 102(1) of the CBCA

<sup>8</sup> Subsection 158(1) of the CBCA

<sup>9</sup> Subsection 155(1) of the CBCA

<sup>10</sup> Subsection 115(3) of the CBCA

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

**(c) risk assessment and mitigation**

The Board has the responsibility:

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

**(d) senior management determination**

The Board has the responsibility:

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

**(e) corporate governance**

The Board has the responsibility:

- to implement appropriate structures and procedures to permit the Board to function independently of management;
- to analyze the definition of independence and its application to individual directors on a periodic basis;

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- to establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and individual directors;
  - to establish committees and approve their respective mandates and the limits of authority delegated to each committee;
  - to establish limits of authority delegated to Officers; and
  - to assess the integrity and professional conduct of the Officers and other members of senior management, to monitor their compliance with applicable law and the policies adopted by the Corporation and to evaluate their success in creating a corporate culture of integrity, professionalism and compliance with legal and corporate standards.

**(f) public disclosure**

The Board has the responsibility:

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

**(g) compliance monitoring**

The Board has the responsibility to:

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

**(h) other responsibilities**

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The Board has the responsibility to:

- to ensure that all new directors receive an orientation respecting the Corporation's business and affairs and receive continuing education opportunities to enhance their skills; and
- to take such other action that is consistent with this mandate, the Corporation's articles, by-laws and policies and applicable law as the Board considers necessary or appropriate acting reasonably.

#### **4. meetings and operation**

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

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

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

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

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

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

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

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

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

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

Subject to the articles and by-laws of the Corporation and applicable law, the Board may delegate powers, duties and responsibilities to committees of the Board and the Board retains the responsibility of managing its

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own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the full Board, determining directors' compensation and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

**5. independent advisors**

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

**6. responsibilities of the chair**

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

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

**(a) relationship with the CEO**

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

The Chair will work collaboratively with the CEO:

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

**(b) relationship with the board**

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

- to lead the Board in monitoring and evaluating the performance of the CEO, the accountability of the CEO, and the implementation of management succession and development plans;

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

**(c) board meetings**

The Chair has the responsibility:

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

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**(d) shareholder meetings**

The Chair has the responsibility:

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

## SCHEDULE E

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### CORPORATE GOVERNANCE DISCLOSURE FORM

Disclosure Requirement	Pieridae Energy Limited Corporate Governance Practices
<b>Board of Directors</b> Disclose the identity of directors who are independent.	Four of the five current directors of the Corporation are independent. The following directors are independent as that term is defined in section 1.4 of Multilateral Instrument 52-110 and NI 58-101: <ul style="list-style-type: none"><li>• Myron A. Tétreault</li><li>• Andrew Judson</li><li>• Matthew Rees</li><li>• Charles Boulanger</li></ul>
Disclose the identity of directors who are not independent, and describe the basis for that determination.	Alfred Sorensen is not independent, as he is the President and Chief Executive Officer of the Corporation.
Disclose whether or not a majority of directors is independent. If a majority of directors is not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.	A majority of the directors are independent.
If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<ul style="list-style-type: none"><li>• Alfred Sorensen is Director of Canadian Spirit Resources (Alberta) from January 2012 until now and was CEO from April 2012 until September 2014</li><li>• Myron A Tétreault is Lead Director of PHX Energy Services Corp and its predecessor since June 2008 and Director since May 2007.</li></ul>

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

### **Board Mandate**

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

### **Orientation and Continuing Education**

Briefly describe what measures the board takes to orient new directors regarding:

the role of the board, its committees and its directors,

and the nature and operation of the issuer's business.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, the Board held in camera sessions without management at most meetings of the directors.

The attendance record of each director at Board and Committee meetings is set out under the heading "*Election of Directors*" in the Circular.

In addition to formal meetings of the Board and Committees, the directors engage in regular, informal discussions.

The terms of reference of the Board is attached as Schedule "C" to the Circular.

Directors keep themselves informed and receive copies of all up to date required information on boards of directors or committees. Due to the limited number of directors and the emerging nature of the Company, no formal training system is established.

**Ethical Business Conduct**

Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

The Board of Directors acknowledges that it assumes the responsibility of supervising the Company in order to conduct the business in an ethical and competent manner.

To guarantee the exercise of Directors' independence of judgment when reviewing transactions and contracts in which a director or executive officer has a material interest, these transactions are reviewed and approved only by directors meeting in committee of the board and the director who has such an interest must abstain from participating in the discussions and vote on the subject.

A whistleblowing policy is also in place to facilitate the denunciation of fraud or any other actions contrary to the policies of the company.

Each director, officer, employee and full-time consultant is required to complete a certificate certifying compliance to all policies in place.

**Nomination of Directors**

Describe the process by which the board identifies new candidates for board nomination.

The Governance and Compensation Committee is responsible for the review and assessment of the size, composition and operation of the Board and committees of the Board to ensure effective decisionmaking; and identify and assess new candidates for nomination to the Board.

The Board regularly considers its size when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience. The Governance and Compensation Committee regularly examines the composition of its then current Board and the competencies, skills and financial acumen of the current Directors.

### **Compensation**

Describe the process by which the board determines the compensation for the issuer's directors and officers.

Please refer to "*Summary Compensation – table*" in the Circular for details of the executive and director compensation structure and policies.

### **Other Board Committees**

If the board has standing committees other than the Audit, Governance and Compensation committees, identify the committees and describe their function.

The Board's other standing committee is the Reserves and Health, Safety and Environment Committee. The Reserves and HSE Committee is responsible for, among other things, consulting with the Corporation's senior personnel responsible for oil and gas reserves and other information regarding the Corporation's oil and gas activities, and reviewing and reporting to the Board on: (i) the Corporation's procedures relating to the disclosure of such information; (ii) the appointment of, or any changes to, the independent consultants engaged to report on the Corporation's oil and gas reserves pursuant to the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"); and (iii) the Corporation's procedures for providing information to the consultants. Prior to filing the Statement of Reserves Data and Other Oil and Gas Information and related consultants' report required under NI 51-101, the Reserves Committee meets with responsible management of the Corporation and the independent consultants to review the evaluation report, and thereafter reports to the Board and

recommends, as appropriate, the approval, release and filing of the *Statement of Reserves Data and Other Oil and Gas Information* and related reports required under NI 51-101.

### **Assessments**

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Board of Directors ensures the proper functioning of the Board, the Audit Committee and the Governance and Compensation as well as the Reserves and HSE Committee by periodically reviewing and assessing the composition and effectiveness.

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## SCHEDULE F

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### MANDATE

#### *AUDIT COMMITTEE*

##### **1. primary objective**

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

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

##### **2. membership**

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

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

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

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

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

##### **3. mandate**

###### **(a) statutory responsibilities**

The Committee has the statutory responsibility to review the consolidated financial statements of the

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Corporation before they are approved by the Board<sup>11</sup>.

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

The Committee has the responsibility:

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

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<sup>11</sup> Subsection 171(3) of the CBCA

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

The Committee has the responsibility:

- to assess the nature and scope of the external audit function as well as any internal audit function;
- to make recommendations to the Board for the appointment and replacement of the external auditor and the setting of their compensation;
- to assess the external auditor's qualifications and independence and to consider whether the auditor's quality controls are adequate, and the provision of permitted non-audit services is compatible with, maintaining the auditor's independence;
- to facilitate and enhance communication between the Board and external auditor in relation to matters concerning the Corporation;
- to approve all non-audit services to be performed by the external auditor including the fees, terms and conditions for the performance of such services;
- to oversee the relationship between the Corporation and its external auditor including the evaluation of the performance of the external auditor, and the lead partner on the external auditor's engagement, in relation to the preparation or issuance of audit reports or the provision of other audit, review, attestation or other services for the Corporation including resolution of any disagreements or disputes between management and the external auditor in regard to financial reporting;
- to discuss with the external auditor matters relating to the conduct of the annual audit including:
  - the scope, planning and staffing of the annual audit;
  - the audit report on the annual consolidated financial statements of the Corporation and any matters required to be communicated by the external auditor;
  - the unaudited interim consolidated financial statements of the Corporation and any matters required to be communicated by the external auditor;
  - adjustments raised by the external auditor, whether or not included in the consolidated financial statements;
  - any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management; and
  - other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;
- to periodically privately consult with the external auditor about internal controls of the Corporation;
- to evaluate whether the Corporation's management is adequately communicating the importance of internal control to all relevant personnel;
- to obtain and to review the external auditor's report regarding the effectiveness of the internal controls of the Corporation and to ensure the adequate disclosure of such matters as required by applicable law including the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities;
- to determine whether and the extent to which any internal control recommendations made by the external auditor are being implemented by management;
- to ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law or corporate policy; and

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- when there is to be a change in the auditor, to review all issues relating to the change, including any reportable events, and all information to be included in the required notice to securities regulators of such change.

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

**(d) risk assessment and mitigation**

The Committee has the responsibility:

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

**(e) other responsibilities**

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

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- to review and assess the adequacy of this mandate periodically and, where necessary, recommend changes to the Governance and Compensation Committee and ultimately to the Board for its approval.

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

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

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

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

#### **5. meetings and operation**

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

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

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

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

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

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

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

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

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

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

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

#### **6. independent advisors**

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

#### **7. limitations on the duties of the members of the committee**

Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.

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## SCHEDULE G

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### MANDATE

#### *RESERVE AND HEALTH, SAFETY AND ENVIRONMENT COMMITTEE*

##### **1. primary objective**

The primary objective of the Committee in discharging its mandate on behalf of the Board is to assist the directors of the Corporation in satisfying their responsibilities in respect of the timely compliance by the Corporation with its disclosure and related obligations under National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the protection by the Corporation of the health and safety of its employees and of the environment.

##### **2. membership**

The Committee shall consist of three or more Directors appointed by the Board at least one of whom must have sufficient technical expertise to interpret and critically evaluate a reserve report prepared by an independent consultant and all of whom are individuals who are not, and have not been, during the preceding 12 months:

- an officer or employee of the Corporation or of an affiliate of the Corporation;
- a person who beneficially owns 10% or more of the outstanding voting securities of the Corporation; or
- a relative of a person referred to in the paragraphs above, residing in the same home as that person; and
- are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgment.

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

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

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

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### **3. mandate**

#### **(a) oil and gas activities**

The Committee has the responsibility:

- to review the Corporation's procedures relating to the disclosure of information with respect to its oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
- to review the Corporation's procedures for providing information to the independent evaluator;
- to meet, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "Reserves Data") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- to review the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- to provide a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent evaluator and of management in connection therewith;
- to review the Corporation's procedures for reporting other information associated with oil and gas producing activities;
- to review the methodology for calculating oil and gas reserves and the valuation of reserves. In general, the methodology must be consistent with regulatory requirements for public oil and gas companies in Canada, including:
  - reserves data and other information will be prepared in accordance with the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"); and
  - an independent evaluator will audit or evaluate the reserves data and other information on an annual basis pursuant to NI 51-101; and
- to generally review all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

#### **(b) health, safety and the environment**

The Committee has the responsibility:

- to review and approve health, safety and environmental policies and changes in or additions to, those policies and all related standards, accountabilities and programs for the Corporation in the context of legal and operational considerations;
- to monitor the Corporation's implementation of, and adherence with, health, safety and environmental policies consistent with all laws and regulations existing in the jurisdiction where it operates;

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- to review the Corporation's documentation, and timely disclosure to governmental authorities, of incidents with respect to health, safety and the environment;
  - to require management to ensure that employees are aware of the Corporation's policies with respect to health, safety and environmental matters and are expected to respond to all health, safety and environmental concerns and matters expeditiously and to bring such concerns to the attention of appropriate management personnel;
  - to review results of any operational health, safety and environmental audits and to ensure that management maintains appropriate internal and external health, safety and environmental audits;
  - to ensure that principle areas of health, safety and environmental risk and impacts are identified and that sufficient resources are allocated to address these;
  - to receive and review reports from management and independent consultants, if any, on the nature and extent of compliance or any non-compliance with health, safety and environmental policies, standards and applicable legislation;
  - to investigate, or cause to be investigated, any extraordinary negative health, safety and environmental performance where appropriate, to correct deficiencies, and to report to the Board on the status of such matters;
  - to require management to keep it apprised of current and emerging issues and proposed legislation in health, safety and environmental matters as they may affect the Corporation's operations and shall bring to the attention of the Board such issues as it shall think appropriate; and
  - to review such other health, safety and environmental matters as the Committee may consider suitable or the Board may specifically direct.

**(c) other responsibilities**

- to exercise such other powers and discharge such other responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board; and
- to review and assess the adequacy of this mandate periodically and, where necessary, recommend changes to the Board for its approval.

**4. meetings and operation**

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

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

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

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

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

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

The Committee may invite such Officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.

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

#### **5. independent advisors**

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

#### **6. limitations on the duties of the members of the committee**

Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law

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