



***ANNUAL GENERAL MEETING OF  
SHAREHOLDERS***

***SEPTEMBER 25, 2024***

***CALGARY, ALBERTA***

**CANADIAN SPIRIT RESOURCES INC.**

Suite 1200, 707 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H6

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TO THE HOLDERS OF COMMON SHARES OF CANADIAN SPIRIT RESOURCES INC.**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of holders (the "**Shareholders**") of common shares (the "**Shares**") of Canadian Spirit Resources Inc. (the "**Corporation**") will be held at Suite 1200, 707 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada on Wednesday, September 25, 2024 at 11:00 a.m. (Calgary time) (the "**Meeting**"), for the following purposes:

1. to receive the audited financial statements of the Corporation for the six month period ended June 30, 2023, report of the auditor and related management discussion and analysis;
2. to appoint Kenway Mack Slusarchuk Stewart LLP, Chartered Professional Accounts, as auditors of the Corporation for the ensuing year;
3. to fix the number of directors to be elected at the Meeting at four;
4. to elect directors of the Corporation for the ensuing year as set out in the Information Circular accompanying this Notice;
5. to consider and if thought fit, to pass an ordinary resolution, the full text of which is set forth in the accompanying Information Circular, to approve the amended and restated stock option plan for the Corporation, all as more particularly set forth in the Information Circular accompanying this Notice; and
6. to transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

Particulars of the matters referred to above are set forth in the accompanying Information Circular of the Corporation dated August 23, 2024.

Only Shareholders of record at the close of business on August 21, 2024 will be entitled to receive notice of, and to vote at, the Meeting or any adjournments thereof, except that a transferee of Shares after such record date may, not later than 10 days before the Meeting, establish a right to vote by providing evidence of ownership of Shares and requesting that his or her name be placed on the voting list in place of the transferor.

Proxies are being solicited by the management of the Corporation. Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it our transfer agent Computershare Investor Services Inc., (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by internet using the 15 digit control number located at the bottom of your proxy at [www.investorvote.com](http://www.investorvote.com). All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 11:00 a.m. (Mountain Time) on Monday, September 23, 2024, or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

Dated at Calgary, Alberta, this 23<sup>rd</sup> day of August , 2024.

**By Order of the Board of Directors  
of Canadian Spirit Resources Inc.**

(signed) "*Louisa DeCarlo*"  
\_\_\_\_\_  
Louisa DeCarlo  
President & Chief Executive Officer

## CANADIAN SPIRIT RESOURCES INC.

Suite 1200, 707 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H6

### INFORMATION CIRCULAR FOR THE SEPTEMBER 25, 2024 ANNUAL GENERAL MEETING OF SHAREHOLDERS

This information is given as of August 23, 2024 unless otherwise noted.

This Information Circular is furnished in connection with a solicitation of proxies on behalf of management for use at the Annual General Meeting of holders (the "**Shareholders**") of common shares (the "**Shares**") of **CANADIAN SPIRIT RESOURCES INC.** ("**CSRI**" or the "**Corporation**"), to be held on Wednesday, September 25, 2024, at Suite 1200, 707 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3H6, at 11:00 a.m. (Calgary time) and at any adjournment or adjournments thereof (the "**Meeting**") for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders appended hereto (the "**Notice of Meeting**").

#### VOTING INFORMATION

##### Record Date for Notice of Meeting

The board of directors of the Corporation (the "**Board**") has fixed August 21, 2024 as the record date for determining Shareholders entitled to receive the Notice of Meeting. A transferee of the Shares after such record date may, not later than 10 days before the Meeting, establish a right to vote by providing evidence of ownership of Shares and requesting that his or her name be placed on the voting list in place of the transferor.

##### Solicitation of Proxies

**The solicitation of proxies from registered and beneficial Shareholders will be primarily by mail and may be supplemented by telephone, facsimile or other personal contact to be made, without special compensation, by the directors, executive officers and employees of the Corporation. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Corporation. Registered Shareholders will receive a form of proxy ("Proxy") and beneficial Shareholders will receive a voting instruction form ("VIF").**

##### Delivery of Meeting Materials

The Corporation will mail the Notice of Meeting, Information Circular and Proxy or VIF (the "**Meeting Materials**") to registered Shareholders and to beneficial Shareholders who have not objected to their brokers or their agents or nominees (collectively, the "**Intermediaries**") disclosing certain address and ownership information about themselves to the Corporation. For beneficial Shareholders who have objected to the disclosure of ownership information but have not waived the right to receive the Meeting Materials, the Corporation has elected to deliver the Meeting Materials to the Intermediaries of such beneficial Shareholders with a request that such materials be promptly forwarded to the beneficial Shareholders.

##### Voting by Registered Shareholders

Registered Shareholders may vote in person at the Meeting or may give another person authority to vote at the Meeting on their behalf by appointing a proxyholder. Please vote, sign, date and return the Proxy in the envelope provided to Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so that it arrives no later than 48 hours, excluding Saturdays, Sundays and holidays prior to the time of the Meeting. You may also cast your vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), internet ([www.investorvote.com](http://www.investorvote.com)), or smartphone (Scan the QR code) by following the instructions provided on the form. If you choose to vote by telephone, internet or smartphone, your vote must also be cast no later than 48 hours, excluding Saturdays, Sundays and holidays prior to the time of the Meeting. If you vote by proxy, using mail,

telephone, internet, or smartphone, you may still attend the Meeting but may not vote again (see *Revocability of Proxy* herein).

### **Voting by Non-Registered (Beneficial) Shareholders**

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

**Meeting Materials sent to Beneficial Shareholders who have not waived the right to receive Meeting Materials are accompanied by a VIF.** This form is used instead of a Proxy and its purpose is limited to instructing the Registered Shareholder as to voting. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. **VIFs, whether provided by the Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF including those regarding when and where the VIF is to be delivered. In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Shares which they beneficially own.**

Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on his/her/its behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or his/her/its nominee the right to attend and vote at the Meeting.

### **Appointment of Proxyholder**

A duly completed Proxy will constitute the person(s) named in the enclosed Proxy as the Shareholder's proxyholder. The persons named in the accompanying Proxy for the Meeting are executive officers or directors of the Corporation (the "**Management Proxyholders**"). **A Shareholder has the right to appoint a person other than a Management Proxyholder to represent the Shareholder at the Meeting.**

A proxyholder is the person you appoint to act on your behalf at the Meeting and to vote your Shares. You may choose anyone to be your proxyholder – the person you choose does not have to be a Shareholder. If you are a Registered Shareholder, simply insert the person's name in the blank space provided on the Proxy, or if you are a Beneficial Shareholder, then insert the name of your proxyholder on the VIF. You should ensure that this person is attending the Meeting and is aware that he or she has been appointed to vote your Shares. **If you do not insert a name in the blank space, then the Management Proxyholders, each of whom are directors or executive officers of CSRI, will be appointed to act as your proxyholder.**

Your appointed proxyholder is authorized to vote and act for you at the Meeting, including any continuation after an adjournment of the Meeting. You can indicate how you want your proxyholder to vote your Shares on the Proxy. Alternatively, you can let your proxyholder decide for you.

All Shares represented by properly executed and deposited Proxies will be voted or withheld from voting on the matters identified in the Notice of Meeting in accordance with the instructions of Shareholders as specified on the Proxy or VIF.

## **Exercise of Discretion by Proxyholders**

All Shares represented by properly executed Proxies will be voted, and where a choice with respect to any matter to be acted upon has been specified in the Proxy, the Shares represented by the Proxy will be voted for or against or withheld from voting on each respective matter in accordance with such specification, on any ballot that may be called for. **IF NO CHOICE IS SPECIFIED AND ONE OF THE MANAGEMENT PROXYHOLDERS IS APPOINTED THE PROXYHOLDER, SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MATTERS PROPOSED AT THE MEETING AND FOR ALL OTHER MATTERS PROPOSED BY MANAGEMENT OF THE CORPORATION AT THE MEETING.** The enclosed Proxy confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

## **Revocability of Proxy**

**Any Shareholder who has submitted a Proxy may revoke it at any time before it has been exercised.** In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Registered Shareholder or by an attorney thereof authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the Proxy must be deposited at the office of the Corporation, c/o Sproule Asset Management Limited, 140 – 4<sup>th</sup> Avenue SW, Suite 900, Calgary, Alberta, T2P 3N3 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Beneficial Shareholders who wish to revoke their Proxy must arrange for their respective Intermediaries to revoke the Proxy on their behalf within the time specified by such Intermediary.**

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

Other than as set forth herein, management of the Corporation 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 of any nominee for election as a director, or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting other than the election of directors.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized capital of the Corporation is an unlimited number of Shares without par value. At a general meeting of the Corporation, on a show of hands, each Shareholder present in person has one vote, and on a poll, each Shareholder present in person or by proxy has one vote for each Share held. The Corporation has no other classes of voting securities.

For a meeting to be validly constituted, at least two persons, present in person or by proxy representing not less than 5% of the issued and outstanding Shares must be in attendance.

**The record date, being the date upon which the Corporation determines the Shareholders entitled to receive notice of and to vote at the Meeting, is August 21, 2024.** As at August 21, 2024, there were 288,177,583 Shares issued as fully paid and outstanding. The record refers to the share transfer register kept by Computershare Investor Services Inc. ("**Computershare**"), the Corporation's registrar and transfer agent. Those Shareholders desiring to be represented by proxy at the Meeting must either mail the completed Proxy or VIF to or deposit the same with, Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), internet ([www.investorvote.com](http://www.investorvote.com)), or smartphone (Scan the QR code) by following the instructions provided on the form. If you choose to vote by telephone, internet or smartphone, your vote must also be cast no later than 48 hours, excluding Saturdays, Sundays

and holidays prior to the time of the Meeting.

To the knowledge of the directors and executive officers of the Corporation, no individual nor corporate entity, as at August 21, 2024, beneficially owns directly or indirectly, or exercises control or direction over Shares carrying 10% or more of the voting rights attached to the outstanding Shares., except M.A. Liberatore Holdings Inc. ("MALH") which owns 60,722,689 Shares, being approximately 21.07% of the issued and outstanding Shares, G. Liberatore Holdings Inc. which owns 60,722,689 Shares, being approximately 21.07% of the issued and outstanding Shares, and M.J. Liberatore Holdings Inc. which owns 60,722,689 Shares, being approximately 21.07% of the issued and outstanding Shares.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

### **1. Financial Statements**

The audited financial statements of the Corporation for the six month period ended June 30, 2023, report of the auditor and related management discussion and analysis (together, the "**Financial Statements**") will be placed before the Meeting. No formal action will be taken at the Meeting to approve the Financial Statements.

### **2. Appointment of Auditors**

The Board has recommended that Kenway Mack Slusarchuk Stewart LLP, Chartered Professional Accountants, be appointed as the auditors of the Corporation.

**It is the intention of the Management Proxyholders, if named as proxy, to vote in favour of the appointment of Kenway Mack Slusarchuk Stewart LLP, as the auditors of the Corporation for the ensuing year, unless the proxies are directed to be withheld from voting.**

### **3. Fixing the Number of Directors**

There are currently four (4) directors on the Board and it is proposed that the number of directors to be elected at the Meeting for the ensuing year be fixed at four (4). At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting.

**It is the intention of the Management Proxyholders, if named as proxy, to vote in favour of fixing the number of directors to be elected at four (4) unless otherwise directed.**

### **4. Election of Directors**

The directors of the Corporation are elected annually and hold office until the next meeting of the Shareholders or until their successors are appointed, unless their offices are earlier vacated.

The Board has adopted an individual voting standard for the election of directors. Under such individual voting standard, in the event that any nominee for election receives more "Withheld" votes than "For" votes at any meeting at which Shareholders vote on the uncontested election of directors, the Board will consider the result and, if deemed to be in the best interests of the Corporation and its Shareholders, may request that such nominee tender their resignation from the Board in a manner that facilitates an orderly transition. It is anticipated that any decisions necessitated in the circumstances outlined in this paragraph will be made within ninety (90) days and the Board may fill any vacancy created thereby.

The following table sets out the names of the persons proposed by management to be nominated for election as directors, their current positions with the Corporation, their past and present principal occupation(s), the dates upon which each first became a director of the Corporation and the number of Shares beneficially owned or controlled, directly or indirectly, by such person as of August 21, 2024 (based on information furnished to the Corporation by the

nominees):

<b>Name, Municipality of Residence and Office Held</b>	<b>Principal Occupation During the Last Five Years</b>	<b>Date of Appointment Election as Director</b>	<b>Number of Shares<sup>(5)</sup> (#)</b>
LOUISA DECARLO <sup>(1)</sup> Calgary, Alberta, Canada President, Chief Executive Officer, Director and Chairman of the Board	President and Chief Executive Officer of the Corporation since February 2020. President and founder of Danrich Resources Corp., an energy advisory firm.	May 29, 2019	nil
SARAH HAWCO <sup>(2)</sup> Calgary, Alberta, Canada Director	Founding Partner at Hawco Peters and Associates Inc.	May 26, 2022	nil
DAVID C. MONROE <sup>(4)</sup> Calgary, Alberta, Canada Director	Senior Staff Exploitation Engineer at Torxen Oil & Gas Ltd., a private exploration and production company.	August 28, 2020	Nil
MARC-ANDRÉ LIBERATORE <sup>(3)</sup> Mount Royal, Québec, Canada Director	Manager of Elmag Investments Inc., a real estate investment firm.	Nominee	60,722,689 <sup>(6)</sup>

**Notes:**

- (1) Ms. DeCarlo is currently member of the Reserves Committee.
- (2) Ms. Hawco is currently member of the Reserves Committee and Chair of the Audit Committee.
- (3) Mr. Liberatore is proposed to be a member of the Audit Committee and the Reserves Committee.
- (4) Mr. Monroe is currently Chair of the Reserves Committee and member of the Audit Committee.
- (5) Current directors and nominees and their associates beneficially own directly or indirectly an aggregate of 60,722,689 Shares or approximately 21.07% of the total issued and outstanding Shares as at August 21, 2024.
- (6) The 60,722,689 Shares are held indirectly by Mr. Liberatore through MALH.

*Orders*

Other than as set out below, to the knowledge of management of the Corporation, no proposed director as at the date hereof, or within 10 years before the date hereof, was a director, chief executive officer or chief financial officer of any company (including the Corporation), that (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, "order" means (a) a cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

*Bankruptcies*

To the knowledge of management of the Corporation, no proposed director of the Corporation (a) is, as at the date hereof, or has been within the 10 years before the date hereof, 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 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 (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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.

*Penalties and Sanctions*

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

It is the intention of the Management Proxyholders, if named as proxy, to vote in favour of the election of the nominees listed above unless otherwise directed.

## 5. Annual Approval of Stock Option Plan

At the Corporation's last Shareholders Meeting, held on August 25, 2023, the Shareholders approved the Corporation's amended and restated stock option plan (the "**Option Plan**"). A copy of the Option Plan, is attached hereto as Appendix "B".

*The following is a summary only of the material terms of the Option Plan and is subject to, and qualified in its entirety by, the full text of the Option Plan. Shareholders are urged to read the entire Option Plan, which is attached hereto as Appendix "B".*

The Option Plan was adopted by the Board on October 26, 2022 and amended and restated the prior stock option plan of the Corporation that was approved by the Shareholders at the Corporation's annual general meeting of Shareholders held on May 26, 2022 (the "**Prior Option Plan**"). The Option Plan amended the Prior Option Plan by clarifying that: (i) stock options can only be issued to bona fide participants under the Option Plan; (ii) the limitations to the number of stock options issuable under the Option Plan was to be aggregated with all other awards, if any, under the Corporation's other security based compensation arrangements; (iii) at no time may the number of Shares reserved or granted under stock options and other share compensation arrangements exceed 10% of the aggregate number of the then issued and outstanding Shares; (iv) TSX Venture Exchange approval is required for certain adjustments to the number of Shares subject to outstanding stock options issued under the Option Plan; and (v) the Board's discretion to amend the terms of outstanding stock options issued under the Option Plan does not include the ability to change the vesting terms of previously issued stock options.

The purpose of the Option Plan is to afford persons who provide services to the Corporation, whether as directors, officers, employees or otherwise, an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Shares. The Option Plan also aims to attract and retain persons of desired experience and ability to the Corporation and to retain and encourage the continued involvement of such persons with the Corporation.

The Option Plan is administered by the Board, who will, from time to time, grant stock options to eligible participants. Directors, officers and employees of, and consultants and advisors to, the Corporation are eligible to participate in the Option Plan.

The aggregate number of authorized but unissued Shares allocated and made available to be granted to eligible participants under the Option Plan and other share compensation arrangements may not exceed 10% of the outstanding Shares at any time. At no time may the number of Shares reserved or granted under stock options and other share compensation arrangements exceed 10% of the aggregate number of the then issued and outstanding Shares. The Shares in respect of which stock options are exercised or cancelled or expire unexercised for any reason shall be available for subsequent stock option grants. The terms of any stock options granted shall be for a period of time determined by the Board in its discretion, provided that the term may not exceed 10 years and subject to earlier automatic termination when the holder ceases to be an eligible participant in accordance with the terms of the Option Plan.

The aggregate number of Shares subject to an option to an eligible participant under the Option Plan will be determined by the Board, but no participant may be granted options representing more than 5% of the issued and outstanding Shares within any 12-month period (the maximum number permitted by the TSX Venture Exchange to be granted to any one individual in a year). The aggregate number of options to be granted to any consultants or any participants conducting investor relation activities shall not exceed 2% of the issued and outstanding Shares within any 12-month period. Please refer to the discussion under "*Statement of Executive Compensation – Description of Long-Term Incentive Plans*" for more information.

In accordance with the policies of the TSX Venture Exchange, the Option Plan must be approved by the Shareholders

annually. Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, to approve the following ordinary resolution re-approving the Option Plan:

"BE IT RESOLVED, as an ordinary resolution of the holders of common shares in the capital of Canadian Spirit Resources Inc. (the "**Corporation**"), that:

1. the amended and restated stock option plan of the Corporation, in form attached as Appendix "B" to the Information Circular and Proxy Statement of the Corporation dated August 23, 2024, be and the same is hereby authorized and approved until the next annual general meeting of the shareholders of the Corporation; and
2. any one 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 seal of the Corporation or otherwise) that may be necessary or desirable to give effect to these resolutions."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders at the Meeting.

As at August 21, 2024, options for the purchase of 16,550,000 Shares were outstanding, representing 5.74% of the number of issued and outstanding Shares as at that date. The maximum number of Shares reserved for future options as at August 21, 2024 was 12,267,758 or 4.26% of the outstanding Shares as at that date (see "*Securities Authorized For Issuance Under Equity Compensation Plans*" herein).

**It is the intention of the management designees, if named as designee, to vote in favour of the approval of the Option Plan, unless otherwise directed.**

## **6. Other Matters**

The management of the Corporation is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting or any adjournment thereof, it is the intention of the persons named in the enclosed Proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The Corporation changed its year-end from December 31 to June 30 in August 2023. As such, amounts shown for the Corporation's financial year of 2023 and 2022 are for the six month period ended June 30, 2023 and for the twelve month period ended December 31, 2022, respectively, unless stated otherwise.

For the purpose of this Information Circular, the executive compensation discussion and analysis is provided for all directors and Named Executive Officers ("**NEOs**"), as defined by the Canadian Securities Administrators' National Instrument 51-102F6V. The Corporation's NEOs include the Chief Executive Officer, the Chief Financial Officer and one additional executive officer whose total compensation, including share-based and option-based awards, in any of the six month period ending June 30, 2023 and the twelve month period ending December 31, 2022, is greater than \$150,000.

As such, within this Information Circular, references to the Corporation's NEOs refer to the executive officers named below:

<b>Name</b>	<b>Principal Position(s)</b>
Louisa DeCarlo	President & Chief Executive Officer
Greg Florence	Chief Financial Officer
Sead Hamzagic	Former Chief Financial Officer

## **Oversight and Description of Director and Named Executive Officer Compensation**

The Corporation's compensation philosophy is to maintain a competitive total compensation system that emphasizes and rewards performance and includes a fixed component appropriate for the Corporation's stage of development and the individual's level of responsibility.

Compensation policies and programs are designed to support the principal corporate purpose of shareholder return. The Corporation's total compensation objective is to attract, motivate and retain high quality directors and executive officers. The compensation program and its various components reflect current market conditions and practices in the Canadian junior oil and gas industry. Certain components of this compensation may vary with key measures of corporate results, thereby aligning executive officer interests with the interests of and the potential returns to the Corporation's shareholders.

The compensation package for executive officers, including the Chief Executive Officer, has three primary elements:

(i) annual base salary; (ii) short-term incentive; and (iii) long-term incentive. Executive officers also participate in certain other benefits, such as general health, life, disability and medical reimbursement insurance plans, which are available to all employees. The base salary reflects competitive market salaries for the size and stage of development of the Corporation and the value an individual is expected to bring to the Corporation on an ongoing basis. The short-term incentive element is designed to reward achievements during a given year, and the long-term incentive serves to drive performance that reflects shareholder interests and provides rewards commensurate with investor returns.

The Board considers several factors when setting compensation for executive officers, including but not limited to, market data, individual performance and corporate performance. The Board does not rely solely on publicly available compensation data to determine appropriate compensation levels. In determining the appropriate compensation mix, consideration is given to the proportion of pay that should be at risk, based on the executive officer's ability to influence the Corporation's results, as well as the compensation mix for similar positions in the Canadian junior oil and gas sector.

The President and Chief Executive Officer reviews non-executive director compensation each year and makes recommendations to the Board for approval. Industry comparative data is considered in making a recommendation and if necessary, management has the authority to retain independent external consultants or counsel to review non-executive director compensation.

Directors who are not executive officers are partially compensated through periodic grants of stock options. The Corporation's policy is that all stock options granted to non-executive directors vest immediately as at the date of grant. Additionally, for 2023, certain non-executive directors received a quarterly fee of \$2,000. Directors who are executive officers receive no additional compensation for their service as directors.

In 2023, the compensation review and approval process of the Board was informal and relied heavily on the knowledge, experience and current participation of the directors in compensation matters at other junior oil and gas entities in Canada. The Board also concluded that the Corporation's compensation policies and practices do not create an environment where a NEO or individual is encouraged to take excessive risk. Therefore, it is unlikely that there will be risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

### **Base Salary**

The base salary provides an executive officer with a known and unconditional level of compensation and is set with consideration of corporate circumstances; individual responsibility, knowledge and experience; market competitiveness; and the contribution expected from each individual. Each year, the Board receives a compensation proposal from management and based on publicly available compensation data, personal knowledge and experience, approves appropriate adjustments, as needed.

### **Short-Term Incentive Program**

Short-term incentive compensation consists of discretionary bonuses. The short-term incentive ensures that a portion of an executive's compensation varies with actual results in a given year. There were no short-term incentive bonuses approved by the Board for 2023.

## Long-Term Incentive Program

The long-term incentive component of executive compensation is designed to ensure commonality of interests between management and Shareholders. This is accomplished by connecting Shareholder return and long-term compensation thus motivating executives to achieve long-range objectives that directly benefit Shareholders. Stock options reward executive officers for growth in the value of the Shares over the long term. This is a significant at-risk component of the total executive compensation program because stock options deliver value to an executive officer only if the share price is above the grant price at date of exercise.

## Director and Named Executive Officer Compensation

The following table sets forth the compensation for the NEOs and directors for the six month period ended June 30, 2023 and for the twelve month period ended December 31, 2022:

### Table of Compensation Excluding Compensation Securities

Name and Position	Financial Year <sup>(1)</sup>	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus <sup>(2)</sup> (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(3)</sup> (\$)	Value of All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
Luigi Liberatore <sup>(5)</sup> Director	2023	-	-	-	-	-	-
	2022	-	-	-	-	-	-
Louisa DeCarlo <sup>(6)</sup> CEO, Chair, Board of Director	2023	37,020	-	-	-	-	37,020
	2022	74,040	-	-	-	-	74,040
David Monroe <sup>(7)</sup> Director, Chair, Reserves Committee	2023	4,000	-	-	-	-	4,000
	2022	8,000	-	-	-	-	8,000
Sarah Hawco <sup>(8)</sup> Director, Chair, Audit Committee	2023	4,000	-	-	-	-	4,000
	2022	6,000	-	-	-	-	6,000
Greg Florence <sup>(9)</sup> CFO	2023	27,500	-	-	-	-	27,500
	2022	24,500	-	-	-	-	24,500
Sead Hamzagic <sup>(10)</sup> Former CFO	2023	-	-	-	-	-	0
	2022	14,000	-	-	-	-	14,000
Stuart R. Ross <sup>(11)</sup> Former Director	2023	-	-	-	-	-	0
	2022	4,000	-	-	-	-	4,000

#### Notes:

- (1) For the six month period ended June 30, 2023 and the twelve month ended December 31, 2022.
- (2) There were no short-term incentive bonuses awarded to NEOs for 2022 or 2023.
- (3) Perquisites are comprised of club memberships and monthly transit passes, none were awarded for 2022 and 2023.
- (4) All other compensation is comprised of taxable benefits paid by the Corporation such as life insurance and accidental death and dismemberment premiums, as well as retirement allowance payments associated with the termination of executive employment contracts, plus legal fees.
- (5) Mr. Liberatore became a director effective August 22, 2017.
- (6) Ms. DeCarlo became a director effective May 29, 2019.
- (7) Mr. Monroe became a director effective August 28, 2020.
- (8) Ms. Hawco became a director effective May 26, 2022.
- (9) Greg Florence became CFO of the Corporation, effective June 9, 2022.
- (10) Mr. Hamzagic, former CFO, from March 1, 2020 to June 9, 2022.
- (11) Mr. Ross, former director, from August 28, 2020 to May 4, 2022.

## Stock Options and Other Compensation Securities

The only compensation securities available to be issued or granted by the Corporation to its directors and NEOs during the six month period ended June 30, 2023 were incentive stock options under the Corporation's stock option plan. During that fiscal year, the Corporation did not grant any stock options to its directors or NEOs for services provided

or to be provided, directly or indirectly, to the Corporation.

On July 12, 2023, the Corporation granted to certain directors, executive officers and consultants of the Corporation incentive stock options to purchase a total of up to an aggregate of 5,250,000 Shares pursuant to the terms of the Corporation's amended and restated stock option plan. The stock options have a term of five years and may be exercised at a price of \$0.070 per Share.

Subsequent to July 12, 2023, the Corporation did not grant any stock options to its directors or NEOs for services provided or to be provided, directly or indirectly, to the Corporation. As at August 21, 2024, the following directors and NEO's held the following stock options of the Corporation:

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities (#)	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant <sup>(1)</sup> (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Luigi Liberatore <sup>(1)</sup> Director	Option	400,000	November 27, 2020	0.10	0.10	0.11	November 27, 2025
	<b>Total:</b>	<b>400,000</b>					
Louisa DeCarlo <sup>(2)</sup> CEO, Director	Option	1,000,000	August 25, 2020	0.05	0.06	0.11	August 25, 2025
	Option	1,000,000	November 27, 2020	0.10	0.10	0.11	November 27, 2025
	Option	750,000	August 26, 2021	0.07	0.07	0.11	August 26, 2026
	Option	1,000,000	August 25, 2022	0.11	0.14	0.11	August 25, 2027
	Option	2,000,000	November 28, 2022	0.08	0.11	0.11	November 28, 2027
	Option	1,750,000	July 12, 2023	0.07	0.06	0.07	July 12, 2028
	<b>Total:</b>	<b>7,500,000</b>					
Sarah Hawco <sup>(3)</sup> Director	Option	400,000	August 25, 2022	0.11	0.14	0.11	November 27, 2025
	Option	650,000	November 28, 2022	0.08	0.11	0.11	August 26, 2026
	Option	750,000	July 12, 2023	0.07	0.06	0.07	July 12, 2028
	<b>Total:</b>	<b>1,800,000</b>					
David Monroe <sup>(4)</sup> Director	Option	400,000	November 27, 2020	0.10	0.10	0.11	November 27, 2025
	Option	400,000	August 26, 2021	0.07	0.07	0.11	August 26, 2026
	Option	400,000	August 25, 2022	0.11	0.14	0.11	August 25, 2027
	Option	650,000	November 28, 2022	0.08	0.11	0.11	November 28, 2027
	Option	750,000	July 12, 2023	0.07	0.06	0.07	July 12, 2028
	<b>Total:</b>	<b>2,600,000</b>					
Greg Florence <sup>(5)</sup> CFO	Option	400,000	August 25, 2022	0.11	0.14	0.11	August 25, 2027
	Option	800,000	November 28, 2022	0.08	0.11	0.11	November 28, 2027
	Option	1,500,000	July 12, 2023	0.07	0.06	0.07	July 12, 2028
	<b>Total:</b>	<b>2,700,000</b>					
<b>Total Options:</b>	<b>Total:</b>	<b>15,000,000</b>					

**Notes:**

- (1) Mr. Liberatore became a director effective August 22, 2017.
- (2) Ms. DeCarlo became a director effective May 29, 2019.
- (3) Mr. Monroe became a director effective August 28, 2020.
- (4) Ms. Hawco became a director effective May 26, 2022.
- (5) Greg Florence became CFO of the Corporation, effective June 9, 2022.

## **Description of Long-Term Incentive Plans**

The Corporation may grant, pursuant to the policies of the TSX Venture Exchange, incentive stock options to its directors, executive officers, employees, and consultants (the "**Eligible Participants**") in consideration of providing their services to the Corporation. No financial assistance is provided by the Corporation to optionees in connection with the exercise of stock options granted by the Corporation.

The Option Plan provides for a rolling maximum limit of options exercisable to acquire up to 10% of the outstanding Shares, as permitted by the policies of the TSX Venture Exchange. The number of Shares reserved for any one person may not exceed 5% of the outstanding Shares. The Board determines the price per Share and the number of Shares that may be allotted to each director, executive officer, employee and consultant and all other terms and conditions of the options, subject to the policies of the TSX Venture Exchange.

Options may be exercisable for up to five years from the date of grant. Options may be exercised for a period of 30 days from the date of termination of employment or cessation of position with the Corporation, provided that if the cessation of office, directorship, consulting agreement or employment is by reason of death or disability, the options may be exercised for a period of 90 days from such event.

As of August 21, 2024, options to purchase 16,550,000 Shares were outstanding, representing 5.74% of the issued and outstanding Shares.

The purpose of the Option Plan is to afford Eligible Participants with an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Corporation. The Option Plan is administered by the Board. The Board will, from time to time, grant options to Eligible Participants under the Option Plan subject to the provisions of the Option Plan and subject to such additional conditions as may be established by the Board from time to time.

## **Pension Plan Benefits**

The Corporation does not have a pension plan for NEOs or other employees and does not contribute to employee registered retirement savings plans.

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

Other than as described herein, the Corporation does not have any contracts, agreements, plans or arrangements that provide for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in such NEO's responsibilities.

The Corporation has entered into an executive consulting services agreement (the "**Executive Agreement**") with Danrich Resources Corp. ("**Danrich**"), a wholly-owned corporation of Louisa DeCarlo, under which Ms. DeCarlo provides services as the President and Chief Executive Officer of the Corporation. Under the Executive Agreement, Danrich is entitled to receive a payment in the event of a change of control of the Corporation equal to \$350,000 plus, if applicable, an additional payment based on the total consideration paid in the transaction resulting in a change of control of the Corporation.

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

The following table details all compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the Corporation's most recently completed financial year:

Plan Category	Type	Securities to be issued upon exercise of outstanding options, warrants and rights at June 30, 2023 (#)	Weighted-average exercise price of outstanding options, warrants and rights at June 30, 2023 (\$)	Securities remaining available for future issuance under equity compensation and conversion plans at June 30, 2023 (#)
Equity compensation plans approved by Shareholders	Options	11,425,000	0.086	16,392,758
Equity compensation plans not approved by Shareholders	Options	N/A	N/A	N/A
<b>Total</b>		<b>11,425,000</b>		<b>16,392,758</b>

As at August 21, 2024, options for the purchase of 16,550,000 Shares were outstanding, representing 5.74% of the number of issued and outstanding Shares as at that date. The maximum number of Shares reserved for future options as at August 21, 2024 is 12,267,758 or 4.26% of the outstanding Shares as at that date.

## CORPORATE GOVERNANCE DISCLOSURE

The Board believes that good corporate governance is of fundamental importance to the success of the Corporation. The Board continually evaluates the corporate governance policies and procedures of the Corporation and has updated its governance practices with respect to matters addressed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines*, as adopted by the Canadian Securities Administrators. A description of the Corporation's corporate governance practices and processes are outlined in Appendix "A" hereto.

## AUDIT COMMITTEE INFORMATION

Information concerning the Audit Committee of the Corporation, as required by Canadian Securities Administrators' National Instrument 52-110 – *Audit Committees*, ("**NI 52-110**") is provided in Appendix "C" to this Information Circular.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than in respect of routine indebtedness or indebtedness that has been entirely repaid prior to the date hereof, none of the directors, executive officers or employees of the Corporation, or the former directors, executive officers or employees of the Corporation is or has been indebted to the Corporation at any time since the beginning of the most recently completed financial year of the Corporation or has or has had indebtedness to any other entity which is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains directors' and officers' liability insurance coverage to a maximum aggregate total of \$3 million in each policy year, subject to a deductible of \$75,000 on each security claim to be paid by the Corporation. The 2022/2023 annual premium for the directors' and officers' liability insurance policy is \$15,150.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person, or proposed nominee for election as a director of the Corporation herein named, or any associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year, or in any proposed transaction which in either case, has materially affected or would materially affect the Corporation save and except for the transactions referred to under the headings "*Statement of Executive Compensation*" and "*Matters to be Acted Upon at Meeting*".

## **AUDITORS, REGISTRAR AND TRANSFER AGENTS**

Kenway Mack Slusarchuk Stewart LLP, Chartered Professional Accountants of Calgary, Alberta, are the auditors of the Corporation. The registrar and transfer agent for the Shares is Computershare Investor Services Inc., at its principal offices in Toronto, Ontario.

## **ADDITIONAL INFORMATION**

Additional information relation to the Corporation is available on the Corporation's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

Financial information regarding the Corporation is provided in the Corporation's annual audited financial statements and management discussion and analysis for its most recently completed financial year. Any Shareholder may obtain copies of the Corporation's annual audited financial statements and interim financial statements together with the respective management discussion and analysis, without charge, by writing to the Corporation at its head office. The information for the six month period ended June 30, 2023 was made available to Shareholders on October 30, 2023.

Under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, a person or corporation who wishes to receive interim financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or corporation is the owner of securities (other than debt instruments) of the Corporation. The Corporation's policy is to provide interim financial statements to Registered Shareholders; however, non-Registered Shareholders who wish to receive interim financial statements are encouraged to send the supplemental mailing list return card to the Corporation. The Corporation maintains a supplemental list of persons and companies wishing to receive interim financial statements.

Dated at Calgary, Alberta, the 23<sup>rd</sup> day of August, 2024.

## APPENDIX "A"

### CORPORATE GOVERNANCE DISCLOSURE

1. **Board of Directors:** Board members are elected by the shareholders of the Corporation at its annual general meeting of shareholders. The current board of directors of the Corporation is comprised of the following four individuals:

a. Louisa DeCarlo	Not Independent
b. Luigi Liberatore	Independent
c. David C. Monroe	Independent
d. Sarah Hawco	Independent

Luigi Liberatore has advised the Board that he does not wish to stand for re-election at the Corporation's Annual General Meeting of Shareholders on September 25, 2024, and the Board has determined to propose Louisa DeCarlo, Sarah Hawco, Dave Monroe and Marc-André Liberatore as nominees for election as directors at the Corporation's Annual General Meeting of Shareholders on September 25, 2024.

The determination of whether a director is independent or not independent was made within the meaning of Section 1.4 of NI 52-110. The Board has determined that three of the four current directors are independent, and the proposed director nominee, Marc-André Liberatore, is independent since: (a) they have not been an employee or an executive officer of the Corporation within the last three years; and (b) they do not have and have not had any business or other relationship with the Corporation or its executive officers which could, in the view of the Board having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of independent judgment.

**Directorships:** None of the current directors and nominees presently serve on the boards of other issuers that are reporting issuers (or the equivalent).

2. **Orientation and Continuing Education:** New members of the Board are provided with copies of the Corporation's code of business conduct and ethics, whistleblower policy, privacy policy, disclosure policy, charters of the Audit and Reserves Committees, and all recently filed public documents of the Corporation for their review. New members of the Board are also provided with the opportunity to have meetings with senior management and other members of the Board. The details of the orientation of each new member are tailored to that member's individual needs, requests and areas of interest.

The Board has not recently undertaken any ongoing education efforts.

3. **Ethical Business Conduct:** The Board has adopted a code of business conduct and ethics ("**Code of Ethics**") that all directors, executive officers, employees, and full time consultants must read, understand and be bound by as a condition of their employment. The Code of Ethics of the Corporation is a guideline to:
- Assure compliance with laws and regulations that govern the Corporation's business activities.
  - Maintain a corporate climate in which the integrity and dignity of each individual is valued.
  - Foster a standard of business conduct that reflects positively on the Corporation.
  - Protect the Corporation from unnecessary exposure to financial loss.

The Corporation's Code of Ethics contains whistleblower provisions which identify reportable events and activities or suspected violations of the Code of Ethics and provides direction as to whom these events should be reported.

4. **Nomination of Directors:** The identification and nomination of new directors is carried out by the Board as a whole. The names of potential directors are brought forward by management or existing directors based on

each candidate's experience and expertise and his or her perceived ability to contribute to the business interests of the Corporation. Annually, the Board reviews the need for new directors based on the growth and development of the business of the Corporation and on succession considerations.

5. **Compensation:** Compensation for the directors and Chief Executive Officer is determined by the Board after receiving a compensation proposal from management. See "*Statement of Executive Compensation*" in the Information Circular.
6. **Other Board Commitments:** The only standing committee of the Board, other than the Audit Committee, is the Reserves Committee, which is currently composed of Mr. David C. Monroe, Ms. Louisa DeCarlo and Mr. Luigi Liberatore. If elected to the Board at the Meeting, it is the intention of the Board to have Mr. Marc-André Liberatore appointed to the Reserves Committee. The directors meet at least annually to review the Corporation's reserves and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

## APPENDIX "B"

### CANADIAN SPIRIT RESOURCES INC.

#### AMENDED AND STOCK OPTION PLAN

#### 1. Purpose of the Plan

The purpose of this Plan, as amended or varied from time to time, is to provide the Participants with an opportunity to purchase Common Shares of the Corporation and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus aligning the interests of the Participants with the interests of the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

#### 2. Defined Terms

2.1 Where used herein, the following terms shall have the following meanings:

- (a) "**Acceleration Right**" means the Participant's right, in certain circumstances, to exercise their outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) "**Blackout Period**" means a self-imposed period of time during which a Participant cannot exercise an Option, or sell Optioned Common Shares, due to applicable policies of the Corporation in respect of insider trading;
- (c) "**Blackout Expiry Time**" means the time that the Blackout Period terminates plus ten (10) business days;
- (d) "**Board**" means the Board of Directors of the Corporation, and shall be deemed to include any committee to which the Board has, fully or partially delegated the administration and operation of the Plan pursuant to Article 3 hereof;
- (e) "**Common Shares**" means the Common Shares of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such Shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (f) "**Corporation**" means Canadian Spirit Resources Inc., and includes any successor corporation thereof;
- (g) "**Exchange**" means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on such exchange, then on any stock exchange in Canada on which such Shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (h) "**Exercise Notice**" means the notice in writing signed by the Participant or the Participant's legal personal representatives addressed to the Corporation specifying an intention to exercise all or a portion of the Option;
- (i) "**Insider**" means those reporting insiders of the Corporation that are subject to insider reporting requirements pursuant to National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;
- (j) "**Expiry Time**" means the time at which the Options will expire, being 4:00 p.m. (Calgary time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than five years from the date of grant;

- (k) "**Option**" means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;
- (l) "**Option Price**" means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;
- (m) "**Participants**" means the directors, officers, employees of, and consultants to, the Corporation or its Subsidiaries, as such terms are defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange and except in relation to Consultant Companies, a Company that is wholly owned by such eligible persons, to whom an option has been granted pursuant to the Plan and which Option or portion thereof remains unexercised;
- (n) "**Permanent Disability**" means the mental or physical state of the Participant whereby such person has to a substantial degree been unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his obligations as a director, officer, employee or consultant of the Corporation either for any consecutive four (4) month period or for any period of six (6) months (whether or not consecutive) in any consecutive twelve (12) month period, and the Corporation has certified the same in writing, or a court of competent jurisdiction has declared the Participant to be mentally incompetent or incapable of managing his affairs;
- (o) "**Plan**" means this Stock Option Plan of the Corporation, as the same may be amended or varied from time to time;
- (p) "**Stock Option Agreement**" has the meaning ascribed thereto in Section 4.1 hereof;
- (q) "**Subsidiary**" means any body corporate that is a subsidiary of the Corporation, as such term is defined under subsection 2(4) of the *Business Corporations Act* (Alberta), as such provision is from time to time amended, varied or re-enacted; and
- (r) "**Take-over Bid**" has the meaning ascribed thereto in the *Securities Act* (Alberta), as such provision is from time to time amended, varied or re-enacted.

Capitalized terms in the Plan not otherwise defined shall have the meaning set out in the policies of the Exchange, including without limitation "Consultant", "Consultant Company", "Director", "Employee", and "Investor Relations Activities".

### **3. Administration of the Plan**

The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: the Participants to whom, and the time or times at which, the Options will be granted; the number of Common Shares which shall be the subject of each Option; any vesting provisions attaching to the Option; and, the terms and provisions of the respective Stock Option Agreements, provided, however, that each director, employee or consultant shall have the right not to participate in the Plan and any decision not to participate shall not affect the employment by, or engagement with, the Corporation. The Board shall ensure that each Participant under the Plan, and each Participant under the Plan shall confirm to the Corporation that such Participant, is a *bona fide* Participant eligible to participate under the Plan, and, if required by the Exchange, shall represent, confirm and provide evidence of such eligibility as may be required.

### **4. Granting of Option**

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time ("**Stock Option Agreement**"). Each such Stock Option Agreement shall recite that it is subject to the provisions of this Plan.

- 4.2 Subject to adjustment as provided in Article 8 hereof, the aggregate number of authorized but unissued Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan, together with all other awards, if any, under the Corporation's other security based compensation arrangements, shall not exceed 10% of the issued and outstanding Common Shares at any time on a non-diluted basis. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional Shares may be purchased or issued hereunder.
- 4.3 The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.
- 4.4 Any grant of Options under the Plan shall be subject to the following limitations:
- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant in any one year period, together with all other awards, if any, under the Corporation's other security based compensation arrangements, may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis);
  - (b) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders, together with all other awards granted to Insiders, if any, under the Corporation's other security based compensation arrangements, may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis), unless disinterested shareholder approval is obtained;
  - (c) the aggregate number of Options granted to Insiders, within a one year period, together with all other awards granted to Insiders, if any, under the Corporation's other security based compensation arrangements, may not exceed 10% of the outstanding Common Shares (on a non-diluted basis) unless disinterested shareholder approval is obtained;
  - (d) the issuance of Common Shares to any one Consultant in any one year period, together with all other awards, if any, under the Corporation's other security based compensation arrangements, may not exceed 2% of the outstanding Common Shares (on a non-diluted basis) at the date of grant (which limit is included within the limitations above);
  - (e) the aggregate number of Options granted to Participants principally employed to provide Investor Relations Activities, together with all other awards, if any, granted to Participants principally employed to provide Investor Relations Activities under the Corporation's other security based compensation arrangements, must not exceed 2% of the outstanding Common Shares in any one year period, calculated at the date of grant (which limit is included within the limitations above) and Options granted to Consultants conducting Investor Relations Activities must vest in stages over no less than 12 months with no more than  $\frac{1}{4}$  of the Options vesting in any three month period;
  - (f) the number of Common Shares issuable to a director who is not otherwise employed by the Corporation under this Plan, together with all other awards, if any, under the Corporation's other security based compensation arrangements, shall not at any time exceed 1% of the total number of issued and outstanding Common Shares; and
  - (g) a statutory exemption must be available for issuance of Options to Consultants, or a discretionary exemption must be obtained pursuant to appropriate securities laws.

The aforementioned limits of Common Shares reserved for issuance may be formulated on a diluted basis with the consent of the Exchange.

4.5 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.

4.6 A Participant who has previously been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.

4.7 In addition to any resale restrictions under securities laws, an Option may be subject to an Exchange hold period commencing on the date the Option is granted.

## **5. Option Price**

5.1 Subject to applicable Exchange approval, the Board shall fix the Option Price at the time the Option is granted to a Participant. If the Common Shares are listed on the Exchange, then in no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If the Corporation does not issue a news release to fix the price, the Option Price is the closing price per Common Shares on the Exchange on the last trading day preceding the date of grant on which there was a closing price and the Discounted Market Price is the Option Price less the applicable discount.

5.2 Notwithstanding the foregoing, if the Option is granted within 90 days of a distribution by a prospectus, the minimum Option Price will be the greater of the Discounted Market Price and the per share price paid by the public investors for listed Shares under the prospectus distribution.

## **6. Term of Option**

6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed five years from the date of grant and, unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose or as may be required by the Exchange or under applicable securities laws.

6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with any Stock Option Agreement entered into hereunder or in accordance with Article 11 hereof.

6.3 In the event that a Participant is subject to a Blackout Period and notwithstanding anything else contained herein, the Expiry Time in respect of an Option held by a Participant shall be extended to the Blackout Expiry Time if the Expiry Time would otherwise occur during the Blackout Period or the five business days subsequent to the Blackout Period.

## **7. Exercise of Option**

7.1 Subject to the provisions of the Plan and the terms of any Stock Option Agreement, an Option or a portion thereof may be exercised, from time to time, by delivery to the Corporation's principal office in Calgary, Alberta of the Exercise Notice. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof, and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities or securities law.

7.2 The Corporation shall not make loans or provide other financial assistance to Participants in order to allow Participants to pay for any optioned Common Shares.

## **8. Adjustments in Shares**

8.1 If the outstanding Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of Shares or securities of the Corporation through re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, in a transaction that has been approved by the Exchange, if required, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of Shares optioned and the exercise price per share, as regards previously granted and unexercised Options or portions thereof, and as regards Options which may be granted subsequent to any such change in the Corporation's capital.

8.2 Subject to receipt of Exchange approval, if required, for any transaction subject to this Article 8, determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

## **9. Accelerated Vesting**

9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more entities, as a result of which the Corporation is not the surviving entity, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or Stock Option Agreements issued hereunder (a) exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time, and (b) in the event of acceleration of vesting as referred to in (a), exercise its discretion, by way of resolution, to cause the Options to terminate after the end of the period of accelerated vesting on such terms as the Board sees fit at that time, even if such termination of the Options is prior to the normal Expiry Time of the Options. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board, and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 Whenever the Corporation's shareholders receive a Take-over Bid, and the Corporation supports this bid, pursuant to which the offeror would, as a result of such Take-over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares of the Corporation, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of mailing of the Board circular recommending acceptance of the Take-over Bid and end on the earlier of:

- (a) the Expiry Time, and
- (b) (i) in the event the Take-over Bid is unsuccessful, on the expiry date of the Take-over Bid; and (ii) in the event the Take-over Bid is successful, on the tenth (10th) day following the expiry date of the Take-over Bid.

At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

9.3 In addition to the above, an Option may provide for acceleration of the vesting provisions contained therein upon other events of change of control of the Corporation, on such terms as the Board determines in its sole discretion at the time of the grant of the Option.

## **10. Decisions of the Board**

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

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

11.1 Subject to the terms of the applicable Stock Option Agreement, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death or Permanent Disability, including the resignation or retirement of the Participant and the termination by the Corporation or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option may be exercised as to such of the Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of the Expiry Time and a date that is thirty (30) days following the effective date of such notice of resignation or retirement or a date that is thirty (30) days following the date notice of termination of employment is given by the Corporation or a Subsidiary,

subject to such shorter period as may be otherwise specified in a Stock Option Agreement, whether such termination is with or without reasonable notice, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.2 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.

11.3 Notwithstanding the foregoing, in the event of termination for cause, such Option whether vested or unvested shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised. The Board shall, in the event of termination of employment of a Participant for cause, have the authority but not the obligation to grant the Participant a period of up to ten (10) days to exercise any vested and not previously exercised Option as at the date of such notice of termination for cause.

11.4 In the event of the death of a Participant on or prior to the Expiry Time, such Option may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to exercise) by the legal personal representatives of the Participant, at any time up to and including (but not after) the earlier of the Expiry Time and a date that is ninety (90) days from the date of death of the Participant, subject to such shorter period as may be otherwise specified in a Stock Option Agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.5 In the event of the Permanent Disability of a Participant on or prior to the Expiry Time, such Option may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to exercise) by the legal personal representatives of the Participant, at any time up to and including (but not after) the earlier of the Expiry Time and a date that is ninety (90) days from the date of Permanent Disability of the Participant, subject to such shorter period as may be otherwise specified in a Stock Option Agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.6 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

## **12. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

## **13. Amendment or Discontinuance of Plan**

13.1 Subject to paragraphs 13.3 and 13.4 below, the Board may, at any time and from time to time and for any reason, suspend or terminate the Plan or amend any of its provisions and the provisions of any Option granted pursuant to the Plan without the approval of the holders of the Common Shares, provided that no such suspension, termination or amendment may be made without:

- (a) obtaining any required approval of the Exchange; and
- (b) obtaining the consent or approval of the relevant Participant in the event that such amendment materially prejudices the rights of any Participant under any Option previously granted to the Participant.

13.2 Without limiting the generality of paragraph 13.1 above, the Board may, without approval of the holders of the Common Shares, make amendments to the Plan for any of the following purposes:

- (a) amendments of a "housekeeping" nature including, any amendment for the purpose of curing any ambiguity, defective provision, error or omission in the Plan or any Stock Option Agreement or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or Stock Option Agreement;
- (b) changing the terms on which Options may be granted and exercised pursuant to Article 8;
- (c) making any addition to or deletion or alteration of the provisions of the Plan that are necessary to comply with applicable law or the requirements of any applicable regulatory authority or the Exchange or, to the extent that such addition, deletion or alteration does not conflict with the provisions of this Article 13, that are reasonably necessary to allow Participants to receive fair and favourable tax treatment under relevant tax legislation; and
- (d) changing the provisions respecting the administration of the Plan.

13.3 Notwithstanding anything to the contrary contained in the Plan, approval of the holders of Common Shares must be obtained for an amendment to the Plan that would:

- (a) amend the number of Common Shares issuable;
- (b) modify the requirements as to eligibility for participation;
- (c) amend or expand the types of securities eligible to be granted or awarded;
- (d) add or amend a provision to provide financial assistance;
- (e) amend the amendment or discontinuance provisions;
- (f) result in a material dilution of the outstanding Common Shares;
- (g) result in a material additional benefit to eligible Participants;
- (h) remove or increase the participation limits per Article 4.4, of any Insider; or
- (i) require shareholder approval under applicable law including the rules, regulations and policies of the Exchange.

13.4 The approval of the disinterested holders of Common Shares must be obtained for an amendment to the Plan or any Option that would:

- (a) reduce the Option Price of an Option granted to an Insider; or
- (b) extend the Expiry Time of an Option granted to an Insider other than an automatic extension pursuant to paragraph 6.4 of the Plan.

#### **14. Participants' Rights**

14.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares, upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of

any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any contract of employment with the Corporation or any Subsidiary.

#### **15. Proceeds from Exercise of Options**

The proceeds from the sale of any Common Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

#### **16. Tax Withholdings**

The Corporation shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions. In the event that there are not sufficient cash amounts which the Corporation may withhold, it may withhold such number of Common Shares that are issuable on the exercise of an Option as it deems necessary and may sell such Common Shares at such price as it deems appropriate to raise the required funds to provide such withholdings.

#### **17. Approvals**

17.1 This Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

17.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

#### **18. Government Regulation**

18.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable Canadian securities laws. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.

18.2 In the case of Options granted to Participants who are residents of the United States of America, their Stock Option Agreements will provide that Common Shares shall not be issued pursuant to the exercise of Options unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the United States Securities Act of 1933, the United States Securities and Exchange Act of 1934, as amended, applicable state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the Participant to make certain representations and warranties at the time of

exercise of the Option. The Participant is responsible for, and shall bear the costs of, obtaining the advice of United States legal counsel to ensure that an appropriate exemption is available and that the Participant is able to exercise such Options in compliance with applicable securities laws.

**19. Costs**

The Corporation shall pay all costs of administering the Plan.

**20. Interpretation**

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

**21. Compliance with Applicable Law**

If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

## **AUDIT COMMITTEE INFORMATION**

### **APPENDIX "C"**

#### **The Audit Committee Charter**

The Charter of the Audit Committee is included in this Appendix "C".

#### **Composition of the Audit Committee**

The Audit Committee currently consists of Sarah Hawco (Chair of Audit Committee), David C. Monroe and Luigi Liberatore. The Board has determined that all members of the current Audit Committee are "financially literate" as defined in NI 52-110 and that Ms. Hawco and Mr. Monroe are "independent" as defined in NI 52-110.

If elected to the Board at the Meeting, it is the intention of the Board to have Marc-André Liberatore appointed to the Audit Committee. The Board has determined that Marc-André Liberatore is "financially literate" as defined in NI 52-110 and "independent" as defined in NI 52-110.

#### **Relevant Education and Experience**

The current and proposed members of the Audit Committee have education and experience relevant to the performance of their responsibilities as Audit Committee members, which includes the following:

Sarah Hawco, CPA CA, LLM, CIRP, CFE, Q. Arb, is co-founder of Hawco Peters and Associates Inc., a firm with legal and financial expertise. Ms. Hawco is a Chartered Professional Accountant with a specialization in tax, as well as a Chartered Insolvency and Restructuring Professional, and holds a Master of Laws from Osgoode Hall Law School in Toronto. She is also a member of CPA Alberta, CAIRP, ACFE and the Alternative Dispute Resolution Institute of Alberta. Prior to founding Hawco Peters, Ms. Hawco spent 13 years practicing insolvency and turnaround management at national and international firms. She also provided a wide range of consulting, specializing in due diligence, business reviews and viability assessments, corporate taxation, estate planning, restructuring and alternative dispute resolution.

David C. Monroe is a professional engineer and has over 38 years of petroleum engineering experience in Canadian and international settings, most recently with a private Canadian startup that acquired producing assets in southern Alberta in late 2017, and has subsequently drilled over 250 horizontal oil wells. He was on the executive team of two publicly traded exploration and producing companies with assets in Colombia, both of which grew reserves and production before ultimately being sold to larger competitors. His early training and experience was with Mobil Oil Canada as a field-based operations engineer and reservoir engineer. Other previous roles include Chief Reservoir Engineer at First Calgary Petroleum, which discovered and developed a large oil and gas condensate project in Algeria, and reservoir engineering managerial and technical roles with Paramount Resources and EOG Resources.

Luigi Liberatore has over 40 years of financial expertise in investment strategy and has dedicated his business life to the development of small and midsize businesses in Canada as both a venture capital investor and a real estate developer. He is the founder, President and CEO of Elmag (Les Investissements Elmag Inc.), and has been a member of numerous corporate and not-for-profit boards.

Marc-André Liberatore has over 20 years of real estate project management experience with Elmag Investments Inc., where he has led projects, including building management and led significant condominium developments in coordination with architects and engineers. His experience also includes competitive analysis and financial profiling, including focusing on real-time financial transactions and information management in the stock trading industry. Mr. Liberatore holds a Bachelor of Commerce with a specialization in Marketing from Concordia University's John Molson School of Business and a French Baccalaureate in Pure Sciences with a Biology specialty from Stanislas College.

#### **Audit Committee Oversight**

All recommendations of the Audit Committee to nominate or compensate an external auditor for the most recently

completed financial year were adopted by the Board.

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

In accordance with the Audit Committee Charter, the Audit Committee reviews, in advance, any engagement for significant non-audit services to be provided by the external auditor's firm or its affiliates, together with estimated fees, and considers the potential impact of such services on the independence of the external auditors. The Audit Committee has concluded that the provision of audit-related and tax services is compatible with maintaining Kenway Mack Slusarchuk Stewart LLP's independence.

### **External Auditor Service Fees (By Category)**

The following table presents fees for the audits of the Corporation's audited financial statements for the six month period ended June 30, 2023 by Kenway Mack Slusarchuk Stewart LLP, the Corporation's current auditor, and the Corporation's audited financial statements for the twelve month period ended December 31, 2022 by KPMG LLP, the Corporation's former auditor:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Audit fees	\$80,000	\$150,000
Audit-related fees	\$5,200	\$10,5000
Tax fees	\$2,500	\$3,000

### **Exemption**

Since the Corporation is listed on the TSX Venture Exchange, it is hereby relying upon the exemption in Section 6.1 of NI 52-110 regarding the requirements of Part 3 – *Composition of the Audit Committee* and Part 5 – *Reporting Obligations*.

## CHARTER OF THE AUDIT COMMITTEE

### POLICY STATEMENT

It is the policy of Canadian Spirit Resources Inc. (the "**Corporation**") to establish and maintain an Audit Committee (the "**Committee**"), composed of independent directors, to assist the Board of Directors (the "**Board**") in carrying out their oversight responsibility for the Corporation's external audit, internal controls, disclosure, financial reporting and related risk management.

The Committee's function is one of oversight only and shall not relieve management of its responsibilities.

### COMPOSITION OF THE COMMITTEE

1. The Committee shall consist of a minimum of three (3) directors.
2. Each director appointed to the Committee by the Board shall be independent as such term is defined in Section 1.4 of NI 52-110 and the related companion policy, subject to the exemption under Section 6.1.
3. Each member of the Committee shall be financially literate as such term is defined in Section 1.6 of NI 52-110 and at least one (1) member shall have accounting or related financial management expertise.
4. The Board shall appoint the members of the Committee and shall appoint one (1) member of the Committee to be the Chair of the Committee.
5. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation. A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
6. The Committee shall appoint a Recording Secretary, who need not be a director or officer of the Corporation.

### MEETINGS OF THE COMMITTEE

1. The Committee shall convene a minimum of four (4) times each year at such time and places as may be designated by the Chair of the Committee (the "**Chair**") and whenever a meeting is requested by the Board, a member of the Committee, the external auditors, or an executive officer of the Corporation.
2. Notice of each meeting of the Committee shall be given to each member and to the external auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee or the Secretary of the Committee.
3. Notice of a meeting of the Committee shall:
  - a) Be in writing.
  - b) State the nature of the business to be transacted at the meeting in reasonable detail.
  - c) To the extent practicable, be accompanied by copies of documentation to be considered at the meeting.
  - d) Be given at least forty-eight (48) hours' notice preceding the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
4. A quorum for the transaction of business at a meeting of the Committee shall consist of two (2) members of the Committee.

5. A member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, provided it permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. The Chair shall be appointed by the Board. The Chair shall have only those responsibilities and powers delegated to it herein and shall not have a second or casting vote. The Chair shall report annually to the Board on the Committee's compliance with this Charter.
7. In the absence of the Chair, the members of the Committee shall choose one of the members present to be Chair of the meeting and, in the absence of the Secretary of the Committee, the members shall choose one of the persons present to be the Secretary of the meeting.
8. The Committee may invite the Chairman of the Board, other directors, senior management of the Corporation and other parties to attend meetings of the Committee; however, the Committee may meet separately with the external auditors or with invited parties.
9. At each regular meeting of the Committee, the agenda shall include an opportunity for the members of the Committee to meet in-camera.
10. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting.
11. Minutes of the meetings of the Committee shall be retained by the Secretary of the Corporation and shall be available on request to any member of the Board.

#### **DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

1. The Committee's primary duties and responsibilities are to:
  - a) Select and recommend the nomination and compensation of the external auditors.
  - b) Oversee the independence, work and performance of the Corporation's external auditors.
  - c) Review the principal risks that could impact the financial reporting of the Corporation and monitor how management is dealing with such risks.
  - d) Monitor the integrity of the Corporation's disclosure and financial reporting process and its system of internal controls regarding financial reporting and accounting compliance.
  - e) Monitor the Corporation's compliance with laws, regulations and internal policies that apply to financial or accounting matters.
  - f) Oversee the resolution of any disagreements among external auditors, management and the internal auditing department, if any.
2. The Committee shall annually select and recommend to the Board the nomination of an external auditor, recommend the replacement of the current external auditor when circumstances warrant and monitor the independence, work and performance of the external auditors. This may include:
  - a) Considering the views of management in respect of the nomination of the external auditors.
  - b) Reviewing and recommending for approval by the Board, the terms of the external auditors' engagement, including the reasonableness of the proposed audit fees.
  - c) Pre-approving any engagement for non-audit services to be provided by the external auditors' firm or its affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors.

- d) When there is to be a change of external auditors, reviewing all issues and providing documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation called for under National Instrument 51-102 as defined in Section 4.11 and the planned steps for an orderly transition.
- e) Reviewing all reportable events, including disagreements, unresolved issues and consultations with external auditors, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

3. In carrying out its primary duties and responsibilities, the Committee shall:

- a) Review the annual audit plan with the external auditors and with management.
- b) Discuss with management and the external auditors any proposed changes in major accounting policies or principles, the potential impact of significant risks and uncertainties on future operations, and key estimates and judgments of management that may be material to financial reporting.
- c) Review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues.
- d) Review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there were a disagreement with management.
- e) Review periodically with management the Corporation's disclosure controls and procedures as such term is defined in National Instrument 52-109 and monitor the certification process set out therein.
- f) Review audited annual financial statements and related documents in conjunction with the Audit Findings Report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods.
- g) Review with management the adequacy and effectiveness of the internal financial controls of the Corporation including any deficiencies noted in the Audit or Interim Review Findings Report and follow-up any identified weaknesses.
- h) Review with management, and the external auditors as warranted, the quarterly unaudited financial statements before release to the public.
- i) Before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information including any annual report, annual information form, management discussion and analysis of operations, prospectus (and all documents which may be incorporated by reference into such prospectus) and all other securities offering documents of the Corporation.
- j) Review periodically with management the internal procedures implemented to review any other public disclosure of financial information extracted or derived from the Corporation's financial statements.
- k) Approve the hiring of any partners, employees or former partners and employees of the Corporation's present and former external auditors.

4. In addition, the Committee shall:

- a) Oversee the receipt, review and follow-up of questions, concerns or complaints pursuant to the Corporation's Code of Business Conduct and Ethics and the procedures set out in Appendix "A" thereto.
- b) Review with management at least annually the capital management policies, financing strategy and funding plans of the Corporation.
- c) Review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to insurable risks inherent in its operations and potential liabilities incurred by the directors or executive officers in the discharge of their duties and responsibilities.

- d) Monitor financial and accounting personnel succession planning within the Corporation and review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
- e) Inquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters.
- f) Periodically review with management the need for an internal audit function.
- g) Quarterly, review any legal matter that could have a significant impact on the Corporation's financial statements, and any enquiries received from regulators, or government agencies.
- h) Review periodically with management the adequacy and effectiveness of the Corporation's policies and procedures for compliance with securities laws, regulatory requirements and stock exchange rules.
- i) Report to the Board at the earliest opportunity after each meeting, the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
- j) Annually assess the performance of the Committee.
- k) Annually, review the Audit Committee Charter and report to the Board on the Committee's compliance with the Charter.

#### **RESOURCES AND AUTHORITY**

1. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If deemed necessary by the Committee, it will have the discretion to institute investigations of improprieties or suspected improprieties, including the standing authority to retain independent counsel or advisors and to set their compensation.
2. The Committee shall have the authority to:
  - a) Inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates.
  - b) Discuss with any executive officer of the Corporation, its subsidiaries and affiliates, the Chief Financial Officer and management of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.
  - c) Communicate directly with the internal and external auditors.

#### **CHARTER HISTORY**

Date approved by the Board of Directors:	January 19, 2006
Amendment approved by the Board of Directors:	May 26, 2009
Amendment approved by the Board of Directors:	May 16, 2010
Reviewed with no changes made by the Board of Directors:	June 27, 2011
Amendment approved by the Board of Directors:	May 24, 2012
Amendment approved by the Board of Directors:	April 25, 2013
Reviewed with no changes made by the Board of Directors:	January 20, 2014
Reviewed with no changes made by the Board of Directors:	April 21, 2015
Reviewed with no changes made by the Board of Directors:	April 20, 2016
Reviewed with no changes made by the Board of Directors:	April 25, 2017

Reviewed with no changes made by the Board of Directors:	April 25, 2018
Reviewed with no changes made by the Board of Directors:	April 23, 2019
Reviewed with no changes made by the Board of Directors:	April 23, 2020
Reviewed with no changes made by the Board of Directors:	April 19, 2021
Reviewed with no changes made by the Board of Directors:	April 17, 2022
Reviewed with no changes made by the Board of Directors:	May 1, 2023
Reviewed with no changes made by the Board of Directors:	August 21, 2024

THIS PAGE INTENTIONALLY LEFT BLANK

