

BONTERRA ENERGY CORP.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To Be Held On May 21, 2020

**NOTICE OF MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

April 9, 2020

BONTERRA ENERGY CORP.

901, 1015 - 4th Street S.W.
Calgary, Alberta
T2R 1J4

NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF BONTERRA ENERGY CORP.

TAKE NOTICE that the Annual and Special Meeting (the “**Meeting**”) of the holders of common shares of **BONTERRA ENERGY CORP.** (the “**Corporation**” or “**Bonterra**”) will be held in the Main Boardroom of Bonterra’s offices located at Suite 901, 1015-4th Street S.W., Calgary, Alberta, on Thursday, May 21, 2020, at the hour of 10:00 a.m. (Calgary time) for the purposes of:

1. Receiving and considering the audited financial statements of the Corporation for the fiscal year ended December 31, 2019 and the Report of the Auditor thereon;
2. Electing the Board of Directors for the ensuing year;
3. Appointing Deloitte LLP, Chartered Professional Accountants, Calgary, Alberta as the auditors of the Corporation for the ensuing year and to authorize the Board of Directors to fix their remuneration;
4. Considering an ordinary resolution to approve the unallocated options under the Corporation’s Stock Option Plan; and
5. Transacting such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular dated April 9, 2020 accompanying this Notice and forming part hereof. Only shareholders of record at the close of business on April 15, 2020 are entitled to notice of and to attend and vote at the Meeting or any adjournment thereof.

In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is encouraging shareholders and others not to attend the Meeting in person. Shareholders are urged to vote on the matters before the Meeting online or by proxy. Please monitor our news releases for any important information related to the Meeting and COVID-19. The Corporation may take additional precautionary measures in relation to the Meeting in response to further developments regarding COVID-19, which may potentially include adjourning or postponing the Meeting. Following the Meeting, the Corporation encourages shareholders to visit the Corporation’s website at <https://www.bonterraenergy.com/> for a detailed and updated corporate presentation.

Registered shareholders are urged to transmit their voting instructions online at www.odysseytrust.com/login or to date and sign the enclosed form of proxy and return it, in the envelope provided, to Odyssey Trust Company, Stock Exchange Tower, 1230-300 5th Avenue SW, Calgary, Alberta, T2P 3C4. In order to be valid and acted upon at the Meeting, voting instructions must be transmitted online or forms of proxy must be returned to the aforesaid address not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment thereof. Shareholders who do not hold their common shares in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon

as possible and to follow the instructions set out under “Notice to Beneficial Holders of Shares” in the accompanying Information Circular.

DATED at Calgary, Alberta, this 9th day of April, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*George F. Fink*”

George F. Fink

Chairman, Chief Executive Officer and Director

BONTERRA ENERGY CORP.

INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

May 21, 2020

SOLICITATION OF PROXIES BY MANAGEMENT

This Information Circular is furnished in connection with the solicitation of proxies by the management of Bonterra Energy Corp. (the “**Corporation**”) for use at the annual and special meeting of the holders of common shares (“**Common Shares**”) of the Corporation to be held on Thursday, May 21, 2020, at 10:00 a.m. (Calgary time) (the “**Meeting**”) or at any adjournment thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular.

There is enclosed herewith a form of proxy for use at the Meeting. A copy of the Annual Report, which includes the audited financial statements of the Corporation for the fiscal year ended December 31, 2019, has previously been disseminated to the shareholders. The holders of Common Shares of the Corporation (“**Shareholders**”) are entitled to vote and are encouraged to participate in the Meeting.

This solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Notice of Meeting, form of proxy and this Information Circular will be borne by the Corporation. Management does not contemplate a solicitation of proxies other than by mail.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

APPOINTMENT AND REVOCATION OF PROXIES

A Shareholder has the right to appoint a nominee, other than the persons designated in the enclosed form of proxy (who need not be a Shareholder), to represent him at the Meeting, by inserting the name of his chosen nominee in the space provided for that purpose on the form of proxy or by completing another proper form of proxy. Such a Shareholder should notify the nominee of his appointment, obtain his consent to act as proxy and instruct him on how the Shareholder’s shares are to be voted. In any case, the form of proxy should be dated and executed by the Shareholder or his attorney authorized in writing. Registered Shareholders may also cast their vote online (www.odysseytrust.com/login) by following the instructions provided on the form. **In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is encouraging Shareholders and others not to attend the Meeting in person.**

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and received by Odyssey Trust Company, Stock Exchange Tower, 1230-300 5th Avenue SW, Calgary, Alberta, T2P 3C4, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment thereof.

In addition to revocation by any other manner permitted by law, a Shareholder who has given a proxy may

revoke it, at any time before it is exercised, by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited at the registered office of the Corporation at 901, 1015 - 4th Street SW, Calgary, Alberta T2R 1J4, Attention: Corporate Secretary, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of such meeting on the date of the Meeting or any adjournment thereof.

NOTICE TO BENEFICIAL HOLDERS OF SHARES

Only registered Shareholders or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Shareholder**”) are registered either (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Shareholder deals with in respect of the Common Shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the Intermediary is a participant.

In accordance with the requirements of the Canadian Securities Administrators, the Corporation will distribute copies of the Notice of Meeting, this Information Circular, and the enclosed form of proxy (collectively, the “**meeting materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders. The Corporation does not intend to pay for Intermediaries to forward meeting materials and voting instruction request forms to those Non-Registered Shareholders who have objected to their Intermediary disclosing ownership information about them pursuant to Canadian securities legislation (“**Objecting Beneficial Owners**”). As a result, Objecting Beneficial Owners will not receive these materials unless the Intermediary assumes the cost of delivery.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Non-Registered Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-Registered Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

A Non-Registered Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Non-Registered Shareholder may attend the

Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy or voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and have indicated their willingness to represent as proxy the Shareholders who appoint them. Each Shareholder may instruct his proxy how to vote his shares by completing the blanks on the form of proxy.

Common Shares represented by properly executed proxy forms in favour of the persons designated on the enclosed proxy form will be voted for or withheld from voting in accordance with the instructions made on the proxy forms, on any ballot that may be called for and, if Shareholders specify a choice as to any matters to be acted upon, such Shareholders' shares shall be voted accordingly. In the absence of such instructions or choices, such shares will be voted in favour of all matters identified in the Notice of Meeting accompanying this Information Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. The Common Shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting such shares. At the time of printing of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting.

In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is encouraging Shareholders and others not to attend the Meeting in person.

VOTING SHARES AND PRINCIPAL HOLDERS OF SHARES

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Class A Redeemable Preferred Shares and an unlimited number of Class B Preferred Shares, issuable in series, all without par value. As of March 31, 2020, 33,388,796 Common Shares and nil preferred shares were issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of Common Shares are entitled to one vote for each Common Share held.

The Board of Directors (the "**Board**") has fixed April 15, 2020, as the record date (the "**Record Date**") for determining which Shareholders are entitled to receive notice of the Meeting. A Shareholder of record at the close of business on April 15, 2020, shall be entitled to vote the Common Shares registered in such Shareholder's name on that date, except to the extent that (a) such person transfers his Common Shares after the Record Date; and (b) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his ownership to the Common Shares, and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his name be included on the Shareholders' list.

To the best of the knowledge of the directors and officers of the Corporation, as at April 9, 2020, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights of the Corporation except as set out in the table below:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares</u>	<u>Percentage</u>
George F. Fink Calgary, Alberta	4,273,912	12.8%
Oberndorf Entities ⁽¹⁾ San Francisco, California	4,016,152	12.0%

Note:

(1) Common Shares are controlled by William E. Oberndorf that are either owned directly or through entities controlled by Mr. Oberndorf.

QUORUM FOR MEETING

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the outstanding Common Shares. If a quorum is not present at a meeting within a reasonable time after the time fixed for the holding of the Meeting, the Shareholders present or represented at the Meeting may adjourn the Meeting to a fixed time and place but may not transact any other business.

MATTERS TO BE ACTED UPON AT THE MEETING

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

1. Financial Statements

The audited financial statements of the Corporation for the year ended December 31, 2019 and the report of the auditors thereon will be placed before the Meeting. These financial statements and the auditor's report are contained in the Annual Report which has previously been distributed to Shareholders.

2. Election of Directors

At the Meeting, it is proposed that five persons be elected as directors of the Corporation, to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed. There are currently five directors. Pursuant to the *Canada Business Corporations Act*, the current directors of the Corporation cease to hold office at the close of the Meeting.

The persons designated in the enclosed form of proxy, unless instructed otherwise, intend to vote for the election of the following nominees. Management does not contemplate that any of the nominees will be unable to serve as a director, but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

The names and municipalities of residence of the five persons nominated for election as directors of the Corporation by Shareholders, the number of Common Shares of the Corporation beneficially owned or controlled or directed, directly or indirectly, the offices held by each in the Corporation, the period served as director of the Corporation, and the present principal occupation (and the principal occupation for the preceding five years in the case of nominees not previously elected at a meeting of Shareholders) of each are as follows:

<u>Name and Municipality of Residence</u>	<u>Common Shares Beneficially Owned or Controlled⁽¹⁾</u>	<u>Time as Director⁽⁸⁾</u>	<u>Principal Occupation</u>
George F. Fink ⁽⁵⁾⁽⁶⁾ Calgary, Alberta Canada	4,273,912 ⁽²⁾	Director since 1998	Chief Executive Officer, Director and Chairman of the Board of the Corporation and Executive Chairman of the Board of Pine Cliff Energy Ltd., an oil and gas issuer.
Randy M. Jarock ⁽³⁾⁽⁴⁾ Calgary, Alberta Canada	382,277	Director since 2012	Director of Pine Cliff Energy Ltd. Mr. Jarock is also the former President and Chief Operating Officer of the Corporation and former Chief Operating Officer of Pine Cliff Energy Ltd.
Rodger A. Tourigny ⁽³⁾⁽⁴⁾ Calgary, Alberta Canada	68,326	Director since 2013	President of Tourigny Management Ltd. (Calgary), a private consulting company, since 1979.
John J. Campbell Calgary, Alberta Canada	1,800	Nominee	President and Co-Founder of Odyssey Trust Company. Prior to Odyssey, Mr. Campbell was the General Manager of Lundgren and Young Insurance from 2016 to 2017 and General Manager of Valiant Trust from 2011 to 2015. Mr. Campbell is also Director of Haw Capital 2 Corp., a private capital pool company.
Jacqueline R. Ricci Toronto, Ontario Canada	nil	Nominee	Vice President and Director at J. Zechner Associates since 1997. Ms. Ricci is also a Nominee for the Pine Cliff Energy Ltd. Board of Directors.

Notes:

- (1) The information as to the number of Common Shares beneficially owned or controlled by directors, not being within the knowledge of the Corporation, has been furnished to the Corporation by the individual nominees.
- (2) Mr. Fink serves as Chief Executive Officer of the Corporation and, as at December 31, 2019, the total value of Common Shares held by Mr. Fink was \$16,839,213.
- (3) The Audit Committee currently consists of Messrs. Tourigny, Jarock and Walsh.
- (4) The Reserves Committee currently consists of Messrs. Tourigny, Jarock and Walsh.
- (5) The Compensation Committee currently consists of Messrs. Drummond and Fink.
- (6) The Disclosure, Policy, Governance and Nominating Committee currently consists of Messrs. Drummond and Fink.
- (7) As Messrs. Drummond and Walsh are not standing for re-election, it is anticipated that each of the Board committees will be reconstituted following the Meeting.
- (8) Period includes service as a director of Bonterra Energy Corp. and predecessor corporations.

Majority Voting Policy

The Board has adopted a policy which requires that any nominee for director who receives a greater number of votes “withheld” than votes “for” his or her election as a director, in connection with an uncontested election, shall submit his or her resignation to the Board for consideration forthwith following the Shareholder annual meeting. The Board shall consider the resignation and determine whether or not to accept the resignation within 90 days of the applicable meeting and a press release shall be issued by the Corporation announcing the Board’s determination. Any director who tenders his or her resignation shall not participate in any meetings to consider whether the resignation shall be accepted. The Board shall accept the resignation absent exceptional circumstances.

Corporate Cease Trade Order or Bankruptcies

None of those persons who are proposed directors of the Corporation is, or has been within the past ten years:

- (a) a director or chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or was subject to an event that resulted, after the proposed director ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) a director or executive officer of any company, including the Corporation, that, while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold such person’s assets.

None of those persons who are proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

3. Appointment of Auditors

At the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote in favour of a resolution to appoint the firm of Deloitte LLP, Chartered Professional Accountants, Calgary, Alberta, to serve as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the Board of Directors to fix the remuneration of the auditors.

4. Approval of the Unallocated Options Under the Stock Option Plan

At the Meeting, Shareholders will be asked to pass an ordinary resolution approving all unallocated options under the Corporation's Stock Option Plan (the "**Stock Option Plan**" or the "**Plan**"). The approval is being sought in accordance with policies of the Toronto Stock Exchange ("**TSX**") which require that unallocated options under a stock option plan that does not have a fixed maximum number of securities issuable must be ratified by Shareholders every three years. The number of Common Shares issuable pursuant to the Plan is limited to 10% of the issued and outstanding Common Shares of the Corporation, rather than a fixed number, and the Plan has not been ratified by Shareholders since 2017. Accordingly, at the Meeting Shareholders will be asked to pass an ordinary resolution approving the unallocated options available under the Stock Option Plan. There have not been any amendments to the Plan since it was last approved by Shareholders in 2017. The terms and conditions of the Plan are summarized under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis – Compensation Elements – Stock Option Plan*".

As at March 31, 2020, 2,900,200 options to acquire Common Shares were outstanding, representing 8.7% of the 33,388,796 Common Shares issued and outstanding, leaving 438,680 Common Shares representing 1.3% of the issued and outstanding Common Shares available to be reserved for future option allocations. At the Meeting, Shareholders will be asked to consider and, if thought appropriate, approve, an ordinary resolution approving the unallocated options under the Stock Option Plan. The ordinary resolution must be approved by a majority vote of the Shareholders. Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form in favour of this ordinary resolution.

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated options under the Stock Option Plan until 2023. If the resolution approving the unallocated options under the Plan is not approved, previously granted options will continue and not be affected; however, in such circumstances, additional options may not be granted and previously granted options will not be available for re-allocation if they are exercised or cancelled.

The text of the ordinary resolution to be considered at the Meeting is as follows:

"BE IT RESOLVED as an ordinary resolution that:

1. all unallocated options, rights or other entitlements under the Stock Option Plan be and are hereby approved;
2. the Corporation is hereby authorized to continue granting options under the Stock Option Plan until May 21, 2023, being the date that is three years from the date of this resolution; and
3. any director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this resolution."

5. Others Matters to be Acted Upon

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

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

The Corporation is not aware of any material interest of any director, executive officer, nominee for election as a director of the Corporation or of any associate or affiliate of any of the foregoing in respect of any matter to be acted on at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any “informed person” (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, any proposed nominee for election as a director of the Corporation or any associate or affiliate of any such person or proposed nominee in any transaction since the beginning of the most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

No current or former directors, executive officers or employees of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted to the Corporation or any of its subsidiaries at any time since the beginning of the most recently completed financial year.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Governance

The Compensation Committee is responsible for setting the overall compensation strategy of the Corporation and administering the Corporation’s executive compensation program. As part of its mandate, the Compensation Committee approves the appointment and remuneration of the Corporation’s executive officers, including the Named Executive Officers identified in the Summary Compensation Table. The Compensation Committee is also responsible for reviewing the Corporation’s compensation policies and guidelines generally. In addition, the Compensation Committee will receive and review recommendations of the Chief Executive Officer relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the executive officers.

The Compensation Committee currently consists of Messrs. Drummond and Fink. Mr. Drummond is independent within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees*, and Mr. Fink is not independent due to his role as Chairman and Chief Executive Officer of the Corporation. As Mr. Drummond is not standing for re-election, it is anticipated that additional directors will be appointed to the Compensation Committee following the Meeting.

All of the members of the Compensation Committee have direct experience that is relevant to their responsibilities in executive compensation, as they have each managed executives and/or business leaders in their current and/or past roles. In these roles, they have participated in compensation planning sessions, made compensation decisions and participated in compensation discussions with external consultants.

No consultants have been hired; however, various studies have been reviewed and also comparatives to peers in similar positions and similar roles have been relied upon.

Compensation Elements

The objective of the executive compensation program is to attract, motivate, reward and retain management talent that is needed to achieve the Corporation's business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Corporation. In evaluating performance, the Compensation Committee gives consideration to the Corporation's long-term interests and quantitative financial objectives, as well as to the qualitative aspects of the individual's performance and achievements.

The executive compensation program is comprised of three principal components: base salaries, a bonus plan and a stock option plan, which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives. Each component of the executive compensation program is described below.

Base Salaries

Executive officers are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The base salaries for the executive officers are reviewed annually by the Compensation Committee and are determined by considering the contributions made by the officers, how their compensation levels compare to compensation packages that would be achievable by such officers from other opportunities and commercially available salary survey data. Salaries of the executive officers are not determined based on benchmarks or a specific formula. The Compensation Committee submits its recommendation to the Board to determine the salary of the Chief Executive Officer. The Compensation Committee considers, and if thought appropriate, approves salaries recommended by the Chief Executive Officer for the other executive officers of the Corporation.

Bonus Plan

The Board, upon the recommendation of the Compensation Committee, approves bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. The payment of bonuses is consistent with the overall objective of the Corporation to reward performance. The bonus pool consists of a range between 2.5 to 3.5 percent of pre-income tax profit (which includes all non cash flow expenditures such as depreciation and depletion) and up to 100 percent of this bonus money is paid out on a discretionary basis. The Corporation does not have any specific goals to determine individual bonus payments. Management determines the amount to be paid to each employee and it is then presented to the Compensation Committee for approval.

Stock Option Plan

The Corporation has adopted a Stock Option Plan (the "Plan"), pursuant to which options to purchase Common Shares may be granted to directors, officers, employees and consultants of the Corporation. The Plan is designed, through the grant of options, to reward key individuals in relation to their overall contribution and to the appreciation of the Corporation's share price during the term of the options. The Plan is an integral component of the Corporation's total compensation program in terms of attracting and retaining key employees and enhances Shareholder value by aligning the interests of executives and employees with share price increases and the growth and profitability of the Corporation. The longer-term focus of the Plan complements and balances the short-term elements of the compensation program of the Corporation.

Pursuant to the Plan, the Board may, on the recommendation of the Compensation Committee, grant from time to time to directors, officers, employees and consultants of the Corporation options to purchase

Common Shares. In determining the number of options to be granted to the executive officers, the Compensation Committee considers the amount, terms and vesting levels of existing options held by the officers and also the number of options remaining available for grant by the Corporation in the future to attract and retain qualified technical and administrative staff. Generally, the number of options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made by the optionee to the business and affairs of the Corporation, the number of options that have already been granted to the optionee and such other factors as the Compensation Committee may consider relevant.

The Plan reserves for the grant of options 10% of the total number of Common Shares outstanding (on a non-diluted basis). The exercise price of an option is determined at the time of grant and is to be not less than the closing price of the Common Shares on the TSX on the last trading day preceding the date of grant. The term of an option shall not be less than one year and shall not be more than five years from the date of grant. Unless otherwise specified, options vest as to one-third of the entitlement each year following the date of grant. Options are exercisable only during the term of employment or service of an optionee, provided that the exercise period is extended for 120 days in the event of the death of the optionee and ten days in the event of an optionee ceasing to be a director, officer or employee for any reason other than death or termination for cause. In the event of an option expiring during a blackout period then the expiration date of the option is extended to the tenth business day after the expiry of the blackout period. Options are not transferable, except upon death or as authorized by the Board.

The number of Common Shares reserved for issuance to insiders of the Corporation pursuant to options and other security-based compensation arrangements shall not exceed 10% of the total number of Common Shares outstanding. Furthermore, the issuance of Common Shares to insiders of the Corporation pursuant to options and other security-based compensation arrangements shall not exceed or result in the issuance to insiders during a one year period of more than 10% of the total number of Common Shares outstanding, nor may the issuance to any one such insider and associates of such insider, within a one year period, exceed 5% of the total number of Common Shares outstanding. In addition, the number of Common Shares reserved for issuance to any one person pursuant to options shall not exceed 5% of the total number of Common Shares outstanding.

An optionee may exercise options by payment of the exercise price of the options in cash or the optionee may elect to effect a cashless exercise of any vested and exercisable options whereby the optionee would receive, without any cash payment (other than amounts due in respect of taxes), a number of Common Shares determined by dividing the in-the-money value of the options by the market price of the Common Shares.

The Board may amend the Plan and may amend the terms and conditions of options granted pursuant to the Plan, without Shareholder approval, provided that the amendment does not change the number of options issuable under the Plan, change the class of eligible participants, change the amending provisions of the Plan, reduce the exercise price of options held by insiders or extend the term of options held by insiders. Amendments are subject to any required approval of any regulatory authority or stock exchange.

As at December 31, 2019, there were 1,945,000 options outstanding, representing 5.8% of the Common Shares outstanding as of that date and 1,393,880 Common Shares representing 4.2% of the outstanding Common Shares available for further option grants. No Common Shares were issued during 2019 on exercise of options. The Company granted an aggregate of 1,921,000 options in 2017, 1,073,000 options in 2018 and 60,000 options in 2019. Accordingly, the Company's annual option grant burn rate, calculated by dividing the number of options granted under the Plan during the relevant fiscal year by the weighted average number of Common Shares outstanding for the applicable fiscal year, was 5.8% in 2017, 3.2% in 2018 and 0.2% in 2019.

Risks Associated with Compensation Policies and Practices

The oversight and administration of the Corporation’s executive compensation program requires the Compensation Committee to consider risks associated with the Corporation’s compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Compensation Committee.

The Corporation’s executive compensation policies and practices are intended to align management incentives with the long-term interests of the Corporation and its Shareholders. In each case, the Corporation seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) financial controls that impose limits and require approvals in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation; (ii) balancing base salary and variable compensation elements; (iii) spreading compensation across short and long-term programs; (iv) limiting bonuses to a pre-determined percentage of pre-income tax profit; and (v) vesting of stock options over a period of years.

Financial Instruments

The Corporation does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, management is not aware of any Named Executive Officer or director purchasing such an instrument.

Performance Graph

The following graph compares the yearly percentage change in the cumulative Shareholder return over the last five years of the Common Shares of the Corporation (assuming a \$100 investment was made on December 31, 2014 and the reinvestment of all dividends into Common Shares of the Corporation) and the cumulative total return of the S&P/TSX Composite Index and the TSX Energy Index.



Total Shareholder Return (TSR) and its Relationship to Executive Compensation

Executive compensation is defined as the aggregate of base salary, annual bonuses (if any), stock options, and any other miscellaneous types of benefits that may periodically be granted to an executive. The total compensation of executive officers did not change significantly during the period disclosed in the Summary Compensation Table. When the Compensation Committee of the Board determines overall compensation, it considers a number of factors and performance elements. Although TSR is one performance measure that is reviewed, it is not the only consideration. As a result, a direct correlation between TSR over a given period and executive compensation levels is not anticipated.

Process for Granting Option-Based Rewards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Compensation Committee. Option grants can be made at any time and there are no specific periods for the issuance of options. Option awards are determined based on the factors described above under the heading “*Compensation Elements - Stock Option Plan*”.

Summary Compensation Table

The following table sets forth a summary of all compensation for services paid during the three most recently completed financial years for George F. Fink, Chief Executive Officer, Robb D. Thompson, Chief Financial Officer and Corporate Secretary, Adrian Neumann, Chief Operating Officer, and Brad A. Curtis, Senior Vice President, Business Development (the “**Named Executive Officers**”). No other executive officer received total compensation of more than \$150,000 during the most recently completed financial year.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽³⁾	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
George F. Fink, Chief Executive Officer	2019	307,500	nil	nil	67,000	nil	nil	nil	374,500
	2018	280,000	nil	69,439 ⁽¹⁾	51,500	nil	nil	nil	400,939
	2017	255,000	nil	312,425 ⁽²⁾	37,000	nil	nil	nil	604,425
Robb D. Thompson, Chief Financial Officer and Secretary	2019	307,500	nil	nil	67,000	nil	nil	nil	374,500
	2018	280,000	nil	69,439 ⁽¹⁾	51,500	nil	nil	nil	400,939
	2017	255,000	nil	312,425 ⁽²⁾	49,000	nil	nil	nil	616,425
Adrian Neumann, Chief Operating Officer	2019	307,500	nil	nil	67,000	nil	nil	nil	374,500
	2018	280,000	nil	69,439 ⁽¹⁾	51,500	nil	nil	nil	400,939
	2017	255,000	nil	312,425 ⁽²⁾	49,000	nil	nil	nil	616,425
Brad A. Curtis, Senior Vice President, Business Development	2019	272,250	nil	nil	62,000	nil	nil	nil	334,250
	2018	245,000	nil	69,439 ⁽¹⁾	48,500	nil	nil	nil	362,939
	2017	228,333	nil	312,425 ⁽²⁾	45,000	nil	nil	nil	585,758

Notes:

- (1) Represents the compensation value of options granted on December 21, 2018. The option grant value is based on a share price of \$5.93 and a Black-Scholes volatility factor of 47%. The option grant compensation value reflects an average 1.0 year life as well as assumptions for risk-free rate and dividend yield.
- (2) Represents the compensation value of options granted on October 13, 2017. The options granted were issued in two equal tranches, both based on a share price of \$14.56. The options have an average Black-Scholes volatility of 47%. The option grant compensation value reflects an average 1.5 year life as well as assumptions for risk-free rate and dividend yield.
- (3) The value of perquisites and benefits for each Named Executive Officer is less than 10% of each Named Executive Officer's total salary for the financial year.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2019 to the Named Executive Officers of the Corporation.

Option-based Awards							
Name		Number of securities underlying unexercised options (#)		Option exercise price (\$)		Option expiration date	Value of unexercised in-the-money options⁽¹⁾ (\$)
George F. Fink		65,000		5.93		Dec. 20/2020	nil
		65,000		14.56		Oct. 13/2020	nil
Robb D. Thompson		65,000		5.93		Dec. 20/2020	nil
		65,000		14.56		Oct. 13/2020	nil
Adrian Neumann		65,000		5.93		Dec. 20/2020	nil
		65,000		14.56		Oct. 13/2020	nil
Brad A. Curtis		65,000		5.93		Dec. 20/2020	nil
		65,000		14.56		Oct. 13/2020	nil

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the TSX on December 31, 2019 of \$3.94.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during the Corporation's financial year ended December 31, 2019 in respect of option-based awards and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

Name	Option-based awards- Value vested during the year (\$)⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
George F. Fink	nil	nil	67,000
Robb D. Thompson	nil	nil	67,000
Adrian Neumann	nil	nil	67,000
Brad A. Curtis	nil	nil	62,000

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the TSX on the vesting dates.

Gains Realized upon Exercise of Stock Options

No options were exercised during the financial year ended December 31, 2019.

Termination and Change of Control Benefits

The Corporation has entered into employment agreements with each of the Named Executive Officers. The employment agreements provide for certain payments to be made by the Corporation to the Named Executive Officers in the event of: (i) termination of the Named Executive Officer's employment by the Corporation without cause ("**Termination without Cause**"); or (ii) termination of employment by the Named Executive Officer within 60 days of certain significant changes in the Named Executive Officer's duties and responsibilities, compensation or location of employment or a breach by the Corporation of its obligations pursuant to the employment agreement ("**Termination for Good Reason**"). In addition, the employment agreements include non-solicitation restrictions which restrict Named Executive Officers from soliciting employees, consultants or officers of the Corporation to become engaged in any capacity with a competing business for a period of 12 months following termination of the Named Executive Officer.

In the event of Termination without Cause, the officer is entitled to payment of an amount equal to his monthly salary (plus 12.5% on account of lost benefits) for a specified notice period less the number of months, if any, of working notice provided to the officer plus an amount equal to the average cash bonus paid to the officer in each of the last two calendar years. In the event of Termination for Good Reason, the officer is entitled to payment of an amount equal to his monthly salary (plus 12.5% on account of lost benefits) for a specified notice period plus an amount equal to the average cash bonus paid to the officer in each of the last two calendar years. In the case of Mr. Fink, the specified notice period for which the monthly salary plus benefits are payable is 24 months and in the case of Messrs. Thompson, Neumann and Curtis, the specified notice period is 22 months.

The following table sets forth the amounts that would have been payable to each of the Named Executive Officers as of December 31, 2019 under the employment agreements in the case of the two different triggering events.

<u>Name of Director</u>	<u>Triggering Event</u>	<u>(\$)</u>
George F. Fink	Termination without Cause ⁽¹⁾	\$756,750
	Termination for Good Reason	\$756,750
Robb D. Thompson	Termination without Cause ⁽¹⁾	\$698,625
	Termination for Good Reason	\$698,625
Adrian Neumann	Termination without Cause ⁽¹⁾	\$698,625
	Termination for Good Reason	\$698,625
Brad A. Curtis	Termination without Cause ⁽¹⁾	\$622,438
	Termination for Good Reason	\$622,438

Note:

- (1) Assumes that the Corporation elects to pay the officer the applicable termination payment without any period of working notice.

In addition, the Stock Option Plan provides for the exercise of unvested options in the event of a change of control of the Corporation. The value of unvested options held by Named Executive Officers at December 31, 2019 (based on the closing price of the Common Shares on the TSX on December 31, 2019) was \$nil.

Director Compensation for Directors who are Not Named Executive Officers of the Corporation

Director Compensation Table

The following table sets forth information in respect of all amounts of compensation provided to the directors during the Corporation's financial year ended December 31, 2019. As Mr. Fink was a Named Executive Officer during the year, his respective disclosure with respect to fees earned (if any) and option-based awards is included in the above sections.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Gary J. Drummond	50,000	nil	nil	nil	n/a	nil	50,000
Randy M. Jarock	50,000	nil	nil	nil	n/a	nil	50,000
Dan Reuter	50,000	nil	nil	nil	n/a	nil	50,000
Rodger A. Tourigny	50,000	nil	nil	nil	n/a	nil	50,000
Aidan M. Walsh	50,000	nil	nil	nil	n/a	nil	50,000

Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2019 to the directors of the Corporation.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)⁽¹⁾
Gary J. Drummond	30,000	5.93	Dec. 20/20	nil
	32,500	14.56	Oct. 13/20	nil
Randy M. Jarock	30,000	5.93	Dec. 20/20	nil
	32,500	14.56	Oct. 13/20	nil
Dan Reuter	30,000	5.93	Dec. 20/22	nil
	30,000	5.93	Dec. 20/21	nil
	30,000	5.93	Dec. 20/20	nil
Rodger A. Tourigny	30,000	5.93	Dec. 20/20	nil
	32,500	14.56	Oct. 13/20	nil
Aidan M. Walsh	30,000	5.93	Dec. 20/20	nil
	30,000	17.15	Nov. 25/20	nil

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the TSX on December 31, 2019 of \$3.94.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation's financial year ended December 31, 2019 of option-based awards, share-based awards and non-equity incentive plan compensation for directors of the Corporation.

Name	Option-based awards- Value vested during the year (\$)⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Gary J. Drummond	nil	nil	nil
Randy M. Jarock	nil	nil	nil
Dan Reuter	nil	nil	nil
Rodger A. Tourigny	nil	nil	nil
Aidan M. Walsh	nil	nil	nil

Note:

- (1) Value is calculated based on the difference between the exercise price of the options and the closing price of the Corporation's Common Shares on the TSX on the vesting dates.

EQUITY COMPENSATION PLAN INFORMATION

As of December 31, 2019, equity securities are authorized for issuance as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders – Stock Option Plan	1,945,000	\$10.13	1,393,880 ⁽¹⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	1,945,000	\$10.13	1,393,880

Note:

(1) The Plan reserves for issuance a maximum of 10% of the 33,388,796 Common Shares outstanding at December 31, 2019.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Under National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Management Information Circular the disclosure required under Form 58-101F1 with respect to the matters set out under National Policy 58-201 *Corporate Governance Guidelines*.

Board of Directors

The Board is responsible for supervising the management of the business and affairs of the Corporation and is comprised of five directors, of which four are independent. The independent directors are Gary J. Drummond, Randy M. Jarock, Rodger A. Tourigny and Aidan M. Walsh. The Chief Executive Officer of the Corporation, George F. Fink, is not independent by virtue of being a member of the Corporation's management. Messrs. Drummond and Walsh are not standing for re-election as directors at the Meeting. Some of the Corporation's current directors serve as directors of other reporting issuers as indicated in the table below.

<u>Director</u>	<u>Directorships Held</u>
Gary J. Drummond	Pine Cliff Energy Ltd.
George F. Fink	Pine Cliff Energy Ltd.
Randy M. Jarock	Pine Cliff Energy Ltd.
Aidan M. Walsh	Freehold Royalties Ltd.

At the end of each meeting of the Board, the independent directors meet without management to consider any matters arising from the meeting or otherwise that require consideration or discussion among the

independent directors. There were sixteen such meetings held since the beginning of the last completed financial year.

Mr. Fink is the Chairman of the Board and is not independent. The Board has determined that it is appropriate to combine the offices of Chairman and Chief Executive Officer to maintain efficiencies in establishing corporate goals and objectives. In order to provide leadership for the independent directors, the Board encourages communication among the independent directors through in camera meetings in the absence of non-independent directors and management at regular Board meetings and through discussions outside of formal Board meetings.

Except for Mr. Drummond not attending four scheduled Board meetings, all directors attended all sixteen scheduled meetings of the Board, as well as their respective committee meetings.

Board Mandate

The Mandate of the Board (the “**Board Mandate**”) is to plan the Corporation’s long-term objectives and goals on a continuous basis. The Board Mandate is attached hereto as Schedule “A”.

Board Committees

The Board has currently established the following Board Committees comprised of the members set out in the following table. It is anticipated that each of the Board Committees will be reconstituted following the Meeting.

Committee	Members	Independent
Audit Committee	Randy M. Jarock Rodger A. Tourigny – Chair Aidan M. Walsh	Yes Yes Yes
Compensation Committee	George F. Fink Gary J. Drummond - Chair	No ⁽¹⁾ Yes
Policy, Governance and Nominating Committee	Gary J. Drummond – Chair George F. Fink	Yes No ⁽¹⁾
Disclosure Committee	Gary J. Drummond – Chair George F. Fink Robb D. Thompson	Yes No ⁽¹⁾ No ⁽¹⁾
Reserves Committee	Randy M. Jarock – Chair Rodger A. Tourigny Aidan M. Walsh	Yes Yes Yes

Note:

⁽¹⁾ This person is not considered to be independent as he is a member of management of the Corporation.

The function of the Policy, Governance and Nominating Committee is to recommend governance policies for adoption by the Corporation, and to amend, administer and monitor compliance with the Corporation’s governance policies. The function of the Disclosure Committee is to ensure that written and oral communications regarding the Corporation are timely, factual and accurate, broadly disseminated and reviewed by the Disclosure Committee in compliance with the Disclosure Policy approved by the

Committee, and to assist the CEO and CFO in the discharge of their duties regarding certification of interim and annual financial statements. The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually assess the work of the reserves evaluator and approve the Corporation's annual reserve report and consent forms of management and the reserves evaluator thereto.

Position Descriptions

The position descriptions are as follows:

Board of Directors and Committee Chairs

The Board is responsible for the overall direction of the Corporation. Its role is to guide the Corporation and set objectives that will best serve the interests of the Shareholders. The Board meets or has conference call meetings at least four times per year. Each Committee meets a minimum number of times per year as required to conduct its respective duties. Agendas are provided to all directors in advance of all meetings and are generally prepared by management and are discussed with Board members who are responsible for particular items with regard to the agenda.

The Chair of the Board is responsible for setting the agenda for each Board meeting and the Chairs of the Committees are responsible for setting the agenda for each of their respective Committee meetings. The Chair of each Committee reports to the Board following each Committee meeting. Minutes of each Board and Committee meeting are executed and copies are provided to the full Board. The Board and Committees continue to establish key goals to provide focus to their core responsibilities on an ongoing basis.

The Board and each Committee can meet independently of management at any time and are encouraged to do so whenever a member deems it is warranted. The Board and each Committee also have the authority to engage independent advisors, paid for by the Corporation, to provide it with expert advice.

Currently the Board consists of four independent directors and one director who is not independent. The term for each director and each Committee Chair is for one year. The Chair of the Board is responsible for providing leadership to the Board in the governance of the Corporation, overseeing all aspects of Board direction and administration, overseeing the communication of management strategy and plans to the Board and ensuring that the Board receives regular updates from management on matters that are important to the future of the Corporation. The main responsibility of the Chairs of the respective Committees as outlined above is to assess the requirements of the specific Committee on an ongoing basis and to communicate these requirements to the full Board.

Each Board member is evaluated informally each year by all of the other Board members and formally by all of the Shareholders in that they are required to be elected each year by the Shareholders.

CEO Position

The Chair of the Policy, Governance and Nominating Committee sets goals and objectives each year for the CEO by providing guidance through approval of formal documents and informal discussions with Board members and Committee members including the CEO. The four independent directors evaluate the CEO's performance at least annually. For a detailed analysis of the CEO's compensation for 2019, please see "*Statement of Executive Compensation*" above.

Orientation and Continuing Education

The Corporation has developed an orientation program, administered by the Policy, Governance and Nominating Committee, for new directors which provide each new director with all applicable information regarding the roles and responsibilities of the Board, each Committee, the Board Chair, Chair of each Committee and the CEO. It provides information regarding the nature and operation of the Corporation's business, its organizational structure, governance policies including the Board Mandate and each Committee Mandate, the Whistle Blower Policy and the Code of Business Conduct, which is available on SEDAR at www.sedar.com and the Corporation's Disclosure Policy. The information is updated as the Corporation's business, governance documents and policies change.

The Corporation arranges for presentations to be made to the Board and each Committee of the Board to inform directors regarding corporate developments and changes in legal, regulatory and industry requirements affecting the Corporation. As well, directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation. The Corporation encourages its Board and Committee members to continue to educate themselves through courses and discussions that will be paid for by the Corporation to ensure that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Ethical Business Conduct

The Corporation has adopted a written Code of Business Conduct (the "**Code**"). The Policy, Governance and Nominating Committee takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of their employment and as and when directed by management, to sign a copy of the Code acknowledging that they have read, understood and will comply with the Code. The Code applies to the Corporation's directors, executive officers, management, employees and consultants, each of whom is expected to ensure that his or her behaviour accords with the letter and the spirit of the Code. The Code also encourages all parties who engage in business with the Corporation to report any perceived and all actual breaches of the Code in accordance with the Corporation's Whistle Blower Policy. The Chair of the Committee is responsible for investigating complaints, presenting complaints to the Committee and any other applicable Committee of the Board or the Board as a whole, and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the Chair of the Committee will advise the complainant of the corrective measures that have been taken or advise the complainant that the complaint has not been substantiated. The Code prohibits retaliation by the Corporation, its directors, executive officers and management, against complainants who raise concerns in good faith and requires the Corporation to maintain the confidentiality of complainants to the greatest extent practicable. Complainants may also submit their concerns anonymously in writing. However, complaints that in the future are determined to be inaccurate or untruthful could result in suspension or dismissal.

In addition to the Code, the Corporation has an Audit Committee Charter regarding the collection and dissemination of accounting information, and a Whistle Blower Policy with respect to reporting accounting and auditing irregularities, as well as other corporate misconduct and breaches of the Code. Copies of these documents are available on the Corporation's website.

Since the beginning of the most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

Exercise of Independent Judgment

The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors

are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere. The Board is required by the Board Mandate to satisfy itself that the CEO and other executive officers are acting with integrity and fostering a culture of integrity throughout the Corporation.

The Policy, Governance and Nominating Committee is responsible for reviewing departures from the Code by executive officers, management, employees and consultants, reviewing and either providing or denying waivers from the Code, and disclosing any waivers that are granted in accordance with applicable law. The Board as a whole is responsible for responding to conflict of interest situations involving directors, particularly with respect to existing or proposed transactions and agreements in respect of which directors advise they have a material interest.

Conflicts of Interest

The Board Mandate requires: (1) that directors and officers disclose any material interest in any transaction or agreement with the Corporation; (2) that an individual director, if requested by himself or by the Board, excuse himself or herself from Board deliberations; and (3) that directors do not vote in respect of transactions in which they have an interest. The Corporation's directors and officers must also abide by the disclosure of conflict of interest provisions contained in the *Canada Business Corporations Act*. By taking these steps, the Board strives to ensure that directors at Board meetings exercise independent judgment, unclouded by the relationships of the directors and officers to each other and the Corporation, in considering transactions and agreements in respect of which directors and executive officers have an interest.

Director Nomination

Responsibility for identifying new candidates to join the Board belongs to the Policy, Governance and Nominating Committee. This Committee is responsible for identifying qualified candidates, recommending nominees for election as directors, and appointing directors to Committees. The Committee is required to consider a candidate's independence, financial acumen, skills, experience, background and available time to devote to the duties of the Board in making their recommendations for nomination. The Committee reviews the composition and size of the Board and tenure of directors in advance of annual general meetings when directors are most commonly elected by the Corporation's Shareholders, as well as when individual directors indicate that their terms may end or that their status may change.

In addition, the Policy, Governance and Nominating Committee is empowered to recommend candidates to fill any vacancy in the Board that arises between annual meetings. Subject to the Articles of the Corporation, the Policy, Governance and Nominating Committee also has the authority to recommend the appointment of additional directors between annual meetings.

Compensation

The Compensation Committee annually recommends the compensation to be received by the Corporation's directors and CEO and evaluates the proposed compensation to be received by the executive officers and management. The Compensation Committee is comprised of the entire Board. The CEO, who is also a director, does not participate in any Board discussions with regard to compensation issues that pertain to him. Compensation is determined in the context of the Corporation's goals, Shareholder returns and other achievements, and considered in the context of position descriptions, goals and the performance of each individual director and officer. With respect to directors' compensation, the Compensation Committee reviews the level and form of compensation received by the directors, members of each Committee, and the Chair of the Board and each Committee, considering the duties and responsibilities of each member, his or her past service and continuing duties in service to the Corporation.

Director Assessment

In addition to determining compensation, the Compensation Committee is responsible for conducting an informal annual evaluation and assessment of the performance, contribution and effectiveness of individual directors, each Committee and the Board as a whole. The annual review also asks directors to provide feedback on the Corporation's Board and Committee Mandates, the Code and all of its policies. The Compensation Committee discusses the information gathered pursuant to the annual assessment, the results of which are then presented to the Board in order to engage in a discussion regarding Board effectiveness and how it may be improved.

Term Limits

The Board has not adopted term limits for Board members, mandatory retirement policies or other mechanisms of Board renewal. However, the Policy, Governance and Nominating Committee has a process in place for the annual review of the performance of individual directors, the Board as a whole and the Board Committees. Through this annual review process, the Policy, Governance and Nominating Committee determine whether an individual director is able to continue to make an effective contribution and recommend changes when appropriate. The Board is of the view that a regular review process is more effective than arbitrary term limits or other mechanisms of Board renewal such as a mandatory retirement age. The Policy, Governance and Nomination Committee also has the mandate and responsibility for annually reviewing the composition, skills and tenure of directors in advance of annual meetings of Shareholders and whenever individual directors indicate that their status as members may change.

Representation of Designated Groups on the Board and in Executive Officer Positions

Policies Regarding Representation of Designated Groups on the Board

The Corporation has adopted a written diversity policy that is intended to promote diversity on the Board and includes policies relating to the identification and nomination of women, Aboriginal peoples, persons with disabilities and members of visible minorities (collectively, "**Designated Groups**") to serve as directors. In the diversity policy and this Information Circular, Aboriginal peoples, persons with disabilities and members of visible minorities have the meaning given in the *Employment Equity Act* (Canada). The Policy, Governance and Nominating Committee recommended, and the Board approved the diversity policy in recognition that diversity among the Corporation's directors supports balanced consideration of matters and fulsome debate, which enhances decision making and maximizes Shareholder value. The policy provides that, although the Corporation remains committed to a merit-based system for Board composition, the Policy, Governance and Nominating Committee will seek to achieve an appropriate level of diversity on the Board by having regard to the differing skills, experience, education, gender, age, ethnicity and cultural background of Board members.

To ensure the Corporation taps into a broad pool of the best qualified individuals, an external search firm may be retained to help identify future openings for new directors with the mandate that the pool must take diversity into account, in addition to the other attributes desired. Any search, whether executed by an outside executive search firm or through an internal process, is directed to include a diverse set of candidates, including members of Designated Groups, in its list of potential nominees presented to the Board for its consideration. The final decision will be based on merit and the contribution that the chosen candidate brings to the Board.

The Policy, Governance and Nominating Committee measures the effectiveness of the policy by reviewing the number of members of Designated Groups considered or brought forward for Board positions and the skills, background and experience of such candidates to ensure they are being fairly considered relative to

other candidates. The Board approved the nomination of two new directors for election to the Board at the Meeting and one of the nominees is a woman and is therefore a member of one of the Designated Groups.

Consideration of the Representation of Designated Groups in the Director Identification and Selection Process

The Policy, Governance and Nominating Committee considers the skills, experience and background that would enhance the overall effectiveness of the Board and seeks candidates that are anticipated to bring those qualities to the Board. The representation of members of Designated Groups is one of many criteria that is considered, however a candidate's skills and experience are the primary criteria. For more information on the director identification and selection process, please refer to "Director Nomination".

Consideration Given to the Representation of Designated Groups in Executive Officer Appointments

Executive appointments at Bonterra are determined based on merit and qualifications relevant for the specific role. Consideration is given to a broad range of skills, background and experience. Diversity is taken into account; however, the ultimate decision is determined based on the best candidate for the role. The representation of members of Designated Groups and the benefit of diversity are among many factors that are considered in assessing the contribution of an executive officer.

Targets Regarding the Representation of Designated Groups on the Board and in Executive Officer Positions

Bonterra has not adopted a specific target regarding the number of members of Designated Groups on the Board and in executive officer positions as the representation of members of Designated Groups and the benefits of diversity are among many factors that are considered in assessing the potential contribution of a prospective director or executive officer.

Number of Members of Designated Groups on the Board and in Executive Officer Positions

The Corporation does not currently have any members of Designated Groups (nil percent) that serve on its board of directors or in executive officer positions. However, one of the nominees for election to the Board at the Meeting is a woman and is therefore a member of one of the Designated Groups.

AUDIT COMMITTEE INFORMATION

Under National Instrument 52-110 *Audit Committees*, the Corporation is required to include in its Annual Information Form ("AIF") the disclosure required under Form 52-110F1 with respect to its Audit Committee, including the text of its Audit Committee charter, the composition of the Audit Committee and the fees paid to the external auditor. The Corporation's disclosure with respect to the foregoing is contained in the section of its AIF dated March 20, 2020 entitled "Audit Committee". A copy of the AIF has been filed on SEDAR at www.sedar.com. Copies of the AIF are also available free of charge upon written request to the Corporation at Suite 901, 1015 - 4th Street S.W., Calgary, Alberta, Attention: Chief Financial Officer.

ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis ("**MD&A**") for the year ended December 31, 2019. Copies of the Corporation's financial statements and MD&A are available on written request to the Corporation at Suite 901, 1015 - 4th Street S.W., Calgary, Alberta T2R 1J4, Attention: Chief Financial Officer.

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

SCHEDULE “A”

MANDATE OF THE BOARD OF DIRECTORS OF BONTERRA ENERGY CORP. (THE “CORPORATION”)

The primary responsibility of the Board of Directors is to supervise the management of the Corporation to ensure the long term success of the Corporation and to maximize shareholder value. Any responsibility which has not been delegated to management remains with the Board of Directors of the Corporation (the “Board”).

COMPOSITION

The Board shall be composed of a minimum of three Directors and a maximum of fifteen Directors. Except as set out in the By-Laws of the Corporation, Board members will be elected at the annual meeting of the shareholders and will serve until their successors are duly appointed. A majority of the Directors will be independent. All members of the Board of Directors shall have the skills and abilities required to carry out their duties and responsibilities in the most effective manner. The Board of Directors shall endeavour to always have the right mix of experience and competencies to discharge its responsibilities.

MEETINGS

The Board of Directors meets or has conference call meetings at least four times per year, and as deemed necessary in order to carry out its duties effectively. The Board of Directors shall also retain independent advice, if deemed necessary, which will be paid for by the Corporation.

DUTIES AND RESPONSIBILITIES

The Board of Directors is charged with the overall stewardship of the Corporation and manages or supervises the business of the Corporation and its management. The Board of Directors’ responsibilities include:

1. Management Selection, Retention and Succession

- Select, appoint and if necessary terminate the CEO
- Approve the list of directors standing for election, as recommended by the Policy, Governance and Nominating Committee
- Review its charter annually and recommend changes to the Board of Directors when necessary
- Annually appoint directors to the following committees:
 - the Audit Committee
 - the Policy, Governance and Nominating Committee
 - the Compensation Committee

- the Reserves Committee
- the Disclosure Committee

and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board of Directors

- At the Board's discretion, appoint any other Board committees that the Board decides are needed and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board
- Approve compensation and compensation programs for senior management, as recommended by the Compensation Committee
- Assess the CEO against corporate objectives approved by the Board
- Assess, annually, the effectiveness and the performance of the Board, committees and directors in fulfilling their responsibilities
- Approve director's compensation, as recommended by the Compensation Committee

2. Strategy

- Review and approve the corporate objectives developed by the CEO
- Review, adopt and monitor the Corporation's strategic planning process
- Monitor the Corporation's performance in light of the approved strategic planning process
- Adopt, annually, a strategic planning process to maximize shareholder value

3. Corporate Ethics and Integrity

- Review and monitor the Corporation's Code of Business Conduct and disclose any waivers of the code for officers and directors
- Review and respond to potential conflict of interest situations
- Ensure policies and processes are in place for the identification of principal business risks and review and approve risk management strategies
- Approve corporate policies and other corporate protocols and controls
- Approve the Corporation's policy on public disclosure
- Review, annually, its mandate and amend as deemed necessary

4. Financial Responsibilities

- Approve the annual financial statements of the Corporation as recommended by the Audit Committee

- Approve the quarterly interim financial statements of the Corporation, as recommended by the Audit Committee
- Recommend to the shareholders the appointment of the Corporation's external auditors, as recommended by the Audit Committee
- Review and approve the Corporation's operating budget
- Review, as deemed necessary, approval authorities to the CEO and senior management
- Approve financial commitments in excess of delegated approval authorities
- Review and approve any material acquisitions, divestments, and corporate reorganizations
- Assess and approve any material securities offerings, financing or banking arrangements

TIMETABLE

The Board's work schedule will be conducted on an ongoing basis to serve the requirements of applicable regulations.