



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 11, 2019**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**NOVEMBER 20, 2019**

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SCHEDULE “A”	STOCK OPTION PLAN
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SCHEDULE “E”	BOARD OF DIRECTORS MANDATE

**SOUTHERN ENERGY CORP.**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**  
**OF THE HOLDERS OF COMMON SHARES**  
**TO BE HELD ON DECEMBER 11, 2019**

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) in the capital of Southern Energy Corp. (the “**Corporation**”) will be held in the Devonian Gardens Event Room at Devonian Gardens – 400, 317 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta Canada T2P 2M5, on December 11, 2019 at 9:00 a.m. (Calgary time), for the following purposes:

1. receive the financial statements for the fiscal year ended December 31, 2018 and the report of the auditors thereon;
2. fix the number of directors to be elected at seven;
3. elect directors for the ensuing year;
4. appoint the auditors of the Corporation to hold office until the next annual meeting of the Shareholders and authorize the directors to fix their remuneration;
5. approve the stock option plan of the Corporation, as described in the management information circular dated November 13, 2018;
6. approve the continuance of the Corporation out of the jurisdiction of Canada under the *Canada Business Corporations Act* and into the jurisdiction of Alberta under the *Business Corporations Act* (Alberta); and
7. transact such other business as may properly come before the meeting or any adjournments thereof.

Only Shareholders of record at the close of business on November 11, 2019 (the “**Record Date**”) are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat.

Shareholders may vote in person at the Meeting or any adjournment or adjournments thereof, or they may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

**Registered shareholders unable to be present at the Meeting in person are requested to date and sign the enclosed form of proxy and return it to the Corporation’s transfer agent, Computershare Trust Company of Canada: (a) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5; (b) by hand delivery to Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or (c) by facsimile to 1-866-249-7775 (within Canada and the United States) or (416) 263-9524 (outside Canada and the United States). Registered shareholders may also use the Internet at [www.investorvote.com](http://www.investorvote.com) or the telephone at 1-866-732-8683 to vote their Common Shares. Shareholders voting through the Internet or by telephone will be prompted to enter the 15-digit control number found on the form of proxy. In order to be valid and acted upon at the Meeting, proxies and votes must be received by Computershare Trust Company of Canada on or before 9:00 a.m. (Calgary time) on or prior to the second last business day (not including Saturdays, Sundays and holidays) preceding the day of the Meeting or any adjournment thereof.**

A management information circular relating to the business to be conducted at the Meeting accompanies this Notice.

Calgary, Alberta

November 20, 2019

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Ian Atkinson*"

Ian Atkinson

Director, President and Chief Executive Officer

**SOUTHERN ENERGY CORP.**  
**Suite 2400, 333 – 7<sup>th</sup> Avenue S.W.**  
**Calgary, Alberta T2P 2Z1**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF THE HOLDERS OF COMMON  
SHARES OF SOUTHERN ENERGY CORP. TO BE HELD ON DECEMBER 11, 2019**

**Dated: NOVEMBER 20, 2019**

**PURPOSE OF SOLICITATION**

**This management information circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Southern Energy Corp. (the “Corporation”) for use at the annual general and special meeting of the holders (the “Shareholders”) of the common shares (the “Common Shares”) in the capital of the Corporation to be held in the Devonian Gardens Event Room at Devonian Gardens – 400, 317 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta Canada T2P 2M5, on December 11, 2019 at 9:00 a.m. (Calgary time), and any adjournment or adjournments thereof (the “Meeting”) for the purposes set forth in the Notice of Annual General and Special Meeting (the “Notice of Meeting”) accompanying this Information Circular.**

**CURRENCY**

All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

**RECORD DATE**

Only Shareholders of record as of the close of business on November 11, 2019 (the “**Record Date**”) are entitled to notice of, and to attend and vote at, the Meeting.

Any registered Shareholder of Common Shares (a “**Registered Shareholder**”) at the close of business on the Record Date who either personally attends the Meeting or who completes and delivers a proxy will be entitled to vote or have his or her Common Shares voted at the Meeting. However, a person appointed under a form of proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading “*Proxy Information – Completion of Proxies*”.

**PROXY INFORMATION**

***Solicitation of Proxies***

**The solicitation of proxies is made on behalf of the management of the Corporation.** The costs incurred in the preparation of the enclosed form of proxy (the “**Form of Proxy**”), Notice of Meeting and this Information Circular and costs incurred in the solicitation of proxies will be borne by the Corporation. The Corporation is sending the securityholder materials directly to Registered Shareholders, and the Corporation will also provide the materials to brokers, custodians, nominees and other fiduciaries to forward them to non-objecting and objecting beneficial shareholders. Solicitation of proxies will be primarily by mail, but may also be in person, by telephone or by electronic means.

### *Completion of Proxies*

The Form of Proxy affords Shareholders or intermediaries an opportunity to specify that the Common Shares registered in their name shall be voted for or against or withheld from voting in respect of certain matters as specified in the accompanying Notice of Meeting. The persons named in the enclosed Form of Proxy are Ian Atkinson, the President and Chief Executive Officer of the Corporation, and Calvin Yau, the Vice President, Finance, and Chief Financial Officer of the Corporation.

A proxy must be dated and signed by the Registered Shareholder or by his or her attorney authorized in writing or by the intermediary. In the case of a Registered Shareholder that is a corporation, the proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation with proof of authority accompanying the proxy. **IF YOUR COMMON SHARES ARE HELD BY YOUR BANK, TRUST COMPANY, SECURITIES BROKER, TRUSTEE OR OTHER FINANCIAL INSTITUTION (YOUR NOMINEE), YOU ARE MOST LIKELY A BENEFICIAL SHAREHOLDER OF THE COMMON SHARES AND SHOULD REFER TO “PROXY INFORMATION – ADVICE TO BENEFICIAL HOLDERS OF SECURITIES” FOR FURTHER INSTRUCTIONS ON HOW TO VOTE BY PROXY AT THE MEETING.**

Registered Shareholders unable to be present at the Meeting in person are requested to date and sign the enclosed Form of Proxy and return it to the Corporation’s transfer agent, Computershare Trust Company of Canada, either: (a) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5; (b) by hand delivery to Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or (c) by facsimile to 1-866-249-7775 (within Canada and the United States) or (416) 263-9524 (outside Canada and the United States). Registered Shareholders may also use the Internet at [www.investorvote.com](http://www.investorvote.com) or the telephone at 1-866-732-8683 to vote their Common Shares. Shareholders voting through the Internet or by telephone will be prompted to enter the 15-digit control number found on the Form of Proxy. In order to be valid and acted upon at the Meeting, proxies and votes must be received by Computershare Trust Company of Canada on or before 9:00 a.m. (Calgary time) on or prior to the second last business day (not including Saturdays, Sundays and holidays) preceding the day of the Meeting or any adjournment thereof.

No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. If a proxy is not dated, it will be deemed to bear the date on which it was mailed by management of the Corporation.

**A REGISTERED SHAREHOLDER OR AN INTERMEDIARY HOLDING COMMON SHARES ON BEHALF OF A NON-REGISTERED SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT ON THEIR BEHALF AT THE MEETING, IN THE PLACE OF THE PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE SHAREHOLDER OR INTERMEDIARY SHOULD STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE FORM OF PROXY AND INSERT THE NAME OF THEIR NOMINEE IN THE BLANK SPACE PROVIDED, OR SUBMIT ANOTHER APPROPRIATE PROXY.**

### *Revocation of Proxies*

A Registered Shareholder or intermediary who has submitted a proxy may revoke it by instrument in writing executed by the Registered Shareholder or intermediary or his or her attorney authorized in writing, or, if the Registered Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either: (a) with the Corporation at its offices or at the office of the Corporation’s agent, Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time prior to the close of business on the last business day preceding the day of the

Meeting, or any adjournment thereof, at which the proxy is to be used; or (b) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting, and upon such deposit the previous proxy is revoked.

### *Exercise of Discretion by Proxies*

A Registered Shareholder or intermediary may indicate the manner in which the persons named in the enclosed Form of Proxy are to vote with respect to any matter by checking the appropriate space. On any poll, those persons will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the directions, if any, given in the Form of Proxy. If the Registered Shareholder or intermediary wishes to confer a discretionary authority with respect to any matter, the space should be left blank. **IN SUCH INSTANCE, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION.**

The enclosed Form of Proxy confers discretionary authority upon the persons named therein 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 time of printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter. However, if any other matters which are not now known to management should properly come before the Meeting, the proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the management nominees.

### *Advice to Beneficial Holders of Securities*

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name (“Beneficial Shareholders”). You are most likely a Beneficial Shareholder if your bank, trust company, securities broker, trustee, or other financial institution (your nominee) holds your Common Shares in their name or the name of another intermediary.** Beneficial Shareholders should note that only proxies deposited by Registered Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares on the Record Date can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker or other intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder’s broker, an agent of that broker, or other intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). **Common Shares held by brokers or their agents or other nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate persons.**

Applicable regulatory policies require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is typically similar to the Form of Proxy provided to Registered Shareholders by the Corporation. However, the purpose of the broker’s form of proxy is limited to instructing the Registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a scannable voting instruction form in lieu of a form of proxy. The Beneficial Shareholder is requested to complete and return the voting

instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access the Internet to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the Beneficial Shareholder's broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote such Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting.

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners or "**NOBOs**". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners or "**OBOs**". Neither OBOs nor NOBOs will be receiving a Form of Proxy directly from the Corporation and will instead receive a voting instruction form or other form of proxy from an intermediary as described above. Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), the Corporation has distributed copies of the Notice of Meeting, Form of Proxy, this Information Circular and any other proxy-related materials in connection with the Meeting (the "**Meeting Materials**") to such intermediaries for distribution to Beneficial Shareholders. The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the Meeting Materials, and paper copies of the Meeting Materials will be sent to all Shareholders. Intermediaries are required to forward the Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation will be paying for intermediaries to deliver copies of the Meeting Materials to NOBOs and OBOs (who have not otherwise waived their right to receive proxy-related materials).

**If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

#### **INFORMATION CONCERNING THE CORPORATION**

The Corporation was incorporated pursuant to the provisions of the *Canada Business Corporations Act* (the "**CBCA**") on July 22, 2008 as "7015321 Canada Limited". The Corporation changed its name to "MAX Minerals Ltd." on August 15, 2008 and "Standard Exploration Ltd." on October 8, 2010. On January 4, 2019, the Corporation changed its name from "Standard Exploration Ltd." to "Southern Energy Corp."

The Corporation is a reporting issuer in British Columbia and Alberta. The Common Shares are listed on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "SOU".

The Corporation is an oil and natural gas exploration and production company and has a primary focus on acquiring and developing conventional and unconventional light oil and natural gas resources in the southeast gulf states of Mississippi and Alabama. On December 20, 2018, the Corporation: (a) closed a non-brokered private

placement of Common Shares and units of the Corporation, for aggregate gross proceeds of \$18,011,000; (b) completed the appointment of a new management team and board of directors; and (c) completed the acquisition of all of the limited partnership units of Gulf Pine Energy Partners, LP (“**Gulf Pine**”) (together, the “**Recapitalization**”). On May 2, 2019, the Corporation completed the sale of its remaining Canadian oil and gas assets which were inherited in December 2018 as part of the Recapitalization.

#### **NOTE ON COMMON SHARE CONSOLIDATION**

On December 31, 2018, the Corporation effected a consolidation of the Common Shares on the basis of one (1) post-consolidated Common Share for every five (5) pre-consolidated Common Shares (the “**Consolidation**”). All references to the number of Common Shares and other securities of the Corporation and the prices thereto prior to the Consolidation date have been restated to reflect the Consolidation. As a result, restated figures may be slightly greater than or less than their pre-consolidated equivalent due to rounding.

#### **VOTING OF COMMON SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (“**Preferred Shares**”), issuable in series. As at the date hereof, there are 223,770,279 fully paid and non-assessable Common Shares and nil Preferred Shares issued and outstanding. Shareholders are entitled to receive notice of all meetings of Shareholders, a right to one vote per Common Share at such meetings, dividends as and when declared by the board of directors of the Corporation (the “**Board**”), and, upon liquidation, to share in the remaining assets of the Corporation as are distributable to such Shareholders. Preferred Shares may be issued by the Corporation from time to time in one or more series and the Board may fix the number of Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series. The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, be entitled to preference over the Common Shares.

The articles of the Corporation provide that if two persons holding not less than 5% of the issued and outstanding Common Shares entitled to vote are present in person or are represented by proxy, a quorum for the purposes of conducting a Shareholders’ meeting is constituted.

Any Registered Shareholder at the close of business on November 11, 2019, being the Record Date, who either personally attends the Meeting or who completes and delivers a proxy will be entitled to vote or have his, her or its Common Shares voted at the Meeting. However, a person appointed under a Form of Proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading “*Proxy Information – Completion of Proxies*”.

To the best of the knowledge of the directors and executive officers of the Corporation, as at the date hereof, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to the shares of the Corporation.

#### **MATTERS TO BE ACTED UPON**

The Shareholders of the Corporation will be asked to consider and, if deemed appropriate:

- (a) by ordinary resolution, to fix the Board at seven (7) members;
- (b) by ordinary resolution, to elect the directors of the Corporation;

- (c) by ordinary resolution, to appoint auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
- (d) by ordinary resolution, to approve the Corporation's stock option plan (the "**Stock Option Plan**") for the ensuing year;
- (e) by special resolution, to approve the continuance of the Corporation (the "**Continuance**") out of the jurisdiction of Canada under the CBCA and into the jurisdiction of Alberta under the *Business Corporations Act* (Alberta) (the "**ABCA**"); and
- (f) to transact such other business as may properly come before the Meeting or any adjournments thereof.

Additional detail regarding each of the matters to be acted on at the Meeting is contained below.

### **FIXING NUMBER OF DIRECTORS**

At the Meeting, it is proposed that the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles of the Corporation, be set at seven (7).

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of setting the number of directors to be elected at the Meeting at seven (7).**

### **ELECTION OF DIRECTORS**

Action is to be taken at the Meeting with respect to the election of directors. The Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors, the nominees whose names are set forth in the table below. Voting for the election of nominees will be conducted on an individual, and not on a slate, basis. Each nominee elected will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the Corporation's articles. The Corporation is required by applicable corporate and securities legislation to have an Audit Committee comprised of members of the Board that are considered "financially literate" and a majority of which are considered "independent", as such terms are defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Corporation has also established a Corporate Governance and Compensation Committee and a Reserves, Health, Safety and Environment Committee, each comprised of members of the Board. Please see the discussion under the heading "*Corporate Governance Practices*". The present members of the Audit Committee, Corporate Governance and Compensation Committee and Reserves, Health, Safety and Environment Committee of the Board are identified in the table below.

The following information relating to the nominees as directors is based partly on the records of the Corporation and partly on information received by the Corporation from the respective nominees, and sets forth the name and municipality of residence of the persons proposed to be nominated for election as directors, all other positions and offices within the Corporation now held by them, their principal occupations or employments, the periods during which they have served as directors of the Corporation and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at the date hereof.

<b>Name</b>	<b>Positions Presently Held</b>	<b>Director Since<sup>(1)</sup></b>	<b>Principal Occupation for Previous Five Years</b>	<b>Number and Percentage of Common Shares Beneficially Owned or Over Which Control or Direction, Directly or Indirectly, is Exercised</b>
Ian Atkinson <i>Calgary, Alberta</i>	Director, President and Chief Executive Officer	December 11, 2018	President and Chief Executive Officer of the Corporation since December 2018. Mr. Atkinson was the founder, President and Chief Executive Officer of Gulf Pine from November 2014 to December 2018. Prior thereto, Mr. Atkinson was a founder and Senior Executive Officer of Athabasca Oil Corporation (“Athabasca”).	12,600,000 (5.63%)
Bruce Beynon <sup>(2)</sup> <i>Calgary, Alberta</i>	Chairman of the Board	December 19, 2018	President of Tiburon Exploration Corporation since December 2018. Executive Vice President, Exploration and Corporate Development at Baytex Energy Corp. from August 2018 to December 2018. Prior thereto, the President of Raging River Exploration Inc. from June 2017 to August 2018 and Executive Vice President from February 2012 to June 2017.	1,875,000 (0.84%)
Michael G. Kohut <sup>(3)(4)</sup> <i>Calgary, Alberta</i>	Director	December 19, 2018	Senior Vice President and Chief Financial Officer at Hammerhead Resources Inc. since January 2019 and is the Chairman of the board of directors at Big Rock Brewery Inc. Prior thereto, Mr. Kohut was the Vice President of Finance at Paramount Resources Ltd. from November 2017 to April 2018. Mr. Kohut was the Chief Financial Officer of Trilogy Energy Corp. from June 2006 to October 2017.	2,500,000 (1.12%)
Tamara MacDonald <sup>(2)(3)</sup> <i>Calgary, Alberta</i>	Director	December 19, 2019	Senior Vice President, Corporate and Business Development of Crescent Point Energy Corp. (“Crescent Point”) from January 2016 to July 2018. Prior thereto, Ms. MacDonald was the Vice President, Land and Corporate Development, of Crescent Point from October 2004 to January 2016.	1,000,000 (0.45%)
Andrew McCreath <sup>(3)(4)</sup> <i>Toronto, Ontario</i>	Director	December 19, 2018	Chief Executive Officer and Chief Investment Officer of Forge Asset Management since 2012.	1,000,000 (0.45%)
C. Neil Smith <sup>(2)(3)</sup> <i>Calgary, Alberta</i>	Director	December 19, 2018	President of WCF Holdings Corp. since January 2019. Prior thereto, Mr. Smith was the Chief Operating Officer at Crescent Point from January 2013 to June 2018.	1,875,000 (0.84%)
R. Steven Smith <sup>(3)(4)</sup> <i>Calgary, Alberta</i>	Director	December 11, 2018	Director of Arrow Exploration Corp., Karve Energy Inc. and Jasper Brewing Inc. Prior thereto, Mr. Smith was a Director of Broadview Energy Inc. from 2014 to 2019 and the Chief Financial Officer for the last 2 years. He was a Portfolio Manager and Chief Financial Officer at NCM Investments from 2007 to 2017.	6,250,000 (2.79%)

**Notes:**

- (1) All directors of the Corporation are elected to hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed, unless his or her office is vacated earlier in accordance with the Corporation’s articles.

- (2) Messrs. Neil Smith (Chair) and Beynon and Ms. MacDonald are members of the Corporation's Reserves, Health, Safety and Environment Committee.
- (3) Messrs. Steven Smith (Chair), Neil Smith, McCreath and Kohut and Ms. MacDonald are members of the Corporation's Corporate Governance and Compensation Committee.
- (4) Messrs. Kohut (Chair), McCreath and Steven Smith are members of the Corporation's Audit Committee.

### ***Biographies***

**Ian Atkinson** – Mr. Atkinson has been the founder of several private and public oil and gas companies with over 25 years of technical, executive and board of director experience. Mr. Atkinson was the founder, President and Chief Executive Officer of Gulf Pine since 2014. Prior thereto, Mr. Atkinson was a founder and Senior Executive Officer of Athabasca. At Athabasca, Mr. Atkinson was instrumental in the successful completion of Athabasca's initial public offering and a significant joint venture with PetroChina Company Limited. Mr. Atkinson holds a Master of Science degree in Engineering and an Institute of Corporate Directors (ICD.D) designation.

**Bruce Beynon** – Mr. Beynon is a professional geologist with over 30 years of oil and gas industry experience. Mr. Beynon was the Executive Vice President, Exploration and Corporate Development at Baytex Energy Corp. from August 2018 to December 2018 and President of Raging River Exploration Inc. until August 2018. Mr. Beynon also held executive positions with Compass Petroleum Partnership, Peloton Exploration Corp., Expor Exploration Corp. and KeyWest Energy Inc. Mr. Beynon holds a Master of Science degree in Geology.

**Michael G. Kohut** – Mr. Kohut is the Senior Vice President and Chief Financial Officer at Hammerhead Resources Inc. and Chairman of the board of directors at Big Rock Brewery Inc. Prior thereto, Mr. Kohut was the Vice President of Finance at Paramount Resources Ltd. from November 2017 to April 2018 and Chief Financial Officer of Trilogy Energy Corp. from June 2006 to October 2017. Mr. Kohut has over 25 years of experience in senior executive roles at various companies and on various boards of directors. Mr. Kohut holds a Bachelor of Commerce degree.

**Tamara MacDonald** – Ms. MacDonald was most recently the Senior Vice President, Corporate and Business Development of Crescent Point. Ms. MacDonald has been involved in over 530 transactions totaling over \$14.5 billion. Ms. MacDonald has over 26 years of industry experience. Prior to Crescent Point, Ms. MacDonald worked with NCE Petrofund Corp., Merit Energy Ltd., Tarragon Oil & Gas Ltd. and Northstar Energy Corp. Ms. MacDonald holds a Bachelor of Commerce degree with a major in Petroleum Land Management and an Institute of Corporate Directors (ICD.D) designation.

**Andrew McCreath** – Mr. McCreath has over 30 years of experience in the investment community including more than 20 years as a Portfolio Manager. Mr. McCreath is the Chief Executive Officer, Chief Investment Officer and Ultimate Designated Person of Forge First Asset Management, an alternative asset management firm in Toronto. Mr. McCreath is also the Market Commentator on BNN Bloomberg TV and host of "Weekly with Andrew McCreath". Mr. McCreath holds a Bachelor of Business Administration degree in Finance, a Master of Business Administration degree in Economics and a Chartered Financial Analyst (CFA) designation.

**C. Neil Smith** – Mr. Smith has over 30 years of technical, financial and international capital markets experience. Most recently, Mr. Smith was the Chief Operating Officer at Crescent Point where he was responsible for all aspects of the company's capital budget, safe operations, reserves management and acquisition evaluations as well as corporate operations risk management analysis and social responsibility reporting. He has a proven track record of creating shareholder value through the innovative development of assets in a safe and capital-efficient manner. Mr. Smith holds a Bachelor of Science degree in Geological Engineering and a Master of Business Administration degree in Finance.

**R. Steven Smith** – Mr. Smith is an Independent Businessman since April 2019 and is currently a Director of Karve Energy Inc., Jasper Brewing Inc. and Arrow Exploration Corp. He started his career in the oil and gas

industry in finance with management, executive and director roles with companies including Canadian Pioneer Petroleum Ltd., POCO Petroleum Ltd., Renaissance Energy Ltd., Pan East Petroleum Corp. and most recently was the Chief Financial Officer and Director of Broadview Energy Inc. In addition to the oil and gas industry, Mr. Smith has 22 years in capital markets as Chief Financial Officer and Portfolio Manager with Norrep Capital Management Ltd. and Vice President and Director – Institutional Research at FirstEnergy Capital (now GMP FirstEnergy) and before that Orion Securities (now Macquarie Group). Mr. Smith holds a Business degree in Accounting, a Bachelor of Arts degree in English and Chartered Accountant (CA) and Chartered Professional Accountant (CPA) designations.

### ***Corporate Cease Trade Orders or Bankruptcies***

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, 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.

Except as set forth below, none of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director or executive officer of any company that, while 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.

### ***Michael Kohut***

Mr. Kohut was a director of Great Prairie Energy Services Inc. (“**Great Prairie**”) on January 22, 2016 when it applied for and obtained an order from the Court of Queen’s Bench of Alberta under the *Companies’ Creditors’ Arrangement Act*. Mr. Kohut resigned as a director of Great Prairie on January 22, 2016.

### ***Personal Bankruptcies***

None of the above proposed directors have, within 10 years prior to the date of this Information Circular, become bankrupt, made a proposal under any bankruptcy or insolvency legislation, been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

### ***Penalties and Sanctions***

None of the above proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or have entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the election to the Board of those persons designated above as nominees for election as directors. The Board does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion, unless the Shareholder has specified in his proxy that his Common Shares are to be withheld from voting on the election of directors.**

#### **APPOINTMENT OF AUDITORS**

The Shareholders will be asked to pass an ordinary resolution at the Meeting to appoint Deloitte LLP as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders, at such remuneration to be determined by the Board. Deloitte LLP was first appointed as the Corporation's auditors on January 17, 2019.

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the appointment of Deloitte LLP as auditors of the Corporation.**

#### **ANNUAL APPROVAL OF STOCK OPTION PLAN**

The TSXV requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan. The Corporation's Stock Option Plan was approved by Shareholders at the Corporation's previous annual general meeting held on December 11, 2018. Shareholders will be asked at the Meeting to vote on a resolution to approve the Stock Option Plan for the ensuing year. For a discussion of the terms of the Stock Option Plan, see "*Executive Compensation – Stock Option Plan*" in this Information Circular.

The full text of the Stock Option Plan is attached as Schedule "A" hereto.

The Board believes that the passing of the following resolution is in the best interests of the Corporation and recommends that Shareholders vote in favour of the resolution.

At the Meeting, the Shareholders will be asked to approve the following ordinary resolution:

**"BE IT RESOLVED THAT:**

1. the stock option plan (the "**Stock Option Plan**"), substantially in the form attached as Schedule "A" to the management information circular of the Corporation dated November 20, 2019, be and is hereby approved and adopted as the stock option plan of the Corporation;
2. the form of Stock Option Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation; and
3. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the approval of the Stock Option Plan.**

## **THE CONTINUANCE**

### ***General***

The Corporation intends to apply to continue the Corporation out of the federal jurisdiction of Canada under the CBCA to the provincial jurisdiction of Alberta under the ABCA. A corporation subject to the CBCA may apply under the ABCA for a certificate of continuance under the ABCA (“**Certificate of Continuance**”) if: (a) the continuance to the ABCA is authorized by special resolution of the shareholders of the corporation; and (b) the corporation establishes to the Director under the CBCA that its proposed continuance to the ABCA will not adversely affect the creditors or shareholders of the corporation.

At the Meeting, the Shareholders will be asked to consider, and if deemed advisable, to pass the Continuance Resolution (as defined below) authorizing the Board, in its sole discretion, to file a continuance application with the Registrar of Corporations under the ABCA as required in connection with the Continuance and a form of Articles of Continuance which comply with the provisions of the ABCA. The Continuance will affect certain rights of Shareholders as they currently exist under the CBCA, and Shareholders should consult with their legal advisors regarding the implications of the Continuance which may be of particular importance to them. See “*The Continuance – Certain Corporate Differences between the CBCA and the ABCA*” below for more details. The Board believes that the passing of the Continuance Resolution is in the best interest of and unanimously recommends that Shareholders vote in favour of the Continuance Resolution.

### ***Continuance Resolution***

The special resolution of the Shareholders approving the Continuance, substantially in the form set forth below (the “**Continuance Resolution**”), requires the approval of not less than two-thirds of the votes cast in respect thereof by the Shareholders present in person or represented by proxy at the Meeting. As indicated in the text of the Continuance Resolution, the Board may, in its sole discretion, determine that the Corporation not proceed with the Continuance.

At the Meeting, Shareholders will be asked to consider, and if thought appropriate, to approve the Continuance Resolution in the following form:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF SOUTHERN ENERGY CORP. (THE “CORPORATION”) THAT:**

1. the continuance of the Corporation (the “**Continuance**”) into the provincial jurisdiction of Alberta pursuant to the *Business Corporations Act* (Alberta) (the “**ABCA**”), all as more particularly described in the management information circular of the Corporation dated November 20, 2019 (the “**Information Circular**”) accompanying the notice of meeting of the Corporation, is hereby authorized and approved;
2. the Corporation is hereby authorized to apply to Industry Canada for authorization to continue the Corporation out of the federal jurisdiction of Canada and into the provincial jurisdiction of Alberta in accordance with Section 188 of the *Canada Business Corporations Act* (the “**CBCA**”);
3. the Corporation is hereby authorized to apply to the Registrar of Corporations for the Province of Alberta for a Certificate of Continuance continuing the Corporation under the ABCA as if it had been incorporated thereunder and to file with the Registrar of Corporations for the Province of

Alberta, Articles of Continuance and such other documents as may be requested in the form or forms prescribed by the ABCA;

4. upon the Continuance of the Corporation under the ABCA, the Corporation is hereby authorized to make application to Industry Canada for a Certificate of Discontinuance under the CBCA;
5. effective upon the issuance of a Certificate of Continuance by the Registrar of Corporations for the Province of Alberta, the Articles of Continuance in the form attached as Schedule "B" to the Information Circular, be and are hereby adopted and confirmed in substitution for the Articles of the Corporation and all amendments thereto;
6. effective upon the issuance of a Certificate of Continuance by the Registrar of Corporations for the Province of Alberta, and without affecting the validity of any act of the Corporation under its existing by-laws (the "**Existing Bylaws**"), the Existing Bylaws are hereby repealed and replaced with the new Bylaw No. 1 of the Corporation, which complies with the requirements of the ABCA, the full text of which is set forth in Schedule "C" to the Information Circular, which bylaws (the "**New Bylaws**"), together with such changes or amendments thereto as any director or officer of the Corporation determines appropriate, the conclusive evidence of such determination being the execution of the New Bylaws by a director or officer of the Corporation;
7. notwithstanding that the foregoing resolutions have been passed, the directors of the Corporation are hereby authorized and empowered without further notice to or approval of the shareholders of the Corporation to abandon the application for Continuance of the Corporation out of the federal jurisdiction of Canada without further approval, ratification or confirmation by the shareholders of the Corporation; and
8. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the Continuance Resolution.**

#### ***Reasons for the Continuance***

The Continuance is being proposed by the Board for corporate and administrative reasons. The Board is of the view that it would be most appropriate to continue the Corporation as an Alberta company since the head office of the Corporation is located in Alberta and most of the members of the Board and management are located in Alberta.

#### ***Effect of the Continuance***

On the date shown on the Certificate of Continuance, the Corporation will become a corporation under the laws of the Province of Alberta as if it had been incorporated under the ABCA and the CBCA will cease to apply to the Corporation. The Continuance will not result in any change in the business of the Corporation or its assets, liabilities or net worth, or in the individuals who constitute the Board and management. The Continuance will not create a new entity and is not a reorganization, amalgamation or merger.

As of the effective date of the Continuance, the Corporation's current constating documents under the CBCA will be replaced with the Articles of Continuance and new by-laws under the ABCA. See Schedule "B" and Schedule "C" hereof.

Each previously outstanding Common Share will continue to be a share of the Corporation as a corporation governed by the ABCA.

### ***Certain Corporate Differences between the CBCA and the ABCA***

If the Continuance Resolution is approved by the Shareholders and the Continuance is completed, the Corporation will be governed by the ABCA instead of the CBCA. While the rights of Shareholders under the ABCA are broadly similar to those under the CBCA, there are a number of variations in the rights afforded to Shareholders under the two pieces of legislation.

The following is a summary of certain similarities and differences between the CBCA and the ABCA on matters pertaining to shareholder rights. This summary is not exhaustive and is of a general nature only and is not intended to be, and should not be construed to be, legal advice to Shareholders. Accordingly, Shareholders should consult their own legal advisors with respect to the corporate law consequences of the Continuance.

#### ***Board of Directors***

Under the ABCA, at least one-quarter of a corporation's directors, and at least one-quarter of the members of any committee of directors, must be resident Canadians. Under the CBCA, at least one-quarter of a corporation's directors must be resident Canadians; however, there is no similar requirement for committees of directors.

#### ***Place of Meetings***

The ABCA provides that a meeting of shareholders may be held outside Alberta where the articles so provide or where all shareholders entitled to vote at such a meeting so agree. The CBCA provides that a meeting of shareholders may be held outside Canada if the place is specified in the articles or where all the shareholders entitled to vote at such a meeting so agree.

#### ***Financial Assistance***

The ABCA requires disclosure of financial assistance given by a corporation to: (a) shareholders or directors of the corporation or its affiliates; (b) any of their associates; and (c) to any person for the purpose of or in connection with the purchase of shares of the corporation or an affiliated corporation. The CBCA has no such requirement.

#### ***Shareholder Proposals***

Both the ABCA and the CBCA provide for shareholder proposals.

Under the ABCA, a registered holder of shares entitled to vote at an annual meeting of shareholders, or a beneficial owner of shares, may submit a proposal. To be eligible to make a proposal a person must: (a) be a registered holder or beneficial owner of at least one percent of all issued voting shares of the corporation for at least six months with a fair market value of at least \$2,000; (b) have the support of other registered holders or beneficial owners of shares of at least five percent of the issued voting shares of the corporation; (c) provide to the corporation his or her name and address and the names and addresses of those registered holders or beneficial owners of shares who support the proposal; and (d) continue to hold or own the prescribed number of shares up to and including the day of the meeting at which the proposal is to be made.

Under the CBCA, a registered or beneficial owner of shares entitled to be voted at an annual meeting may submit a proposal. To be eligible, the registered or beneficial shareholder must either: (a) have owned for six months not less than one percent of the total number of voting shares or voting shares with a fair market value of at least \$2,000; or (b) have the support of persons who have owned for six months not less than one percent of the total number of voting shares or voting shares with a fair market value of at least \$2,000.

#### *Record Date for Voting*

The ABCA permits a transferee of common shares after the record date for a shareholder meeting, not later than 10 days before the shareholder meeting, to establish a right to vote at the meeting by providing evidence of ownership of common shares and demanding that the transferee's name be placed on the voting list in place of the transferor. The CBCA does not have an equivalent provision.

#### *Rights of Dissent*

Under both the ABCA and the CBCA, shareholders have substantially the same rights of dissent if a corporation resolves to effect certain fundamental changes. Under the ABCA, a dissenting shareholder may send a corporation a written objection to a resolution effecting a fundamental change at or before any meeting of shareholders at which the resolution is to be voted on. Once the resolution is adopted the dissenting shareholder may make application to the court to fix the fair value of his shares. If an application is made to the court, unless the court otherwise orders, the corporation must send an offer to pay to each dissenting shareholder an amount considered by the directors to be the fair value of the shares. Unless the court otherwise orders, the dissenting shareholder may accept the offer to pay from the corporation or wait for an order from the court fixing the fair value of the shares.

The dissent rights under the CBCA apply to the Continuance Resolution (see "*The Continuance – Dissent Rights of the Shareholders to the Continuance*", below). Under the CBCA, the corporation must, within 10 days of the resolution to which the shareholder dissents being adopted, send notice to the dissenting shareholder. The dissenting shareholder, within 20 days of receiving notice from the corporation or, if such notice was not received, within 20 days after learning that the resolution has been adopted, shall send the corporation notice of his demand for payment of the fair value of his shares, the number and class of shares in respect of which the shareholder dissents and his relevant personal information. Within 30 days of this notice, the dissenting shareholder must send the corporation, or its transfer agent, his share certificates. No more than seven days after the later of the day on which the resolution is effective and the day the corporation receives notice from the dissenting shareholder, the corporation must send to the dissenting shareholder an offer to pay. The corporation or the dissenting shareholder may apply to the court to fix a fair value for the shares of the dissenting shareholder.

#### *Sale of Property*

Under both the ABCA and the CBCA, any proposed sale, lease or exchange of all or substantially all of the property of a corporation, other than in the ordinary course of business, must be approved by a special resolution passed by not less than two-thirds of the votes cast by shareholders voting in person or by proxy at a meeting of shareholders. The holder of shares of a class or series of shares of a corporation are entitled to vote separately as a class or series in respect of such a sale, lease or exchange if that class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series.

#### *Amendments to the Articles of the Corporation*

Under both the ABCA and the CBCA, certain fundamental changes to the articles of a corporation, such as an alteration of any restrictions on the business carried on by the corporation, changes in the name of the corporation, increases or decreases in the authorized capital, the creation of any new classes of shares and changes in the

jurisdiction of incorporation, must be approved by a special resolution passed by a majority of not less than two-thirds of the votes cast by shareholders voting in person or by proxy at a meeting of the shareholders of the corporation.

#### *Oppression Remedies*

Under the ABCA and the CBCA, a registered or beneficial shareholder, former registered or beneficial shareholder, director, former director, officer or former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court to rectify the matters complained of where in respect of a corporation or any of its affiliates: (a) any act or omission of a corporation or its affiliates effects a result; (b) the business or affairs of a corporation or any of its affiliates are or have been carried on or conducted in a manner; or (c) the powers of a corporation or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any securityholder, creditor, director or officer.

#### *Shareholders' Derivative Action*

Under the ABCA and the CBCA, a registered or beneficial shareholder, former registered or beneficial shareholder, director, former director, officer or former officer of a corporation or its affiliates who, in the discretion of the court, is a proper person to do so, may apply for the court's leave to: (a) bring a derivative action in the name and on behalf of a corporation or any of its subsidiaries; or (b) intervene in the action to which a corporation or any of its subsidiaries is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of a corporation or the subsidiary.

#### *Dissent Rights of the Shareholders to the Continuance*

**The following description of dissent rights to which dissenting Shareholders are entitled in connection with the Continuance Resolution is not a comprehensive statement of the procedures to be followed by a dissenting Shareholder who seeks payment of the fair value of such dissenting Shareholder's Common Shares and is qualified in its entirety by reference to the full text of Section 190 of the CBCA, which is attached hereto as Schedule "D". A Shareholder who intends to exercise dissent rights should carefully consider and comply with the provisions of Section 190 of the CBCA. Failure to strictly comply with the provisions of Section 190 of the CBCA and to adhere to the procedures established therein may result in the loss of all rights thereunder.**

Under the CBCA, a Registered Shareholder is entitled, in addition to any other right such holder may have, to dissent to the Continuance Resolution and, upon strict compliance with the CBCA, to be paid the fair value of the Common Shares held by such dissenting Shareholder in respect of which such Shareholder dissents, determined as of the close of business on the last business day before the day on which the Continuance Resolution is adopted.

**Only Registered Shareholders may dissent with respect to the Continuance. Persons who are Beneficial Shareholders of Common Shares registered in the name of an intermediary who wish to dissent should be aware that they may only do so through the registered owner of such Common Shares. A Registered Shareholder, such as a broker, who holds Common Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise dissent rights on behalf of a Beneficial Shareholder with respect to all of the Common Shares held for such Beneficial Shareholder. In such case, the demand for dissent should set forth the number of Common Shares covered by such objection.**

The dissent procedures require that a Registered Shareholder who wishes to dissent must send a written notice of objection to Southern Energy Corp., c/o Stikeman Elliott LLP, 4300 Bankers Hall West, 888 – 3<sup>rd</sup> Street S.W.,

Calgary, Alberta T2P 5C5, Attention: Sony Gill to be received no later than the time of the Meeting or any adjournment or postponement of the Meeting, and must otherwise strictly comply with the dissent procedures described in this Information Circular. Failure to strictly comply with the provisions of Section 190 of the CBCA may result in loss of the dissent right.

Pursuant to the terms of the CBCA, the Corporation shall, within 10 days after the Shareholders approve the Continuance Resolution, send to each dissenting Shareholder that has complied with the requirement of the CBCA, notice that the Continuance Resolution has been approved. Within 20 days of receiving such notice, a dissenting Shareholder shall send to the Corporation a written notice (the “**Continuance Dissent Notice**”) containing: (a) the Shareholder’s name and address; (b) the number and class of Common Shares in respect of which the Shareholder dissents; and (c) a demand for payment of the fair value of such Common Shares. Within 30 days after sending the Continuance Dissent Notice, the Shareholder shall send the Corporation or its transfer agent certificates representing the Common Shares in respect of which the Shareholder dissents. A dissenting Shareholder who fails to send its certificates has no right to make a claim for payment.

Not later than seven days after the later of the day on which the Continuance becomes effective or the day the Corporation receives the Continuance Dissent Notice, the Corporation shall send to each dissenting Shareholder who has sent a Continuance Dissent Notice a written offer to pay for the Common Shares in an amount considered by the directors to be the fair value of the Common Shares, accompanied by a statement showing how the fair value of the Common Shares was determined.

On the dissenting Shareholder sending a Continuance Dissent Notice, the dissenting Shareholder will cease to have any rights as a Shareholder, other than the right to be paid the fair value of such holder’s Common Shares. Until such time as the Corporation makes an offer as set out above, the dissenting Shareholder may withdraw the dissenting Shareholder’s Continuance Dissent Notice, or if the Continuance has not yet become effective, the Corporation may abandon the Continuance, and in either event the dissent and appraisal proceedings in respect of that dissenting Shareholder will be discontinued.

If the Corporation fails to make an offer, or if the offer is rejected by a dissenting Shareholder, the Corporation may, within 50 days after the Continuance becomes effective, apply to a court of competent jurisdiction to fix a fair value for the Common Shares of any dissenting Shareholder. If the Corporation fails to make a court application, a dissenting Shareholder may apply to a court for the same purpose within a further period of 20 days.

A dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, all dissenting Shareholders whose Common Shares have not been purchased by the Corporation shall be joined as parties and are bound by the decision of the court. The Corporation must notify each affected dissenting Shareholder of the date, place and consequences of the application and of their right to appear. The court of competent jurisdiction will make an order fixing the fair value of the Common Shares of all dissenting Shareholders, giving judgment in that amount against the Corporation, and in favour of each dissenting Shareholder. The court of competent jurisdiction may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting Shareholder calculated from the date on which the Continuance becomes effective, until the date of payment.

The Corporation will not make a payment to a dissenting Shareholder under Section 190 of the CBCA if there are reasonable grounds for believing that the Corporation would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of the Corporation would thereby be less than the aggregate of its liabilities. In such event, the Corporation shall: (a) within seven after the later of the day on which the Continuance becomes effective or the day the Corporation received the Continuance Dissent Notice; (b) within 10 days of the pronouncement of an order of the court fixing the fair value of the Common Shares of all dissenting Shareholders; or (c) within 10 days of the acceptance by a dissenting Shareholder of an offer made by

the Corporation, as applicable, notify each dissenting Shareholder that it is unable to lawfully pay its dissenting Shareholders for their Common Shares. In such an event, a dissenting Shareholder may, within 30 days after receipt of such notice, withdraw such dissenting Shareholder's written objection, in which case the Corporation shall be deemed to consent to the withdrawal and such dissenting Shareholder shall be reinstated with full rights as a Shareholder, failing which such dissenting Shareholder retains status as a claimant against the Corporation, to be paid as soon as the Corporation is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Corporation, but in priority to the Shareholders.

## **OTHER MATTERS COMING BEFORE THE MEETING**

The Board knows of no other matters to come before the Meeting other than as referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgement of the person voting such proxy.

## **EXECUTIVE COMPENSATION**

### ***General***

For the purpose of this statement of executive compensation, a "CEO" or "CFO" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the most recently completed financial year. A "Named Executive Officer" or "NEO" means each CEO, each CFO, the Corporation's most highly compensated officer, other than the CEO and CFO, who was serving as an officer at the end of the most recently completed financial year and whose total compensation was more than \$150,000, and any additional individuals who would be a Named Executive Officer but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of the financial year.

Based on the foregoing definitions, the Corporation's Named Executive Officers in respect of the year ended December 31, 2018 were: Ian Atkinson, President, CEO and Director; Calvin Yau, CFO and Vice President, Finance; Tom MacKay, CEO up to December 11, 2018; and Vincent E. Ghazar, CFO up to December 19, 2018.

### ***Compensation Philosophy, Objectives and Governance***

The executive compensation program adopted by the Corporation and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of the Corporation. The executive compensation program attempts to ensure that the compensation of the senior executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Executive officers are motivated through the program to enhance long-term shareholder value.

The Corporate Governance and Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation and is currently comprised of R. Steven Smith (Chair), Michael G. Kohut, Tamara MacDonald, Andrew McCreath and Neil Smith. The Corporate Governance and Compensation Committee has the authority to engage and compensate, at the expense of the Corporation, any outside advisor that it determines to be necessary to permit it to carry out its duties, but it did not retain any such outside advisors in the financial year ended December 31, 2018.

### ***Compensation Process***

The Corporate Governance and Compensation Committee relies on the knowledge and experience of its members to set appropriate levels of compensation for NEOs. When determining NEO compensation, the Corporate

Governance and Compensation Committee uses all data available to it to ensure that such compensation is set at a level that is both commensurate with the size of the Corporation, responsibilities of the particular NEO and retention of the NEOs who are considered by the Corporate Governance and Compensation Committee to be essential to the success of the Corporation. In reviewing comparative data, the Corporate Governance and Compensation Committee benchmarks and compares its compensation practices against industry peers to ensure its compensation program is commensurate with other comparable companies operating in the oil and gas industry. The Corporate Governance and Compensation Committee considered the size (based on market capitalization, enterprise value, oil & gas production levels and concentration and operating revenue) and stage of development of the following eight companies in determining an appropriate compensation peer group of competitors for 2019:

Advantage Oil & Gas Ltd.	Bellatrix Exploration Ltd.
Canacol Energy Ltd.	Delphi Energy Corp.
InPlay Oil Corp.	Leucrotta Exploration Inc.
Petroshale Inc.	Storm Resources Ltd.

Peer group constituents are reviewed on a regular basis to ensure their continued relevance. The same group is used to benchmark the Corporation's director compensation.

The Corporate Governance and Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary and awards of options to purchase Common Shares ("**Options**")) and recommends the NEOs' compensation packages. In determining whether and how many Options will be granted, the Corporation does not use any formal objectives, criteria or analyses in reaching such determinations; however, consideration is given to the amount and terms of outstanding Options.

### *Elements of Compensation*

The significant elements of compensation awarded to the NEOs are a cash salary, bonus and Options. The Corporation does not presently have a long-term incentive plan for its NEOs. The Board reviews annually the total compensation package of each of the Corporation's executives on an individual basis, against the backdrop of the compensation goals and objectives described above.

#### *Cash Salary and Bonus*

Base compensation for executive officers of the Corporation is set annually, having regard to the individual's job responsibilities, contribution, experience and proven or expected performance, as well as to market conditions. In setting base compensation levels, consideration is to be given to such factors as level of responsibility, experience and expertise in addition to the policies of the TSXV. Subjective factors such as leadership, commitment and attitude are also to be considered.

#### *Options*

To provide a long-term component to the executive compensation program, executive officers of the Corporation are eligible to receive Options. The maximization of shareholder value is encouraged by granting Options since it provides an incentive to eligible persons to further the development, growth and profitability of the Corporation. Consideration will be given to granting Options amongst the various organizational levels of management, including directors, officers, key employees and certain consultants. The CEO makes recommendations to the Board for the CFO, key employees and certain consultants. These recommendations are to take into account

factors, such as awards made in previous years, the number of Options outstanding per individual and the level of responsibility. The Board, as a whole, determines the Options to be issued to the CEO.

**Summary Compensation Table**

Securities legislation requires the disclosure of the compensation received by each NEO for each of the two most recently completed financial years.

The following table and notes thereto provide a summary of the compensation paid to the NEOs and Directors of the Corporation for the two most recently completed financial years:

<b>Name and Position</b>	<b>Year</b>	<b>Salary, Consulting Fees, Retainer or Commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or Meeting Fees (\$)</b>	<b>Value of Perquisites (\$)</b>	<b>Value of All Other Compensation<sup>(1)</sup> (\$)</b>	<b>Total Compensation (\$)</b>
<b>Named Executive Officers</b>							
Ian Atkinson <sup>(2)</sup> <i>President and CEO</i>	2018	6,500	-	-	-	-	6,500
	2017	-	-	-	-	-	-
Calvin Yau <sup>(3)</sup> <i>Vice President, Finance and CFO</i>	2018	6,100	-	-	-	-	6,100
	2017	-	-	-	-	-	-
Tom MacKay <sup>(4)</sup> <i>Former CEO</i>	2018	66,000	-	-	-	30,000	96,000
	2017	66,000	-	-	-	-	66,000
Vincent E. Ghazar <sup>(5)</sup> <i>Former CFO</i>	2018	90,000	-	-	-	10,000	100,000
	2017	135,000	-	-	-	-	135,000
<b>Directors</b>							
Bruce Beynon <sup>(6)</sup>	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Michael G. Kohut <sup>(6)</sup>	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Tamara MacDonald <sup>(6)</sup>	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Andrew McCreath <sup>(6)</sup>	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
C. Neil Smith <sup>(6)</sup>	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
R. Steven Smith <sup>(7)</sup>	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-

<u>Name and Position</u>	<u>Year</u>	<u>Salary, Consulting Fees, Retainer or Commission (\$)</u>	<u>Bonus (\$)</u>	<u>Committee or Meeting Fees (\$)</u>	<u>Value of Perquisites (\$)</u>	<u>Value of All Other Compensation<sup>(1)</sup> (\$)</u>	<u>Total Compensation (\$)</u>
Alan R. Breakey <sup>(8)</sup> <i>Former Director</i>	2018	66,000	-	-	-	30,000	96,000
	2017	-	-	-	-	-	-
V.E. Dale Burstall <sup>(8)</sup> <i>Former Director</i>	2018	-	-	5,000	-	-	5,000
	2017	-	-	5,000	-	-	5,000
David V. Richards <sup>(8)</sup> <i>Former Director</i>	2018	-	-	4,500	-	-	4,500
	2017	-	-	4,500	-	-	4,500

**Notes:**

- (1) Other compensation is comprised of severance paid in connection with the resignation of old management of the Corporation as part of the Recapitalization.
- (2) Mr. Atkinson was appointed President and CEO on December 11, 2018 in connection with the Recapitalization. All of the compensation paid to Mr. Atkinson relates to his role as President and CEO. Mr. Atkinson does not receive any compensation for his role as a director.
- (3) Mr. Yau was appointed Vice President, Finance and CFO on December 19, 2018 in connection with the Recapitalization.
- (4) Mr. MacKay resigned as CEO on December 11, 2018 in connection with the Recapitalization.
- (5) Mr. Ghazar resigned as CFO on December 19, 2018 in connection with the Recapitalization.
- (6) Messrs. Beynon, Kohut, McCreath, and Neil Smith and Ms. MacDonald were appointed directors on December 19, 2018 in connection with the Recapitalization and were not paid any compensation for the 12 days they were on the Board in 2018.
- (7) Mr. Steven Smith was appointed director on December 11, 2018 in connection with the Recapitalization and was not paid any compensation for the 20 days he was on the Board in 2018.
- (8) Messrs. Breakey, Burstall and Richards ceased to be directors on December 19, 2018 in connection with the Recapitalization.

***Stock Options and Other Compensation Securities***

There were no compensation securities (as such term is defined in Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) granted or issued to the Corporation’s NEOs and Directors during the most recently completed financial year.

***Exercise of Compensation Securities***

None of the directors or NEOs exercised any compensation securities during the most recently completed financial year.

***Stock Option Plan***

The Corporation has implemented the Stock Option Plan for directors, officers, employees, and consultants of the Corporation, and of its subsidiaries, if any, and employees of a person or company which provides management services to the Corporation or its subsidiaries (each, an “**Optionee**”), in accordance with the rules and policies of the TSXV. The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

Pursuant to the Stock Option Plan, the Corporation has authorized, subject to any regulatory approvals, the reservation of up to ten percent of the issued and outstanding Common Shares for the grant of Options from time to time.

Under the Stock Option Plan, the Board may from time to time grant to Optionees, as the Board shall designate, Options to purchase from the Corporation such number of its Common Shares as the Board shall designate.

The aggregate number of Common Shares which may be reserved for issuance to any one person under the Stock Option Plan and which are subject to outstanding Options granted under the Stock Option Plan must not exceed five percent of the issued Common Shares (determined at the date the stock option was granted). The number of Common Shares granted to any one consultant under the Stock Option Plan in a twelve-month period must not exceed two percent of the issued Common Shares of the Corporation, calculated at the date the Option was granted to the consultant. The aggregate number of Options granted to eligible persons employed to provide investor relations activities under the Stock Option Plan must not exceed two percent of the issued Common Shares in any twelve-month period, calculated at the date the Option was granted. The maximum number of Common Shares which may be reserved for issuance to insiders under the Stock Option Plan shall not exceed ten percent of the total number of Common Shares then outstanding and the maximum number of Common Shares which may be issued to insiders under the Stock Option Plan within any twelve-month period shall not exceed ten percent of the total number of Common Shares then outstanding.

The period during which an Option is exercisable may not exceed ten years from the date such Option is granted. All Options are non-assignable and non-transferrable unless otherwise specifically provided for in the Stock Option Plan. Options may be exercised at a price that shall be fixed by the Board at the time that the Option is granted. The price which the Common Shares may be acquired upon exercise of an Option may not be less than the price permitted under the rules of any stock exchange on which the Common Shares are listed. The Option vesting provisions are determined by the Board at the time of grant.

If prior to the exercise of an Option, the holder ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Option may be exercised within the earlier of up to 90 days after such cessation or the expiry of the Option, but only to the extent that the holder was entitled to exercise the Option at the date of cessation. In the case of Optionees engaged in investor relations activities, such exercise must occur within 30 days of cessation of the Optionee's service to the Corporation (subject to extension at the discretion of the Board). In the case of the death of an Optionee, the Option may be exercised within the earlier of up to 12 months after such death or the expiry of the Option, but only to the extent that the holder was entitled to exercise the Option at the date of death.

The Board may terminate or discontinue the Stock Option Plan at any time without the consent of the participants under the Stock Option Plan provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Stock Option Plan.

As at the financial year ended December 31, 2018, there were nil Common Shares reserved for issuance pursuant to the Stock Option Plan. On June 20, 2019 the Corporation granted 19,400,000 Options to directors, officers and employees pursuant to the Stock Option Plan at an exercise price of \$0.10 per Common Share.

### ***Employment, Consulting and Management Agreements***

Except as provided in the "Summary Compensation Table", above, there were no contracts, agreements, plans or arrangements during the financial year ended December 31, 2018 whereby an NEO or director was entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO's or director's services with the Corporation, change of control of the Corporation or a change in the NEO's responsibilities.

On July 15, 2019, the Corporation entered into executive employment agreements with Messrs. Atkinson and Yau in connection with their roles as President and Chief Executive Officer and Chief Financial Officer and Vice President, Finance, respectively (the “**Employment Agreements**”).

The Employment Agreements provide a termination payment to Messrs. Atkinson and Yau upon a termination of the Employment Agreement by: (a) the executive if, within ninety days from a change of control, good reason exists and is not cured within thirty days of notice of termination provided by the executive (as such terms are defined in the Employment Agreements); or (b) the Corporation without cause. The termination payment shall be equal to, in relation to each Employment Agreement the aggregate of: (a) all accrued but unpaid expenses required to be reimbursed under the relevant Employment Agreement and salary for services rendered up to the termination date; (b) the pro-rated value of any accrued but unused vacation entitlement as at the termination date for that portion of the calendar year in which the executive was actively employed; (c) the greater of either: (i) the amount of minimum notice or, at the Corporation’s option, payment in lieu thereof, or combination of notice and pay in lieu thereof, required by the *Employment Standards Code* (Alberta); or (ii) notice of termination or, at the Corporation’s option, pay in lieu of notice (where by way of salary continuation or lump sum) or a combination of notice and pay in lieu thereof, equivalent to 18 months for Mr. Atkinson and 12 months for Mr. Yau; and (d) twenty percent of the executive’s salary (as at the termination date) as compensation for the loss of employment benefits.

The estimated payments which would be payable by the Corporation to Messrs. Atkinson and Yau, assuming a termination of employment without cause occurred on the date hereof, would be, in the aggregate, \$616,100.

### **EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2018, aggregated for all compensation plans previously approved by the Shareholders and all compensation plans not previously approved by the Shareholders:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Securityholders	-	\$-	20,435,697
Equity Compensation Plans Not Approved by Securityholders	-	\$-	-
<b>Total<sup>(1)</sup></b>	-	\$-	20,435,697

**Notes:**

(1) On June 20, 2019 the Corporation granted 19,400,000 Options to directors, officers and employees pursuant to the Stock Option Plan at an exercise price of \$0.10 per Common Share.

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

No director or executive officer of the Corporation, nor any of their associates or affiliates, nor any employee of the Corporation is or has been indebted to the Corporation since the beginning of the most recently completed fiscal year of the Corporation, nor is, or at any time since the beginning of the most recently completed fiscal year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

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

There are no material interests, direct or indirect, of directors, executive officers of the Corporation or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's most recently completed financial year.

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

Other than as disclosed in this Information Circular, management of the Corporation is not aware of any material interest of any director or nominee for director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

## **CORPORATE GOVERNANCE PRACTICES**

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"), issuers are to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to NI 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

The Board is responsible for the governance of the Corporation. The Board and the Corporation's management consider good corporate governance to be central to the effective and efficient operation of the Corporation. Below is a discussion of the Corporation's approach to corporate governance.

### ***Corporate Governance***

The Board has established a Corporate Governance and Compensation Committee. The members of the Corporate Governance and Compensation Committee are Messrs. Steven Smith, Neil Smith, McCreath, Kohut and Ms. McDonald. Mr. Steven Smith is the Chairman of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee is comprised entirely of non-management members of the Board, and the Board has adopted a written charter setting forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Corporate Governance and Compensation Committee meets at least twice annually and otherwise as requested by the Board or considered desirable by the Chair of the Corporate Governance and Compensation Committee.

The Corporate Governance and Compensation Committee is responsible for proposing new director nominees to the Board and for assessing current directors on an ongoing basis. The Corporate Governance and Compensation Committee is also responsible for the Corporation's response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities.

### ***Independence of Members of the Board***

The Board currently consists of seven directors, six of whom are independent based upon the tests for independence set forth in NI 52-110. Messrs. Beynon, Steven Smith, Neil Smith, McCreath and Kohut and Ms. MacDonald are independent. Mr. Atkinson is not independent by virtue of serving as President and Chief Executive Officer of the Corporation.

### ***Board Oversight***

The Board exercises its independent supervision over the Corporation's management through a combination of formal meetings of the Board, as well as informal discussions amongst the Board members. The independent directors can also hold scheduled meetings at which non-independent directors and members of management are not in attendance. Where matters arise at Board meetings which require decision making and evaluation that is independent of management and interested directors, the meeting breaks into an in-camera session among the independent and disinterested directors.

### ***Directorships in Other Reporting Issuers***

As of the date hereof, the following directors hold directorships in other reporting issuers:

<b>Name of Director</b>	<b>Reporting Issuer</b>
Michael G. Kohut	Big Rock Brewery Inc. (Chair)
R. Steven Smith	Arrow Exploration Corp.

### ***Board Mandate***

The Board has adopted a written mandate, attached hereto as Schedule "E", that summarizes, among other things, the Board's duties and responsibilities. The Board is responsible for the overall stewardship of the Corporation and dealing with issues which are pivotal to determining the Corporation's strategy and direction. The Board has directly, and through the appointment of certain committees, put in place an effective system for monitoring the implementation of corporate strategies. The Board is not involved in the day to day operations of the Corporation, as these operations are conducted by the Corporation's management. The Board meets regularly to consider and approve the strategic objectives of the Corporation and management plans designed to accomplish those objectives. Where appropriate, key management personnel and professional advisors are invited to attend Board meetings to speak to these issues. The Board also meets as necessary to consider specific developments and opportunities as they arise, including asset acquisitions and dispositions and financing proposals. The Board approves, among other things, all issuances of securities of the Corporation, the appointment of officers, the entering into of lines of credit or other significant borrowing activities and all significant transactions. The Board considers, but has no formal policies, concerning management development and succession and risk management.

Essential to strategic planning is assessing and understanding business risks and related control systems. The Board helps set limits with respect to business risks, to the extent they can be managed, and approves strategies for minimizing risks. Implementations of these strategies are then monitored by the Board. The Board, through the Audit Committee, requires management of the Corporation to put into place systems to address financial risks and to periodically report to the Board on these systems and risks.

Management has implemented procedures to provide reasonable assurance of effective communication with the Shareholders and the public. The Corporation's management is responsible for the issuance of press releases and communications with the financial community. The Board reviews and approves all principal continuous disclosure documents, the release of interim and annual financial statements, annual information forms, prospectuses and information circulars.

The Corporate Governance and Compensation Committee is responsible for monitoring the governance systems of the Corporation with a view to ongoing improvements, reviewing the composition of the Board and developing criteria for new Board appointments. The Corporate Governance and Compensation Committee also acts as a nominating committee for new directors, oversees and approves the Corporation's compensation plans and evaluates the overall Board effectiveness.

### ***Position Descriptions***

The Board has developed a written position description for the Chairman of the Board and the Chief Executive Officer of the Corporation, but has not developed a written position description for the Chairman of the Audit Committee.

The Chair of each committee of the Board schedules meetings of the committee and organizes and presents agendas for such meetings.

The Board, in conjunction with management, sets the Corporation's annual objectives which become the objectives against which the Chief Executive Officer's performance is measured. The Board has plenary power; any responsibility which is not delegated to management or a Board committee remains with the Board.

### ***Orientation and Continuing Education***

While the Corporation does not have a formal orientation and training program, new members of the Board are provided with:

- (a) a copy of the policies and mandates of the Board and its committees and copies of the Corporation's corporate governance policies, which provides information respecting the functioning of the Board;
- (b) access to recent, publicly filed documents of the Corporation;
- (c) access to management; and
- (d) access to legal counsel in the event of any questions relating to the Corporation's compliance and other obligations.

Members of the Board are encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Corporation, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

### ***Ethical Business Conduct***

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSXV for effective corporate governance, including NP 58-201. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. Interested Shareholders may obtain a copy of the Code upon request by contacting the Corporation at Suite 2400, 333 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 2Z1.

The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Corporate Governance and Compensation Committee. Compliance with the Code is monitored primarily through the reporting process within the Corporation's organizational structure.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect of same if the interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Audit Committee and fully inform such person or committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he is authorized to do so by his reporting officer or the Audit Committee.

### ***Nomination of Directors***

The Corporate Governance and Compensation Committee has responsibility for identifying potential Board candidates. The Corporate Governance and Compensation Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The written charter of the Corporate Governance and Compensation Committee includes considering and recommending candidates to fill new positions on the Board, reviewing candidates recommended by Shareholders, conducting inquiries into the backgrounds and qualifications of candidates, recommending the director nominees for approval by the Board and the Shareholders, considering conflicts of interests, recommending members and chairs of the committees, reviewing the performance of directors and the Board, establishing director retirement policies and establishing and implementing an orientation and education program for new members of the Board.

### ***Compensation***

The Board has established a Corporate Governance and Compensation Committee (see "*Corporate Governance*", above). The members of the Corporate Governance and Compensation Committee are independent and have the responsibility for determining compensation for the directors, officers, employees and consultants of the Corporation. Please see the discussion under the heading "*Executive Compensation*".

The Corporation's Corporate Governance and Compensation Committee reviews and makes recommendations to the Board concerning the compensation of the Corporation's directors, officers and employees, which includes the review of the Corporation's executive compensation and other human resource philosophies and policies, the review and administration of the Corporation's bonuses, Options and any share purchase plan, the review of and recommendations regarding the performance of the Chief Executive Officer of the Corporation and preparing and submitting a report for inclusion in annual continuous disclosure documents as required.

The responsibilities, powers and operations of the Corporate Governance and Compensation Committee, in respect of compensation include: (a) reviewing the adequacy and form of any compensation program for executive officers; (b) reviewing the adequacy and form of non-employee directors' compensation; (c) reviewing and creating a position description for the Chief Executive Officer; (d) evaluating the Chief Executive Officer's performance in light of corporate goals and objectives; (e) making recommendations to the Board with respect to the Chief Executive Officer's compensation; (f) setting criteria for selecting new directors; (g) recommending to the Board the size of the Board, the appropriate composition of the board and eligible individuals for election to the Board, a majority of whom shall be independent; (h) recommending to the Board the appropriate committee structure, committee mandates, composition and membership; and (i) reviewing and recommending to the Board

a set of corporate governance policies, practices and principles aimed at fostering a healthy governance culture at the Corporation.

#### ***Audit Committee***

See “*Audit Committee*”, below.

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

The members of the Reserves, Health, Safety and Environment Committee are Messrs. Neil Smith and Beynon and Ms. MacDonald. Mr. Neil Smith is the Chairman of the Reserves, Health, Safety and Environment Committee. The Reserves, Health, Safety and Environment Committee’s responsibilities include, but are not limited to: (a) reviewing management’s recommendations for the appointment of independent engineers; (b) reviewing the independent engineering reports and considering the principal assumptions upon which such reports are based; (c) reviewing management’s input into the independent engineering report and key assumptions used; (d) reviewing the reserve additions and reserve revisions which occur from one report to the next and seeking the independent engineer’s input and management’s input with respect to why these revisions have occurred; (e) reviewing the information supplied to the independent engineers with respect to the constant price case, operating costs, royalty burdens, required capital expenditures, recovery rates, decline rates and other matters; (f) annually reviewing the appropriateness of, and updating, the Corporation’s environmental policies, management systems and programs and reporting to the Board thereon; (g) ensuring that the Corporation has the necessary tools to measure its business units’ environmental performance and compliance with applicable regulatory standards; (h) reviewing the environmental performance and, whenever relevant, any non-compliance situation of the Corporation’s business units, to recommend the required corrective measures; (i) ensuring that environmental risk management procedures and emergency response measures are in place and are periodically updated and distributed within the Corporation; (j) assessing the environmental risks and emergency situations brought to its attention to recommend the required corrective measures; (k) immediately communicating any incident giving rise to significant environmental risks to the Board; (l) recommending to the Board that the Corporation exercise due diligence with respect to non-compliance situations, environmental risks or emergency situations brought to its attention; (m) reviewing and reporting to the Board on all legal notices or civil, penal and/or criminal prosecutions brought to its attention; (n) recommending to the Board measures, including necessary investments, taking into account available technologies and economic and financial restraints, to ensure compliance with regulatory standards and the Corporation’s environmental policies and programs; (o) analyzing all environmental matters brought to its attention and deemed relevant or that the Board specifically asks the committee to review; and (p) reporting to the Board on the Corporation’s environmental policies, programs and situation and make appropriate recommendations.

#### ***Assessments***

The Board is responsible to assess, on an ongoing basis, its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board’s execution of its responsibilities. The review will identify any areas where the directors of the Corporation or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation. The Board is also responsible for regularly assessing the effectiveness and contribution of each director, having regard to the competencies and skills each director is expected to bring to the Board. The Board relies on informal evaluations of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board.

## **AUDIT COMMITTEE**

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its legal fiduciary obligations with respect to matters involving accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the Audit Committee to maintain free and open means of communications among the Board, the independent auditors and the financial and senior management of the Corporation.

For Audit Committee disclosure required under NI 52-110, please see "*Audit Committee*" in the Corporation's Annual Information Form dated April 3, 2019 and filed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **ADDITIONAL INFORMATION**

Financial information of the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. A copy of these documents may be obtained by contacting the Corporation's Chief Financial Officer at 2400, 333 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 2Z1 or by phone at 587-287-5400.

Copies of these documents, as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities, may also be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

**SCHEDULE “A”  
STOCK OPTION PLAN**

**1. Purpose**

The purpose of the Stock Option Plan (the “**Plan**”) of Southern Energy Corp., a corporation incorporated under the *Canada Business Corporations Act* (the “**Corporation**”) is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the “**Shares**”), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

**2. Administration**

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

**3. Stock Exchange Rules**

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

**4. Shares Subject to Plan**

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of Shares of the Corporation’s authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time. If any option granted hereunder shall expire

or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

## **5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## **6. Eligibility and Participation**

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

## **7. Exercise Price**

Options may be exercised at a price that shall be fixed by the Board at the time that the option is granted. No option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Shares on the Exchange on the first day preceding the date of grant on which at least one board lot of Shares traded.

Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

## **8. Number of Optioned Shares**

- (a) The aggregate number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other security based compensation arrangements of the Corporation is 10% of the issued and outstanding Shares from time to time, subject to the following additional limitations:

- (i) the aggregate number of Shares reserved for issuance to any one person under the Plan, together with all other security based compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Shares (on a non-diluted basis);
  - (ii) in the aggregate, no more than 10% of the issued and outstanding Shares (on a non-diluted basis) may be reserved at any time for insiders as defined in subsection 1(i) of the *Securities Act* (Alberta) and includes an associate, as defined in subsection 1(a.1) of the *Securities Act* (Alberta) (“**Insider(s)**”) under the Plan, together with all other security based compensation arrangements of the Corporation;
  - (iii) the number of securities of the Corporation issued to Insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Shares;
  - (iv) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve-month period to any one Consultant of the Corporation (or any of its subsidiaries); and
  - (v) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve month period to persons employed to provide investor relations activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period.
- (b) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

## 9. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange Inc. (“**TSX Venture**”), the maximum term may not exceed 10 years. The TSX Venture does not impose a maximum term for the duration of an option.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

“**Black Out Period**” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.

## **10. Option Period, Consideration and Payment**

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

## **11. Withholding Taxes**

The Corporation shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Participant to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Corporation may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a Participant;
- (b) require, as a condition of the issuance of Shares to a Participant that the Participant make a cash payment to the Corporation equal to the amount, in the Corporation's opinion, required to be withheld and remitted by the Corporation for the account of the Participant to the appropriate governmental authority and the Corporation, in its discretion, may withhold the issuance or delivery of Shares until the Participant makes such payment; or
- (c) sell, on behalf of the Participant, all or any portion of Shares otherwise deliverable to the Participant until the net proceeds of sale equal or exceed the amount which, in the Corporation's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Participant.

## **12. Ceasing To Be a Director, Officer, Consultant or Employee**

If a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

## **13. Death of Participant**

Notwithstanding section 12, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

## **14. Rights of Optionee**

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

## **15. Proceeds from Sale of Shares**

The proceeds from the sale of 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. Adjustments**

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 or another Corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Common Share shall be required to be issued under the Plan on any such adjustment.

## **17. 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 the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

## **18. Amendment and Termination of Plan**

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval, however, the Board will not be entitled, in the absence of shareholder and Exchange approval, to:

- (a) reduce the exercise price of an Option held by an Insider of the Corporation;
- (b) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of paragraph 9 above)
- (c) amend the limitations on the maximum number of Shares reserved or issued to Insiders under paragraphs 8(a)(ii) and 8(a)(iii) hereof;
- (d) increase the maximum number of Shares issuable pursuant to this Plan; or
- (e) amend the amendment provisions of this Plan under this Article 18.

Where shareholder approval is sought for amendments under subsections (a), (b) and (c) above, the votes attached to Shares held directly or indirectly by Insiders benefiting from the amendments will be excluded.

## **19. Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

## **20. Effective Date of Plan**

The Plan has been adopted by the Board subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

## **21. Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

**SCHEDULE "B"**  
**ARTICLES OF CONTINUANCE**

*(See attached)*

This information is collected in accordance with the *Business Corporations Act*. It is required to convert an extra-provincial corporation to an Alberta corporation for the purpose of issuance of a certificate of continuance. Collection is authorized under s. 33(a) of the *Freedom of Information and Protection of Privacy Act*. Questions about the collection can be directed to Service Alberta Contact Centre staff at [cr@gov.ab.ca](mailto:cr@gov.ab.ca) or 780-427-7013 (toll-free 310-0000 within Alberta).

**1. Name of Corporation**

Southern Energy Corp.

**2. The classes of shares, and any maximum number of shares that the corporation is authorized to issue:**

Refer to "Share Structure" attachment.

**3. Restrictions on share transfers** (if there are no restrictions, enter "NONE"):

None

**4. Number, or minimum and maximum number of directors:**

Minimum - 3; Maximum - 10

**5. If the corporation is restricted FROM carrying on a certain business or restricted TO carrying on a certain business, specify the restrictions** (if there are no restrictions, enter "NONE"):

None

**6. Other rules or provisions** (if there are no rules or provisions, enter "NONE"):

Refer to "Other Rules or Provisions" attachment.

**7. If a change of name is effected, indicate previous name:**

**8. Current Extra-Provincial Registration** (if applicable):

Corporation's Name on Alberta Extra-Provincial Registration	Alberta Corporate Access Number
Southern Energy Corp.	2121724195

**9. Current Jurisdiction Information**

Name (if different from the corporation's name as stated above)	Registration Number in Current Jurisdiction
	1121127-7
Jurisdiction	Date of Formation in Current Jurisdiction (yyyy-mm-dd)
Canada	2019-01-22

**10. Authorized Representative/Authorized Signing Authority for the Corporation**

_____	_____
Last Name, First Name, Middle Name (optional)	Relationship to Corporation
_____	_____
Telephone Number (optional)	Email Address (optional)
_____	_____
Date of submission (yyyy-mm-dd)	Signature

**SHARE STRUCTURE**  
**Attached to and Forming Part of**  
**the Articles of Southern Energy Corp. (the "Corporation")**

**THE CLASSES OF SHARES AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE ARE:**

- 1. An unlimited number of Common shares, the holders of which are entitled:**
  - (a) to receive notice of and to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote;
  - (b) to receive any dividend declared by the Corporation on this class of shares; provided that the Corporation shall be entitled to declare dividends on the Preferred shares, or on any of such classes of shares without being obligated to declare any dividends on the Common shares of the Corporation;
  - (c) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation upon dissolution in equal rank with the holders of all other Common shares of the Corporation; and
  - (d) to the rights, privileges and restrictions normally attached to Common shares;
  
- 2. An unlimited number of Preferred shares, which as a class, have attached thereto the following rights, privileges, restrictions and conditions:**
  - (a) the Preferred shares may from time to time be issued in one or more series, and the Directors may fix from time to time before such issue the number of Preferred shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attached to each series of Preferred shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, and any sinking fund or other provisions;
  - (b) the Preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation amongst its shareholders for the purpose of winding up its affairs, be entitled to preference over the voting and non-voting Common shares and over any other shares of the Corporation ranking by their terms junior to the Preferred shares of that series. The Preferred shares of any series may also be given such other preferences, not inconsistent with these Articles, over the Common shares and any other such Preferred shares as may be fixed in accordance with clause (2)(a); and

- (c) if any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred shares are not paid in full, all series of Preferred shares shall participate rateably in respect of accumulated dividends and return of capital.

**OTHER RULES OR PROVISIONS**  
**Attached to and Forming Part of**  
**the Articles of Southern Energy Corp. (the "Corporation")**

1. The directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed one-third (1/3) of the number of directors who held office at the expiration of the last annual meeting.
  
2. Meetings of shareholders may be held at any place within Canada.

**SCHEDULE "C"**  
**NEW BYLAWS**

*(See attached)*

**BY-LAW NO. 1**  
**GENERAL BY-LAW**  
**SOUTHERN ENERGY CORP.**

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**BY-LAW NO. 1  
GENERAL BY-LAW**

A by-law relating generally to the conduct of the business and affairs of

**SOUTHERN ENERGY CORP.**

(hereinafter called the “**Corporation**”).

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

**DIVISION 1  
INTERPRETATION**

1.1 Definitions

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

- (a) “Act” means the *Business Corporations Act* of Alberta, as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or status;
- (b) “appoint” includes “elect” and vice versa;
- (c) “articles” means the articles of incorporation or continuance of the Corporation, as from time to time amended or restated;
- (d) “board” means the board of directors of the Corporation;
- (e) “business day” means a day which is not a non-business day;
- (f) “by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (g) “meeting of shareholders” includes an annual and a special meeting of shareholders;
- (h) “non-business day” means Saturday, Sunday and any other day that is a holiday as from time to time defined in *The Interpretation Act* of Alberta;
- (i) “Regulations” means the regulations under the Act as published or from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefore in the new regulations;
- (j) “signing officer” means, in relation to any instrument, any person authorized to

sign the same on behalf of the Corporation by virtue of section 3.1 of this by-law or by a resolution passed pursuant thereto; and

- (k) “special meeting of shareholders” means a meeting of any particular class or classes of shareholders and a meeting of all shareholders entitled to vote at any annual meeting of shareholders at which special business is to be transacted.

Save as aforesaid, all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall, unless the context otherwise specifies or requires, have the meanings given to such terms in the Act or the Regulations. Words importing the singular number include the plural and vice versa; the masculine shall include the feminine; and the word “person” shall include an individual, partnership, association, body corporate, body politic, trustee, executor, administrator and legal representative.

Headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

## **DIVISION 2 BANKING AND SECURITIES**

### **2.1 Banking Arrangements**

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

### **2.2 Voting Rights in Other Bodies Corporate**

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

## **DIVISION 3 EXECUTION OF INSTRUMENTS**

### **3.1 Authorized Signing Officers**

Unless otherwise authorized by the board, deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two of the president, chairman of the board, managing director, any vice-president, any director, secretary,

treasurer, any assistant secretary or any assistant treasurer or any other office created by by-law or by the board; provided that if the Corporation only has one director, that director alone may sign any instruments on behalf of the Corporation. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but no instrument is invalid merely because the corporate seal is not affixed thereto.

### 3.2 Cheques, Drafts and Notes

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or person or persons, whether or not officers of the Corporation, and in such manner as the board may from time to time designate by resolution.

## **DIVISION 4 DIRECTORS**

### 4.1 Number

The board shall consist of such number of directors as is fixed by the articles or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by resolution of the shareholders.

### 4.2 Nomination of Directors

Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which a special meeting was called was the election of directors, (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting of shareholders, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a "Nominating Shareholder") (i) who, at the close of business on the date of the giving of the notice provided for below in this Section 4.2 and on the record date for the receipt of notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting, or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Section 4.2:

- (a) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form (the "Notice") to the secretary of the Corporation at the principal executive offices of the Corporation, in accordance with this Section 4.2.
- (b) To be timely, a Notice to the secretary of the Corporation must be given not less than 35 nor more than 65 days prior to the date of the annual or special meeting of

shareholders , as the case may be; provided, however, that in the event that the meeting of shareholders is called for at a date that is less than 50 days after the date (the “Notice Date”) on which the first public announcement of the date of the meeting was made, the Notice must be given by the Nominating Shareholder not later than the close of business on the tenth (10th) day following the Notice Date. Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this paragraph (b). In no event shall any adjournment or postponement of a meeting of shareholders, or the public announcement thereof, commence a new time period for the giving of the Notice.

- (c) To be in proper written form, the Notice to the secretary of the Corporation must set forth: (a) as to each person who the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person (A) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred), and (B) as of the date of such Notice and (iv) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and (b) as to the Nominating Shareholder, any information relating to such Nominating Shareholder that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.
- (d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 4.2; provided, however, that nothing herein shall be deemed to preclude discussions by a shareholder (as distinct from seeking to nominate directors) at a meeting of shareholders, on any matter in respect of which such shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such nomination is invalid due to its non-compliance with this Section 4.2.
- (e) For purposes of this Section 4.2, (i) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and (ii) “applicable securities laws” means the securities legislation in those provinces and territories of Canada to which the Corporation is subject, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of

the relevant provinces and territories of Canada.

- (f) Notice given to the secretary of the Corporation pursuant to this Section 4.2 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for the purposes of such Notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day, or later than 5:00 pm (Calgary time) on a day which is a business day, then such a delivery or electronic communication shall be deemed to have been made on the next following business day.

#### 4.3 Election and Term

Subject to the articles or a unanimous shareholder agreement, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles or a unanimous shareholder agreement, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. If the articles so provide and subject to the Act, the board may, between annual general meetings, appoint one or more additional directors to serve until the next annual general meeting.

#### 4.4 Removal of Directors

Subject to the Act and the articles, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

#### 4.5 Consent

A person who is elected or appointed a director is not a director unless:

- (a) he was present at the meeting when he was elected or appointed and did not

refuse to act as a director, or

- (b) if he was not present at the meeting when he was elected or appointed:
  - (i) he consented in writing to act as a director before his election or appointment or within ten (10) days after it, or
  - (ii) he has acted as a director pursuant to the election or appointment.

#### 4.6 Vacation of Office

A director of the Corporation ceases to hold office when:

- (a) he dies or resigns;
- (b) he is removed in accordance with section 109 of the Act; or
- (c) he becomes disqualified under subsection 105(1) of the Act.

#### 4.7 Committee of Directors

The directors may appoint from among their number a managing director, who must be a resident Canadian, or a committee of directors, however designated, of which at least half of the members must be resident Canadians, and subject to section 115 of the Act may delegate to the managing director or such committee any of the powers of the directors. A committee may be comprised of one director.

#### 4.8 Transaction of Business of Committee

Subject to the provisions of this by-law with respect to participation in a meeting by telephone, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Alberta and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of meetings of the board.

#### 4.9 Procedure

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

#### 4.10 Remuneration and Expenses

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall

preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

#### 4.11 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

#### 4.12 Action by the Board

Subject to any unanimous shareholder agreement, the board shall manage the business and affairs of the Corporation. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Corporation has only one director, that director may constitute a meeting.

### **DIVISION 5 MEETING OF DIRECTORS**

#### 5.1 Place of Meeting

Meetings of the board may be held at any place within or outside Alberta.

#### 5.2 Notice of Meeting

Unless the board has made regulations otherwise, meetings of the board may be summoned on twenty-four (24) hours' notice, given verbally or in writing, and whether by means of telephone, fax, email or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor;
- (c) issue securities, except in the manner and on the terms authorized by the board;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the board;
- (f) pay a commission referred to in section 42 of the Act;

- (g) approve a management proxy circular referred to in Part 12 of the Act;
- (h) approve any financial statements referred to in section 155 of the Act; or
- (i) adopt, amend or repeal by-laws;

provided, however, that a director may in any manner, and either before or after the meeting, waive notice of a meeting and attendance of a director at a meeting of the board shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board to be held immediately following an election of directors no notice of such meeting shall be necessary, and for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided, in each case, that a quorum of the directors is present.

### 5.3 Adjourned Meeting

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

### 5.4 Calling of the Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be only one meeting held and such meeting shall occur at the time and place determined by, in order of priority, the board, any two directors, the chairman, or the president.

### 5.5 Regular Meetings

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

### 5.6 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

## 5.7 Quorum

Subject to the following section 5.8, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

## 5.8 25% Canadian Representation at Meetings

Directors shall not transact business at a meeting of directors unless at least 25% of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than 25% of the directors present are resident Canadians if:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
- (b) the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his approval under clause (a), totals at least half of the directors present at the meeting.

## 5.9 Voting

Questions arising at any meeting of the board shall be decided by a majority of votes, and in the event of any equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

## 5.10 Meeting by Telephone

A director may participate in a meeting of the board or a committee of the board by means of such telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

## 5.11 Resolution in Lieu of Meeting

Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of directors is as valid as if it had been passed at a meeting of the board or committee of directors, as the case may be. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

## 5.12 Amendments to the Act

It is hereby affirmed that the intention of sections 4.6, 5.8 and 7.3 as they relate to Canadian representation is to comply with the minimum requirements of the Act and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be

deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

## **DIVISION 6 PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

### **6.1 Conflict of Interest**

A director or officer shall not be disqualified from his office, or be required to vacate his office, by reason only that he is a party to, or is a director or officer or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation or a subsidiary thereof. Such a director or officer shall, however, disclose the nature and extent of his interest in the contract at the time and in the manner provided by the Act. Subject to the provisions of the Act, a director shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from such a contract or transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and it was fair and reasonable to the Corporation at the time it was approved and, if required by the Act, the director refrains from voting as a director on the contract or transaction.

### **6.2 Limitation of Liability**

Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer for the time being of the Corporation shall be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting for any dealings with any moneys, securities or other assets belonging to the Corporation or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations thereunder or from liability for any breach thereof. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective

by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

### 6.3 Indemnity

Subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if:

- (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this section 6.3.

### 6.4 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 6.3 against any liability incurred by him:

- (a) in his capacity as a director or officer of the Corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation; or
- (b) in his capacity as a director or officer of the another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

## **DIVISION 7 OFFICERS**

### 7.1 Election or Appointment

Subject to any unanimous shareholder agreement, the board may, from time to time, appoint a chairman of the board, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and

affairs of the Corporation. Except for a managing director and a chairman of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

## 7.2 Chairman of the Board

The chairman of the board shall, when present, preside at all meetings of the board, committees of directors and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chairman of the board any of the powers and duties that, by any provision of this by-law, are assigned to the managing director; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

## 7.3 Managing Director

The managing director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify.

## 7.4 President

The president shall, subject to the authority of the board and the managing director, if any, have such powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office; provided, however, that unless he is a director he shall not preside as chairman at any meeting of the board or of a committee of directors.

## 7.5 Vice-President

During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

## 7.6 Secretary

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

and he shall have such other powers and duties as the board or the chief executive officer, if any, may specify.

#### 7.7 Treasurer

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

#### 7.8 General Manager or Manager

If elected or appointed, the general manager shall have, subject to the authority of the board, the managing director, if any, the chief executive officer, if any, and the president, full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders and to employ and discharge agents and employees of the Corporation and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

#### 7.9 Powers and Duties of Other Officers

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

#### 7.10 Variation of Powers and Duties

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

#### 7.11 Vacancies

If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board may appoint a person to fill such vacancy.

#### 7.12 Remuneration and Removal

The remuneration of all officers appointed by the board shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers shall be subject to removal by resolution of the board at any time, with or without cause, notwithstanding any agreement to the contrary, provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of such agreement or

any other rights resulting from such removal in law or equity.

#### 7.13 Agents and Attorneys

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

#### 7.14 Conflict of Interest

An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with section 6.1.

#### 7.15 Fidelity Bonds

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

### **DIVISION 8 SHAREHOLDERS' MEETINGS**

#### 8.1 Annual Meetings

Subject to the Act, the annual meeting of shareholders shall be held at such time and on such day in each year and at such place or places as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors if required by the Act or the articles, and for the transaction of such other business as may properly be brought before the meeting.

#### 8.2 Special Meetings

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

#### 8.3 Place of Meetings

Meetings of shareholders shall be held as provided for in the articles or failing any reference in the articles at such place in Alberta as the board may determine.

#### 8.4 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50 days and not less than twenty-one (21 days, as a record date for the determination of shareholders entitled to notice of the meeting. If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

## 8.5 Notice of Meeting

Notice of the time and place of each meeting of shareholders shall be sent not less than twenty-one (21) days and not more than fifty (50) days before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the Corporation. Such notice may be sent by mail addressed to, or may be delivered personally to, the shareholder, at his latest address as shown in the records of the Corporation or its transfer agent, to the director, at his latest address as shown in the records of the Corporation or in the last notice filed pursuant to section 106 or 113 of the Act, or to the auditor, at his most recent address as shown in the records of the Corporation. A notice of meeting of shareholders sent by mail to a shareholder, director or auditor in accordance with the above is deemed to be served on the day on which it was deposited in the mail. A notice of a meeting is not required to be sent to shareholders who are not registered on the records of the Corporation or its transfer agent on the record date as determined according to section 8.4 hereof. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A special meeting and an annual meeting may be convened by one and the same notice and it shall not be an objection to the notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

## 8.6 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.7 hereof, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to section 8.4 hereof, or, if no record date is fixed, after the date on which the list referred to in section 8.7 is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities' register as the holder of one or more shares carrying the right to vote at such meeting.

## 8.7 List of Shareholders Entitled to Notice

In the event the Corporation has greater than fifteen (15) shareholders entitled to vote at a meeting, for every meeting of shareholders the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order, and showing the number of shares held by each shareholder. If a record date for the meeting is fixed pursuant to section 8.4 hereof by the board, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed by the board, the shareholders listed shall be those listed at the close of business on the last business day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual

business hours at the registered office of the Corporation or at the place where its central securities' register is maintained and at the place where the meeting is held.

#### 8.8 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

#### 8.9 Waiver of Notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

#### 8.10 Chairman, Secretary and Scrutineers

The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Corporation shall be chairman of any meeting of shareholders. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, or declines to be chairman of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

#### 8.11 Persons Entitled to be Present

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

## 8.12 Quorum

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or by any other by-law shall be persons present not being less than two (2 in number and holding or representing not less than five (5% per cent of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

## 8.13 Participation in Meeting by Telephone

A shareholder or any other person entitled to attend a meeting may participate in a meeting of shareholders by means of such telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a person participating in such a meeting by such means is deemed to be present at the meeting.

## 8.14 Proxyholders and Representatives

Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder who is a body corporate or association, by an individual authorized by a resolution of the board of governing body of the body corporate or association to represent it at a meeting of shareholders of the Corporation, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

## 8.15 Time for Deposit of Proxies

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

## 8.16 Joint Shareholders

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

### 8.17 Votes to Govern

Except as otherwise required by the Act, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast and in the event of an equality of votes at any meeting of shareholders, either upon a show of hands or upon a ballot, the chairman shall have a second or casting vote.

### 8.18 Show of Hands

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

### 8.19 Ballots

On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote by show of hands. If a ballot is demanded on the election of a chairman or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question. The demand or requirement for a ballot shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the ballot has been demanded or required.

### 8.20 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) days,

subsection 149(1) of the Act does not apply.

#### 8.21 Resolution in Lieu of a Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the Act relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

#### 8.22 Only One Shareholder

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

### **DIVISION 9 SHARES**

#### 9.1 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

#### 9.2 Certificates

The shareholder is entitled at his option to a share certificate that complies with the Act or a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation in respect of the securities of the Corporation held by him. Share certificates and acknowledgements of a shareholders' right to a share certificate, respectively, shall be in such form as described by the Act and as the board shall from time to time approve. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on the share certificate may be printed or otherwise mechanically reproduced on it.

#### 9.3 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

#### 9.4 Joint Holders

The Corporation is not required to issue more than one share certificate in respect of a share held jointly by several persons, and delivery of a certificate to one of several joint holders is sufficient delivery to all. Any one of such holders may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such certificate.

#### 9.5 Direct Registration System

Subject to Section 9.2, a registered shareholder may have his holdings of shares of the Corporation evidenced by an electronic, book-based, direct registration system or other non-certificated entry or position on the register of shareholders to be kept by the Corporation in place of a physical share certificate pursuant to such a registration system that may be adopted by the Corporation, in conjunction with its transfer agent. This by-law shall be read such that a registered holder of shares of the Corporation pursuant to any such electronic, book-based, direct registration service or other non-certificated entry or position shall be entitled to all of the same benefits, rights, entitlements and shall incur the same duties and obligations as a registered holder of shares evidenced by a physical share certificate. The Corporation and its transfer agent may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a share registration system by electronic, book-based, direct registration system or other non-certificated means.

### **DIVISION 10 TRANSFER OF SECURITIES**

#### 10.1 Registration of Transfer

If a share in registered form is presented for registration of transfer, the Corporation shall register the transfer if:

- (a) the share is endorsed by an appropriate person, as defined in section 64 of the Act;
- (b) reasonable assurance is given that the endorsement is genuine and effective;
- (c) the Corporation has no duty to enquire into adverse claims or has discharged any such duty;
- (d) any applicable law relating to the collection of taxes has been complied with;
- (e) the transfer is rightful or is to a bona fide purchaser; and
- (f) any fee referred to in section 48(2) of the Act has been paid.

#### 10.2 Transfer Agents and Registrar

The board may from time to time by resolution appoint or remove one or more trust corporations as its agent or agents to maintain a central securities' register or registers, and an agent or agents

to maintain a branch securities' register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities' register or in a branch securities' register is complete and valid registration for all purposes.

### 10.3 Securities' Registers

A central securities' register of the Corporation shall be kept at its registered office or at any other place in Alberta designated by the board to record the shares and other securities issued by the Corporation in registered form, showing with respect to each class or series of shares and other securities:

- (a) the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- (b) the number of shares or other securities held by each holder; and
- (c) the date and particulars of the issuance and transfer of each share or other security.

A branch securities' register or registers may be kept either in or outside Alberta at such place or places as the board may determine. A branch securities' register shall only contain particulars of securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities' register shall also be kept in the corresponding central securities' register.

### 10.4 Deceased Shareholders

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

## **DIVISION 11 DIVIDENDS AND RIGHTS**

### 11.1 Dividends

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

### 11.2 Dividend Cheques

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and shall be mailed by prepaid ordinary mail to such registered holder at his address recorded in the Corporation's

securities' register or registers or such address as such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

### 11.3 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

### 11.4 Unclaimed Dividends

No dividend shall bear interest against the Corporation. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

### 11.5 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the Act, notice of any such record date is given, not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada, if any, on which the Corporation's shares are listed for trading. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

## **DIVISION 12 INFORMATION AVAILABLE TO SHAREHOLDERS**

### 12.1 Confidential Information

Except as provided by the Act, no shareholders shall be entitled to obtain information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public.

### 12.2 Conditions of Access to Information

The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholders shall have any right to inspect any document or book or register or account record of the Corporation except as conferred by statute

or authorized by the board or by a resolution of the shareholders.

### 12.3 Registered Office and Separate Records Office

The registered office of the Corporation shall be at a place within Alberta and at such location therein as the board may from time to time determine. The records office will be at the registered office or at such location, if any, within Alberta, as the board may from time to time determine.

## **DIVISION 13 NOTICES**

### 13.1 Method of Giving Notices

A notice or document required by the Act, the Regulations, the articles or the by-laws to be sent to a shareholders or director of the Corporation may be sent by prepaid mail addressed to, or may be delivered personally to:

- (a) the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- (b) the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113.

A notice or document sent by mail in accordance with the foregoing to a shareholders or director of the Corporation is deemed to be received by him at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholders or director did not receive the notice or document at the time or at all.

### 13.2 Notice to Joint Shareholders

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

### 13.3 Persons Entitled by Death or Operation of Law

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

### 13.4 Non-Receipt of Notices

If a notice or document is sent to a shareholder in accordance with section 13.1 and the notice or document is returned on three (3) consecutive occasions because the shareholder cannot be

found, the Corporation is not required to send any further notice or documents to the shareholder until the shareholder informs the Corporation in writing of his new address; provided always, that in the event of the return of a notice of a shareholders' meeting mailed to a shareholder in accordance with section 13.1 the notice shall be deemed to be received by the shareholder on the date deposited in the mail notwithstanding its return.

### 13.5 Omissions and Errors

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

### 13.6 Signature on Notices

Unless otherwise specifically provided, the signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

### 13.7 Waiver of Notice

If a notice or document is required by the Act or the Regulations, the articles, the by-laws or otherwise to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it.

## **DIVISION 14 MISCELLANEOUS**

### 14.1 Financial Assistance to Shareholders, Employees and Others

The Corporation may give financial assistance by means of a loan, guarantee or otherwise:

- (a) to any person in the ordinary course of business if the lending of money is part of the ordinary business of the Corporation;
- (b) to any person on account of expenditures incurred or to be incurred on behalf of the Corporation;
- (c) to a holding body corporate if the Corporation is a wholly-owned subsidiary of the holding body corporate;
- (d) to a subsidiary body corporate of the Corporation; or
- (e) to employees of the Corporation or any of its affiliates:
  - (i) to enable or assist them to purchase or erect living accommodation for their own occupation; or

- (ii) in accordance with the plan for the purchase of shares of the Corporation or any of its affiliates to be held by a trustee;

and, subject to the Act:

- (f) to a shareholder or director of the Corporation or of an affiliated corporation;
- (g) to an associate of a shareholder or of a director of the Corporation or of an affiliated corporation; or
- (h) to any person for the purpose of or in connection with a purchase of a share issued or to be issued by the Corporation or an affiliated corporation.

#### 14.2 Severability

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

This By-Law No. 1 was made by resolution of the directors of the Corporation as of \_\_\_\_\_, 20\_\_.

This By-Law No. 1 was confirmed by ordinary resolution of the shareholders of the Corporation as of \_\_\_\_\_, 20\_\_.

**Southern Energy Corp.**

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE “D”**  
**SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT**

**Right to dissent**

**190 (1)** Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

**Further right**

**(2)** A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

**If one class of shares**

**(2.1)** The right to dissent described in subsection (2) applies even if there is only one class of shares.

**Payment for shares**

**(3)** In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

**No partial dissent**

**(4)** A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**Objection**

**(5)** A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

**Notice of resolution**

**(6)** The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

### **Demand for payment**

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

### **Share certificate**

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

### **Forfeiture**

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

### **Endorsing certificate**

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

### **Suspension of rights**

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

### **Offer to pay**

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

### **Same terms**

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

### **Payment**

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

### **Corporation may apply to court**

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

### **Shareholder application to court**

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

### **Venue**

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

### **No security for costs**

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

### **Parties**

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

### **Powers of court**

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

### **Appraisers**

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

### **Final order**

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

## **Interest**

**(23)** A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

## **Notice that subsection (26) applies**

**(24)** If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

## **Effect where subsection (26) applies**

**(25)** If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a)** withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b)** retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

## **Limitation**

**(26)** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a)** the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b)** the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

R.S., 1985, c. C-44, s. 190; 1994, c. 24, s. 23; 2001, c. 14, ss. 94, 134(F), 135(E); 2011, c. 21, s. 60(F)

**SCHEDULE “E”  
BOARD OF DIRECTORS MANDATE**

**1. GENERAL**

The Board of Directors (the “**Board**”) of Southern Energy Corp. (the “**Corporation**”) is responsible for the stewardship of the Corporation’s affairs and the activities of management of the Corporation in the conduct of day to day business, all for the benefit of its shareholders.

The primary responsibilities of the Board are:

- (a) to maximize long term shareholder value;
- (b) to approve the strategic plan of the Corporation;
- (c) to ensure that processes, controls and systems are in place for the management of the business and affairs of the Corporation and to address applicable legal and regulatory compliance matters;
- (d) to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Corporation;
- (e) to ensure that the Corporation meets its obligations on an ongoing basis and operates in a safe and reliable manner; and
- (f) to monitor the performance of the management of the Corporation to ensure that it meets its duties and responsibilities to the shareholders.

**2. COMPOSITION AND OPERATION**

The number of directors shall be not less than the minimum and not more than the maximum number specified in the Corporation’s articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. At least 25 percent of the directors must be Canadian residents. The Board will analyze the application of the “independent” standard as such term is referred to in National Instrument 58-101 – Disclosure of Corporate Governance Practices, to individual members of the Board on an annual basis and disclose that analysis. The Board will in each year appoint a chairperson of the Board (the “**Chair**”).

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Canada Business Corporations Act* (the “**CBCA**”), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

**3. MEETINGS**

The Board shall have a minimum of four regularly scheduled meetings per year. Special meetings are called as necessary. Occasional Board trips are scheduled, if possible, in conjunction with regular Board meetings, to offer directors the opportunity to visit sites and facilities at different operational locations. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

The Board will schedule executive sessions where directors meet with or without management participation at each regularly-scheduled meeting of the Board.

#### 4. **SPECIFIC DUTIES**

##### (a) **Oversight and Overall Responsibility**

In fulfilling its responsibility for the stewardship of the affairs of the Corporation, the Board shall be specifically responsible for:

- (i) providing leadership and direction to the Corporation and management with the view to maximizing shareholder value. Directors are expected to provide creative vision, initiative and experience in the course of fulfilling their leadership role;
- (ii) satisfying itself as to the integrity of the Chief Executive Officer (the “CEO”) and other senior officers of the Corporation and ensuring that a culture of integrity is maintained throughout the Corporation;
- (iii) approving the significant policies and procedures by which the Corporation is operated and monitoring compliance with such policies and procedures, and, in particular, compliance by all directors, officers and employees with the provisions of the Code of Business Conduct and Ethics;
- (iv) reviewing and approving material transactions involving the Corporation, including the acquisitions and dispositions of material assets by the Corporation and material capital expenditures by the Corporation;
- (v) approving budgets, monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary;
- (vi) establishing methods by which interested parties may communicate directly with the Chair or with the independent directors as a group and cause such methods to be disclosed;
- (vii) developing written position descriptions for the Chair and for the chair of each Board committee; and
- (viii) making regular assessments of the Board and its individual members, as well as the effectiveness and contributions of each Board committee.

##### (b) **Legal Requirements**

- (i) The Board has the oversight responsibility for meeting the Corporation’s legal requirements and for properly preparing, approving and maintaining the Corporation’s documents and records.
- (ii) The Board has the statutory responsibility to:
  - A. manage the business and affairs of the Corporation;

- B. act honestly and in good faith with a view to the best interests of the Corporation;
  - C. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - D. act in accordance with its obligations contained in the CBCA and the regulations thereto, the articles and by-laws of the Corporation, and other relevant legislation and regulations.
- (iii) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
- A. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - B. the filling of a vacancy among the directors or in the office of auditor;
  - C. the appointment of additional directors;
  - D. the issuance of securities except in the manner and on the terms authorized by the Board;
  - E. the declaration of dividends;
  - F. the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
  - G. the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;
  - H. the approval of management proxy circulars;
  - I. the approval of any financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and
  - J. the adoption, amendment or repeal of any by-laws of the Corporation.

**(c) Independence**

The Board shall have the responsibility to:

- (i) implement appropriate structures and procedures to permit the Board to function independently of management (including, without limitation, through the holding of meetings at which non-independent directors and management are not in attendance, if and when appropriate);

- (ii) implement a system which enables an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances; and
- (iii) provide an orientation and education program for newly appointed members of the Board.

**(d) Strategy Determination**

The Board shall:

- (i) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business; and
- (ii) annually review operating and financial performance results relative to established strategy, budgets and objectives.

**(e) Managing Risk**

The Board has the responsibility to identify and understand the principal risks of the Corporation's business, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that appropriate systems are in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

**(f) Appointment, Training and Monitoring of Senior Management**

The Board shall:

- (i) appoint the CEO and other senior officers of the Corporation, approve (upon recommendations from the Corporate Governance and Compensation Committees) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
- (ii) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
- (iii) establish limits of authority delegated to management; and
- (iv) develop a written position description for the CEO.

**(g) Reporting and Communication**

The Board has the responsibility to:

- (i) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (ii) verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;

- (iii) verify that the financial results of the Corporation are reported fairly and in accordance with International Financial Reporting Standards from time to time;
- (iv) verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- (v) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and
- (vi) develop appropriate measures for receiving stakeholder feedback.

**(h) Monitoring and Acting**

The Board has the responsibility to:

- (i) review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;
- (ii) verify that the Corporation operates at all time within applicable laws and regulations to the highest ethical and moral standards;
- (iii) approve and monitor compliance with significant policies and procedures by which the Corporation operates;
- (iv) monitor the Corporation's progress towards its goals and objectives and to work with management to revise and alter its direction in response to changing circumstances;
- (v) take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant; and
- (vi) verify that the Corporation has implemented appropriate internal control and management information systems.

**(i) Other Activities**

The Board may perform any other activities consistent with this mandate, the articles and by-laws of the Corporation and any other governing laws as the Board deems necessary or appropriate including, but not limited to:

- (i) preparing and distributing the schedule of Board meetings for each upcoming year;
- (ii) calling meetings of the Board at such time and such place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Corporation; and
- (iii) ensuring that all regularly-scheduled Board meetings and committee meetings are properly attended by directors. Directors may participate in such meetings by conference call if attendance in person is not possible.

**(j) Code of Business Conduct and Ethics**

The Board shall be responsible to adopt a “Code of Business Conduct and Ethics” for the Corporation which shall address:

- (i) conflicts of interest;
- (ii) the protection and proper use of the Corporation’s assets and opportunities;
- (iii) the confidentiality of information;
- (iv) fair dealing with various stakeholders of the Corporation;
- (v) compliance with laws, rules and regulations; and
- (vi) the reporting of any illegal or unethical behaviour.

**5. BOARD COMMITTEES**

The Board shall at all times maintain: (a) an Audit Committee; (b) a Reserves, Health, Safety and Environment Committee; and (c) a Corporate Governance and Compensation Committee, each of which must report to the Board. Each such committee must operate in accordance with the by-laws, applicable law, its committee charter and the applicable rules of any stock exchange on which the shares are traded. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by its by-laws and applicable law, and as the Board sees fit. The purpose of the Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the charter of a particular committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

**6. DIRECTOR ACCESS TO MANAGEMENT**

The Corporation shall provide each director with complete access to the management of the Corporation, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation’s management, business and operations. Prior to any director of the Corporation initiating a discussion with any employee of the Corporation, including management, such director shall have the obligation to provide notice to the Chair and the Chief Executive Officer of the Corporation that the director intends on initiating such a discussion.

**7. DIRECTOR COMPENSATION**

The Board, upon recommendation of the Corporate Governance and Compensation Committee, will determine and review the form and amount of compensation to directors.