

VITAL ENERGY INC.

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON TUESDAY, OCTOBER 5, 2021

NOTICE OF MEETING AND MANAGEMENT PROXY AND INFORMATION CIRCULAR

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF VITAL ENERGY INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF VITAL ENERGY INC. TO BE HELD ON TUESDAY, OCTOBER 5, 2021.

COVID-19 NOTICE: THE CORPORATION IS REQUESTING ALL SHAREHOLDERS TO REFRAIN FROM ATTENDING THE MEETING IN PERSON AND, INSTEAD, TO VOTE BY PROXY, RATHER THAN ATTENDING THE MEETING IN PERSON DUE TO PUBLIC HEALTH CONSIDERATIONS. See the COVID-19 Notice in the Notice of Meeting and Management Information Circular.

TO BE HELD AT:

**The Offices of DLA Piper (Canada) LLP
10th Floor, Livingston Place, West Tower
250 – 2nd Street SW
Calgary, Alberta**

At 10:00 a.m.

Dated: August 26, 2021

VITAL ENERGY INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of VITAL ENERGY INC. (the “**Corporation**”) will be held at the offices of DLA Piper (Canada) LLP, 10th Floor, Livingston Place, West Tower, 250 – 2nd Street SW, Calgary, AB T2P 0C1, on Tuesday, October 5, 2021, at 10:00 a.m. for the following purposes:

1. to receive and consider the financial statements of the Corporation for the financial years ended December 31, 2019 and December 31, 2020, and the reports of the auditor thereon, and the unaudited financial statements of the Corporation for the interim period ended June 30, 2021;
2. to fix the number of directors of the Corporation to be elected at the Meeting at four (4);
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor’s remuneration;
5. to consider, and if thought fit, approve the ordinary resolution, as more particularly set forth in the accompanying Management Information Circular prepared for the purpose of the Meeting, relating to the re-approval of the stock option plan of the Corporation; and
6. to transact such other business as may be properly brought before the meeting or any adjournment thereof.

DATED this 26th day of August, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “Yingchuan Wu”

Yingchuan Wu

President, Chief Executive Officer and Director

NOTE:

COVID-19 NOTICE: THE CORPORATION IS REQUESTING ALL SHAREHOLDERS TO REFRAIN FROM ATTENDING THE MEETING IN PERSON AND, INSTEAD, TO VOTE BY PROXY, RATHER THAN ATTENDING THE MEETING IN PERSON TO VOTE DUE TO PUBLIC HEALTH CONSIDERATIONS.

All proxies, to be valid, must be received by Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

VITAL ENERGY INC.
MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (“MANAGEMENT INFORMATION CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF VITAL ENERGY INC. (THE “CORPORATION”) of proxies from the holders of common shares (the “**Common Shares**”) for the annual general and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held on Tuesday, October 5, 2021, at 10:00 a.m. at the offices of DLA Piper (Canada) LLP, 10th Floor, Livingston Place, West Tower, 250 - 2nd Street SW, Calgary, AB T2P 0C1, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“**Notice of Meeting**”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

COVID-19 NOTICE

THE CORPORATION IS REQUESTING ALL SHAREHOLDERS TO REFRAIN FROM ATTENDING THE MEETING IN PERSON AND, INSTEAD, TO VOTE BY PROXY, RATHER THAN ATTENDING THE MEETING IN PERSON TO VOTE DUE TO PUBLIC HEALTH CONSIDERATIONS.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the “**Management Designees**”) in the enclosed instrument of proxy (“**Instrument of Proxy**”) have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the **Management Designees to represent him or her at the Meeting**. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation's transfer agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the

shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or at any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

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. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by 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 the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares**

as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

This Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting have been sent directly by the Corporation, rather than through an intermediary, to non-objecting beneficial owners under National Instrument 54-101. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.

QUORUM

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two holders of not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the Meeting are present in person or by proxy.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Information Circular (the “**Effective Date**”), which is August 26, 2021, the Corporation has 82,249,971 Common Shares issued and outstanding as fully paid and non-assessable.

There are no other shares of any other class issued or outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on August 26, 2021 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, other than:

Name	Type of Ownership	Number of Common Shares Owned or Controlled at the Effective Date	Percent of Outstanding Common Shares at the Effective Date
Weiyi Investment Ltd. ⁽¹⁾	Registered and Beneficial	52,358,879	63.66%

Note:

(1) Weiyi Investment Ltd. is a company controlled by Mr. Hai Zhou, a director of the Corporation.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The compensation program of the Corporation is designed to attract, motivate, reward and retain knowledgeable and skilled executives required to achieve the Corporation’s corporate objectives and increase shareholder value. The main objective of the compensation program is to recognize the contribution of the executive officers to the overall success and strategic growth of the Corporation. The compensation program is designed to reward management performance by aligning a component of the compensation with the Corporation’s business performance and share value. The philosophy of the Corporation is to pay the management a total compensation amount that is competitive with other Canadian junior oil and gas exploration and development companies and is consistent with the experience and responsibility level of the management. The purpose of executive compensation is to reward the executives for their contributions to the achievements of the Corporation on both an annual and long-term basis.

The compensation program provides incentives to its management and directors to achieve long term objectives through grants of stock options under the Corporation’s stock option plan. Increasing the value of the Corporation’s Common Shares increases the value of the stock options. This incentive closely links the interests of the Named Executive Officers and directors to shareholders of the Corporation.

The Board of Directors is satisfied that there were not any identified risks arising from the Corporation’s compensation plans or policies that would have had any negative or material impact on the Corporation. The Corporation does not have any policy in place to permit an executive officer or director to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾⁽³⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
President, Corporate Secretary and Director ⁽⁴⁾	2019	\$49,048	Nil	Nil	Nil	Nil	Nil	Nil	\$49,048
	2018	\$120,000	Nil	Nil	Nil	Nil	Nil	Nil	\$120,000

Notes:

- (1) **“Share-Based Award”** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock and includes the Performance Shares.
- (2) **“Option-Based Award”** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.
- (3) The “grant date fair value” has been determined by using the Black-Scholes option pricing model. See discussion below.
- (4) Mr. Wu was appointed as the President, Chief Executive Officer and a director of the Corporation on July 23, 2018. In addition, on July 23, 2018, Mr. Zhang, the former Chief Executive Officer of the Corporation was appointed as Vice President Exploration and subsequently resigned as an officer of the Corporation on February 27, 2019. Mr. Standen, the former President of the Corporation continued to serve as the Corporate Secretary and Vice President of Business Development until his resignation as an officer of the Corporation on February 26, 2019. On April 1, 2019, Mr. Zhang and Mr. Standen also resigned as directors of the Corporation.

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple “in-the-money” value calculation. In fact, stock options that are well out-of-the-money can still have a significant “grant date fair value” based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

Incentive Plan Awards**Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth details of all awards outstanding for each Named Executive Officer of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Option-Based Awards				
Name and Title	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option ⁽¹⁾⁽²⁾ (\$)
Yingchuan Wu President, Chief Executive Officer and Director	Nil	N/A	N/A	N/A
Robert Gillies Chief Financial Officer	300,000	\$0.25	June 18, 2024	Nil
Zhouliang (Nick) Zhang Former Chief Executive Officer and Director	Nil	N/A	N/A	N/A

Option-Based Awards				
Name and Title	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option ⁽¹⁾⁽²⁾ (\$)
Jeffrey Standen Former President, Corporate Secretary and Director	Nil	N/A	N/A	N/A

Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2020, being \$0.06 per Common Share, and the exercise price of the options.
- (3) The Corporation does not have any Share-Based Awards.

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Yingchuan Wu President, Chief Executive Officer and Director	Nil	N/A	N/A
Robert Gillies Chief Financial Officer	Nil	N/A	N/A
Zhouliang (Nick) Zhang Former Chief Executive Officer and Director	Nil	N/A	N/A
Jeffrey Standen Former President, Corporate Secretary and Director	Nil	N/A	N/A

Note:

- (1) Based on the difference between the market prices of the Common Shares on the vesting dates and the exercise price.

Narrative Discussion

The Corporation has a stock option plan (the “**Plan**”) previously approved by the shareholders of the Corporation on January 16, 2020. The significant terms of the Plan are disclosed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Re-approval of Stock Option Plan*”.

Pension Plan Benefits

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

Other than disclosed below, the Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a Named Executive Officer's responsibilities.

The Corporation was a party to an employment agreement with Mr. Zhouliang (Nick) Zhang, the former Chief Executive Officer and Vice President Exploration of the Corporation (the "**Employment Agreement**"). The Employment Agreement provided for a lump sum payment equal to twenty-four months' base salary (which was \$240,000 per year during 2018 and 2019) upon a change of control. Upon termination without just cause, Mr. Zhang was entitled to payment of the remaining portion of his base salary payable for the outstanding term of the Employment Agreement. The Employment Agreement was terminated pursuant to an agreement between Mr. Zhang and the Corporation dated February 27, 2019.

The Corporation was a party to a consulting agreement with Kinghorn Resources Ltd., a company owned and controlled by Mr. Jeffrey Standen, the former President, Vice President Business Development and Corporate Secretary of the Corporation (the "**Consulting Agreement**"). The Consulting Agreement provided for a lump sum payment equal to twenty-four months' consulting fees (which was \$120,000 per year during 2018 and 2019) upon a change of control. Upon termination without just cause, Kinghorn Resources Ltd. was entitled to payment of the remaining portion of the consulting fees payable for the outstanding term of the Consulting Agreement. The Consulting Agreement was terminated pursuant to an agreement between Kinghorn Resources Ltd. and the Corporation dated February 26 2019.

DIRECTOR COMPENSATION

During the year ended December 31, 2020, the Corporation had four (4) directors, one (1) of which was also a Named Executive Officer. For a description of the compensation paid to the Named Executive Officers of the Corporation who also act as a director of the Corporation, see "*EXECUTIVE COMPENSATION*".

Director Compensation Table

The following table sets forth all compensation provided to directors who are not also Named Executive Officers ("**Outside Directors**") of the Corporation for the financial years ended December 31, 2019 and December 31, 2020.

Name	Year Ended Dec 31	Fees Earned (\$)	Share-Based Awards (\$)⁽¹⁾	Option-Based Awards (\$)⁽²⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Compensation (\$)	Other Compensation (\$)	Total (\$)
Hai Zhou	2020	Nil	Nil	Nil	Nil	Nil	\$171,429 ⁽³⁾		\$171,429
	2019	Nil	Nil	Nil	Nil	Nil	\$171,429 ⁽³⁾		\$171,429
Fang Chen	2020	Nil	Nil	Nil	Nil	Nil	\$5,000 ⁽⁴⁾		\$5,000
	2019	Nil	Nil	Nil	Nil	Nil	\$2,500 ⁽⁴⁾		\$2,500
Ngai Ho	2020	Nil	Nil	Nil	Nil	Nil	\$5,000 ⁽⁴⁾		\$5,000
	2019	Nil	Nil	Nil	Nil	Nil	\$2,500 ⁽⁴⁾		\$2,500

Notes:

- (1) "**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) "**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The "grant date fair value" has been determined by using the Black-Scholes option pricing model.
- (3) Paid pursuant to the terms of a consulting agreement between the Corporation and Weiyi Investment Ltd., a company controlled by Mr. Zhou.

- (4) Paid for consulting services.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all awards outstanding for each Outside Director of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Option-Based Awards				
Name and Title	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option⁽¹⁾⁽²⁾ (\$)
Hai Zhou	450,000	\$0.25	June 18, 2024	Nil
Fang Chen	450,000	\$0.25	June 18, 2024	Nil
Ngai Ho	Nil	N/A	N/A	N/A

Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2020, being \$0.06 per Common Share, and the exercise price of the options.

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for Outside Directors of the Corporation.

Name	Option-Based Awards - Value vested during the year (\$)⁽¹⁾	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Hai Zhou	Nil	N/A	N/A
Fang Chen	Nil	N/A	N/A
Ngai Ho	Nil	N/A	N/A

Note:

- (1) Based on the difference between the market prices of the Common Shares on the vesting dates and the exercise price.

Narrative Discussion

The significant terms of the Plan are disclosed in this Management Information Circular under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Re-approval of Stock Option Plan*”.

Other Compensation

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation

was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)⁽¹⁾
Equity compensation plans approved by securityholders	1,200,000 Common Shares	\$0.25 per Common Share	7,024,997 Common Shares
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	1,200,000 Common Shares	\$0.25 per Common Share	7,024,997 Common Shares

Note:

- (1) The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

AUDIT COMMITTEE

Audit Committee Terms of Reference

The text of the Corporation's Audit Committee charter is set out under the heading "*Audit Committee Terms of Reference*" in the Corporation's Management Information Circular dated May 9, 2016 and filed on SEDAR at www.sedar.com on May 17, 2016, which is incorporated by reference herein.

Audit Committee Composition

The following are the members of the Audit Committee, as at the Effective Date:

Yingchuan Wu	Non-Independent	Financially Literate ⁽¹⁾
Fang Chen	Independent	Financially Literate ⁽¹⁾
Ngai Ho	Independent	Financially Literate ⁽¹⁾

Note:

(1) As defined by National Instrument 52-110 ("**NI 52-110**").

Relevant Education and Experience

All members of the audit committee have been involved in the financing, administration and operation of managing small private and/or public companies for several years and have been either directly or indirectly involved in the preparation of the financial statements, filing of the quarterly and annual financial statements, dealing with the auditors, or as a member of the audit committee. All members of the audit committee have the ability to read, analyze, and understand the complexities surrounding the issuance of financial statements.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Securities Regulatory Authority Exemption).

Pre-Approval Policies and Procedures

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "*Audit Committee Terms of Reference - External Auditors*".

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

Financial Year	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
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<u>Ending</u>				
2019	\$40,000	\$Nil	\$Nil	\$40,000
2020	\$37,500	\$Nil	\$Nil	\$37,500

Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110, the exemption for Venture issuers in relation to the requirement that every audit committee member be independent.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Corporation. The Board of Directors is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. To achieve this goal, the Corporation has implemented an Audit Committee Terms of Reference, a Whistle Blower Policy, an Insider Trading and Reporting Policy, and a Disclosure and Confidentiality Policy.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (“**NI 58-101**”), the Corporation is required to disclose its corporate governance practices as summarized below.

Board of Directors

The Board of Directors is currently comprised of four (4) members. All of these individuals are nominated for re-election at the Meeting. Mr. Zhou, Ms. Chen and Mr. Ho are the current independent directors of the Corporation.

Mr. Wu, the President and Chief Executive Officer of the Corporation, is a member of management and Mr. Zhou, due to the consulting fees paid to a corporation controlled by Mr. Zhou and his shareholdings, as a result, are not independent directors.

NI 58-101 suggests that the Board of Directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a director’s independent judgment. As disclosed above, the Board of Directors is not comprised of a majority of independent directors. During the ensuing year, the Board may consider to seek one or more suitable candidates for appointment to the Board of Directors who meet the independence criteria in NI 58-101 to increase the number of independent directors. The independent judgment of the Board of Directors in carrying out its responsibilities is the responsibility of all directors. The Board of Directors facilitates independent supervision of management through meetings of the Board of Directors and through frequent informal discussions among independent members of the Board of Directors and management. In addition, the Board of Directors has free access to the Corporation’s external auditors, legal counsel and to any of the Corporation’s officers.

Directorship

None of the directors of the Corporation is a director of any other reporting issuer.

Orientation and Continuing Education

Each new director is given an outline of the nature of the Corporation's business, its corporate strategy and current issues with the Corporation. New directors are also expected to meet with management of the Corporation to discuss and better understand the Corporation's business and are advised by counsel to the Corporation of their legal obligations as directors of the Corporation. New directors are also given copies of the Corporation's policies.

The introduction and education process will be reviewed on an annual basis by the Board of Directors and will be revised as necessary.

Ethical Business Conduct

The Board of Directors has considered adopting a written code of business conduct and ethics and has decided that it is not necessary to adopt such a code at the present time.

The Board of Directors has established a Whistle Blower Policy, which establishes the complaint procedure for concerns about any aspect of the Corporation's activities and operations. The Corporation has also adopted an Insider Trading and Reporting Policy which establishes procedures for when insiders may trade securities of the Corporation. The Corporation has also adopted a Disclosure and Confidentiality Policy which establishes procedures for ensuring adequate disclosure and compliance with disclosure requirements as well as procedures for maintaining confidentiality. The above policies assist in maintaining the ethical business conduct of the officers and directors of the Corporation.

The Board of Directors has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

Nomination of Directors

The Board of Directors has not appointed a nominating committee. The Board of Directors determine new nominees to the Board of Directors although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board of Directors members including both formal and informal discussions among the Board of Directors members and officers.

Compensation

The Board of Directors has not appointed a Compensation Committee. See "*EXECUTIVE COMPENSATION - Compensation Governance*" above.

Other Board of Directors Committees

The Corporation has no standing Committees at this time other than the Audit Committee, as discussed above and the Reserves Committee.

The members of the Reserves Committee are listed under “*PARTICULARS OF MATTERS TO BE ACTED UPON - Election of Directors*”. The responsibilities of the Reserves Committee includes reviewing the procedures relating to the disclosure of information with respect to oil and gas activities, reviewing the appointment of the independent evaluator and reviewing the annual filings required by National Instrument 51-101.

Assessments

The Board of Directors has not implemented a formal process for assessing its effectiveness or the effectiveness of its individual members or its committees. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board of Directors, the Board of Directors consider a formal assessment process to be unnecessary at this time. The Board of Directors plan to continue evaluating its own effectiveness on an ad hoc basis.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board of Directors, the only matters to be brought before the meeting are those matters set forth in the accompanying Notice of Meeting.

1. Report and Financial Statements

The Board of Directors has approved all of the information in the audited financial statements of the Corporation for the years ended December 31, 2019 and December 31, 2020, and the reports of the auditor thereon, and the unaudited financial statements of the Corporation for the interim period ended June 30, 2021, copies of which are delivered herewith.

2. Fix Number of Directors to be Elected at the Meeting

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that four (4) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).**

3. Election of Directors

The Corporation currently has four (4) directors and all of the directors are being nominated for re-election. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Corporation that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board of Directors. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the

next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* to which the Corporation is subject.

Name and Municipality of Residence	Present Office and Date First Appointed a Director	Principal Occupation and Positions Held During the Past Five Years	Number and % of Common Shares Beneficially Owned or Controlled as at the Effective Date ⁽¹⁾
Yingchuan Wu ⁽²⁾⁽³⁾ Calgary, Alberta	President, Chief Executive Officer and Director July 23, 2018	Mr. Wu holds a PhD in reservoir development engineering from Southwest Petroleum University, China with 33 years of industry related experience, both domestically and internationally. Mr. Wu has been President and CEO of Vital Energy Inc. since July 2018.	Nil
Hai Zhou Shanghai, China	Director and Chairman of the Board of Directors June 18, 2014	Mr. Hai Zhou holds a diploma from the Party College of Gansu Province in Gansu, China. In the previous 12 years Mr. Zhou has been employed as President of Inner Mongolia Qiyan Pharmaceutical Limited Co. and of Dukou Hailan District Wuhai City Inner Mongolia Opencast Coal Mine.	52,358,879 (63.66%)
Fang Chen ⁽²⁾⁽³⁾ Vancouver, British Columbia	Director June 18, 2014	Ms. Chen is a registered lawyer and certified economist in China. Ms. Chen has a Bachelor of Economics from Zhongshan University and a Master of Financial Management from Zhonnan Finance and Economics University. Ms. Chen has been involved with a number of public companies, including being the Chief Financial Officer of SGAS and China Hydroelectric Corporation, a company listed on the New York Exchange. Ms. Chen has been a director of the corporation since 2007 and is currently the managing director of Greenstone Investment Ltd.	1,952,474 (2.37%)
Ngai Ho ⁽²⁾⁽³⁾ Vancouver, British Columbia	Director July 4, 2016	Mr. Ho is a financial consultant with over 12 years' of financial and banking experience. Mr. Ho is a graduate of the University of British Columbia, with a B.Comm.(Finance). Mr. Ho is currently a director of Scion Management Ltd. and prior thereto was with BMO Bank of Montreal, CITC Bank International and Axcellance Legal Group.	1,000,000 (1.22%)

Notes:

- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors or is based on information available to the Corporation.
- (2) Member of the Audit Committee.
- (3) Member of the Reserves Committee.

Cease Trade Orders

No proposed director, within 10 years before the date of this Management Information Circular, has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

No proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

Personal Bankruptcies

No proposed director has, within 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

Penalties and Sanctions

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) 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, other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

4. Appointment of Auditor

The shareholders of the Corporation will be asked to vote for the re-appointment of Crowe MacKay LLP, Calgary, Alberta (“**Crowe MacKay LLP**”), as auditor of the Corporation. Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Crowe MacKay LLP, as auditor of the Corporation, to hold office until the close of the next annual general meeting of shareholders or until the firm of Crowe MacKay LLP is removed from office or resigns as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board of Directors to fix the compensation of the auditor. Crowe MacKay LLP has been auditors of the Corporation since its amalgamation, being June 13, 2014.

5. Re-approval of Stock Option Plan

The Corporation has a stock option plan (the “**Plan**”) previously approved by the shareholders of the Corporation on January 16, 2020. A copy of the Plan is attached as Schedule “B” to the Corporation's Management Information Circular dated May 9, 2016 and filed on SEDAR at www.sedar.com on May 17, 2016. The Plan is incorporated herein by reference.

The Plan shall be administered by the Board of Directors, or if appointed, by a special committee of directors appointed from time to time by the Board of Directors. The aggregate number of Common Shares which may be reserved for issuance under the Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. The number of Common Shares subject to an option to a participant shall be determined by the Board of Directors, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The exercise price of the Common Shares covered by each option shall be determined by the Board of Directors, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. The maximum length any option shall be ten (10) years from the date the option is granted, provided that participant's options expire ninety (90) days after a participant ceases to act for the Corporation, subject to extension at the discretion of the Board of Directors, except upon the death of a participant, in which case the participant's estate shall have twelve (12) months in which to exercise the outstanding options. The Plan includes a provision that should an option expiration date fall within a blackout period or immediately following a blackout period, the expiration date will automatically be extended for ten (10) business days following the end of the blackout period. The Board of Directors has the absolute discretion to amend or terminate the Plan.

Policy 4.4 of the TSX Venture Exchange Inc. (the "Exchange") requires that rolling stock option plans must receive shareholder approval yearly, at an issuer's annual general meeting. In accordance with Policy 4.4, shareholders will be asked to consider and if thought fit, approve an ordinary resolution re-approving, adopting and ratifying the Plan as the Corporation's stock option plan.

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

"Be it resolved as an ordinary resolution of the Corporation that:

- 1. the stock option plan of the Corporation be approved substantially in the form attached as Schedule "B" to the 2016 Management Information Circular of the Corporation dated May 9, 2016 (the "Plan") and the Plan be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;**
- 2. the form of the 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;**
- 3. the issued and outstanding stock options previously granted shall be continued under and governed by the Plan;**
- 4. the shareholders of the Corporation hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and**
- 5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."**

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution re-approving the Plan. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders who vote in respect to the resolution.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders require the approval of the shareholders not affected by, or interested in, the matter to be approved.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided, or will be provided, in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation by mail or fax at:

Vital Energy Inc.
Suite 888, 940 6th Avenue S.W.
Calgary, Alberta T2P 3T1
Fax: (403) 699-9660
Attention: President

to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

BOARD OF DIRECTORS APPROVAL

The contents and the sending of this Management Information Circular have been approved by the Board of Directors.