



SOURCE ROCK

ROYALTIES LTD.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

OF

SOURCE ROCK ROYALTIES LTD.

to be held on

June 22, 2022

at 10:00 a.m. (Calgary time)

**at Dentons Canada LLP
10th Floor, Bankers Court
850 – 2nd Street S.W.
Calgary, Alberta T2P 0R8**

This Management Information Circular and Proxy Statement is furnished in connection with the solicitation of proxies by the management of Source Rock Royalties Ltd. to be voted at the Annual General and Special Meeting to be held on June 22, 2022 at the time and place and for the purposes set out in the accompanying Notice of Annual General and Special Meeting and at any adjournments thereof.

SOURCE ROCK ROYALTIES LTD.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT an annual general and special meeting (the “**Meeting**”) of the shareholders of Source Rock Royalties Ltd. (the “**Corporation**”) will be held at 10:00 a.m. (Calgary time) on Wednesday, June 22, 2022 at the offices of Dentons Canada LLP, 10th Floor, Bankers Court, 850 – 2nd Street S.W., Calgary, Alberta T2P 0R8 for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial years ended December 31, 2021 and 2020 and the report of the auditor thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at eight (8);
3. to elect the board of directors of the Corporation to serve until the next annual meeting of the shareholders or until their successors are duly elected or appointed;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditor;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the approval of the stock option plan of the Corporation;
6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, as more particularly set forth in the accompanying Management Information Circular, relating to the approval of the restricted share unit and deferred share unit compensation plan of the Corporation; and
7. to transact such other business as may properly come before the Meeting.

Information relating to matters to be acted upon by the shareholders at the Meeting is set forth in the accompanying Management Information Circular.

Only shareholders of record as at the close of business on May 10, 2022 are entitled to receive notice of the Meeting.

At the date of this Notice and the accompanying Management Information Circular, it is the intention of management of the Corporation to hold the Meeting at the location stated above in this Notice. A shareholder may attend the Meeting in person or may be represented by proxy. We are continuously monitoring further developments in the COVID-19 pandemic. In light of the rapidly evolving public health guidelines related to COVID-19, we ask shareholders to consider voting their shares by proxy and not to attend the Meeting in person. Shareholders who do wish to attend the Meeting in person are asked to follow the instructions of public health and governmental authorities.

DATED at Calgary, Alberta as of the 17th day of May, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Brad Docherty*”

Brad Docherty

President, Chief Executive Officer and Chairman

IMPORTANT

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. To be effective, an instrument of proxy must be delivered to TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1 (Attention: Proxy Tabulation Group), or by facsimile to the Proxy Tabulation Group's attention at (416) 595-9593, so that it is received no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or an adjournment or postponement thereof. As an alternative to completing and submitting an instrument of proxy, you may vote electronically through the internet at www.voteproxyonline.com by following the instructions on-screen. To vote through the internet, you will require your control number found on your instrument of proxy. All instructions are listed in the enclosed instrument of proxy.

SOURCE ROCK ROYALTIES LTD.

MANAGEMENT INFORMATION CIRCULAR

INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This management information circular and proxy statement (“**Management Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Source Rock Royalties Ltd. (the “**Corporation**”) for use at the annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation to be held at 10:00 a.m. (Calgary time) on Wednesday, June 22, 2022, for the purposes set forth in the Notice of Annual General and Special Meeting (the “**Notice**”) accompanying this Management Information Circular. Proxies may be solicited by mail, telephone, email, facsimile or other electronic means. Proxies may be solicited personally by directors or officers of the Corporation. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of solicitation of proxies will be paid by the Corporation.

Unless otherwise stated, information contained herein is given as of May 17, 2022 (the “**Effective Date**”).

Appointment of Proxyholders

Accompanying this Management Information Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy must be delivered to TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1 (Attention: Proxy Tabulation Group), or by facsimile to the Proxy Tabulation Group’s attention at (416) 595-9593, so that they are received no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or an adjournment or postponement thereof. As an alternative to completing and submitting an instrument of proxy, you may vote electronically through the internet at www.voteproxyonline.com by following the instructions on-screen. To vote through the internet, you will require your control number found on your instrument of proxy.**

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the management designees to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

Signing of Proxy

The instrument of proxy must be signed by the Shareholder or the Shareholder’s duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person’s capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

Revocability of Proxies

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or an adjournment thereof; or (ii) with the Chairman of the Meeting on the day of the Meeting or an adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

Voting of Proxies and Exercise of Discretion by Proxyholders

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for 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 instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted FOR the proposed resolutions at the Meeting. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Management Information Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

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

Except as disclosed in this Management Information Circular, none of the directors or executive officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted on, other than the election of directors or the appointment of auditor.

QUORUM

The by-laws of the Corporation provide that a quorum of Shareholders is present at a meeting of Shareholders if at least two (2) persons are present who hold or represent by proxy not less than twenty-five percent (25%) of the shares entitled to be voted at the meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Shares and Record Date

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series (the “**Preferred Shares**”). The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 10, 2022 (the “**Record Date**”). Shareholders are entitled to one vote per Common Share. As at the Record Date, there are 44,896,645 Common Shares and no Preferred Shares issued and outstanding.

Voting of Common Shares – General

Only Shareholders whose names are entered in the Corporation’s register of Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting; provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the list of Shareholders eligible to vote at the Meeting, the transferee shall be entitled to vote his or her Common Shares at the Meeting.

Voting of Common Shares – Advice to Beneficial Shareholders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “**Beneficial Shareholder**”) are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Beneficial Shareholder deals with in respect of the Common Shares (Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited).

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of the Notice, this Management Information Circular and the instrument of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders.

Intermediaries are required to forward the Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Financial Solutions Inc. (“**Broadridge**”)) to forward the Meeting Materials to Beneficial Shareholders.

Generally, Beneficial Shareholders who have not waived the right to receive the Meeting Materials will:

- (a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Beneficial Shareholder in accordance with the directions on the voting instruction form (voting instruction forms sent by Broadridge permit

the completion of the voting instruction form by telephone or through the Internet at www.proxyvotecanada.com); or

- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. This form of proxy need not be signed by the Beneficial Shareholder. In this case, the Beneficial Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with TSX Trust Company at the address referred to above.

The purpose of these procedures is to permit Beneficial Shareholders to direct the voting of the Common Shares they beneficially own. Should a Beneficial Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Beneficial Shareholder), the Beneficial Shareholder should strike out the names of the persons named in the proxy and insert the Beneficial Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies. 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.**

Only registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set forth above.

Principal Shareholders

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

Name	Approximate Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Holder's Common Shares to all Common Shares Outstanding
CN Canadian Master Trust Fund	9,354,400 ⁽¹⁾	20.8%

Note:

- (1) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been derived from sources available to the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the board of directors of the Corporation (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

1. Financial Statements

The audited financial statements of the Corporation for the financial years ended December 31, 2021 and 2020 and the report of the auditor thereon (the "**Financial Statements**") will be placed before the Meeting.

The Board has approved all of the information in the Financial Statements, copies of which are delivered herewith. The approval of the Shareholders is not required in relation to the Financial Statements.

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

Shareholders 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 eight (8) 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 eight (8).**

3. Election of Directors

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 province and country of residence, principal occupation at present and during the preceding five (5) years, the period during which the nominee has served as a director, and the number and percentage of Common Shares 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.**

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 (Alberta)* (the "ABCA"), to which the Corporation is subject.

Name, Province and Country of Residence	Position(s) Held	Director Since	Principal Occupation at Present and during the Last Five Years	Common Share Ownership ⁽⁴⁾
Brad Docherty ⁽¹⁾ Alberta, Canada	President, Chief Executive Officer & Chairman	October 11, 2012	Mr. Docherty has been the President, Chief Executive Officer & Chairman of the Corporation since the date of incorporation. Mr. Docherty is also President and the sole Director of B.D. Corporate Services Inc., a management services company. Mr. Docherty is also Managing Director of Capitalize Consulting Corp., a private investment and business advisory company. Mr. Docherty was formerly the President, Chief Executive Officer and Director of Exito	2,268,757 ⁽⁵⁾

Name, Province and Country of Residence	Position(s) Held	Director Since	Principal Occupation at Present and during the Last Five Years	Common Share Ownership ⁽⁴⁾
			Energy II Inc. (“ Exito II ”), a capital pool company, prior to completion of its qualifying transaction in January 2018.	
John Bell ⁽¹⁾⁽²⁾ Alberta, Canada	Director	May 30, 2013	Mr. Bell has been the President and Chief Financial Officer of WCSB Blockchain Infrastructure Ltd. since February 2018. Mr. Bell was formerly Director of Finance of Tidewater Midstream and Infrastructure Ltd. since March 2015.	45,029
Jordan Kevol ⁽²⁾ Alberta, Canada	Director	January 29, 2014	Mr. Kevol has been the President and Chief Executive Officer of Blackspur Oil Corp. (“ Blackspur ”) since May 2012. Blackspur was recently acquired by Calima Energy Ltd. (“ Calima ”) and continues to operate as the Canadian wholly-owned entity of Calima. Mr. Kevol is now also the Chief Executive Officer of Calima.	1,124,989
Brody Loster Alberta, Canada	Director	May 30, 2013	Mr. Loster has been a Principal Geologist, P.Geol and Responsible Member for Vault 44.01 since June 2021. He was formerly the Manager of Geosciences of Baytex Energy Corp. (“ Baytex ”) until October 2020. Mr. Loster was formerly the Manager of Geosciences of Raging River Exploration Inc. (“ Raging River ”) from its inception until August 2018. Mr. Loster was also a Director of Exito II from inception to January 2018.	153,213
Gary McMurren ⁽¹⁾⁽³⁾ Alberta, Canada	Director	May 30, 2013	Mr. McMurren has been the Vice President, Engineering of Southern Energy Corp. since December 2018. Mr. McMurren was formerly the Vice President, Engineering of Gulf Pine Energy Partners, LP from its inception to December 2018.	123,390 ⁽⁶⁾
Dean Potter ⁽³⁾ Alberta, Canada	Director	July 5, 2018	Mr. Potter has been the Executive Chairman of Burgess Creek Exploration Inc. since September 2015 and Chief Executive Officer since November 1, 2019. Mr. Potter is also the President of DPX Inc., a private company active in petroleum exploration and development.	45,882
Scott Rideout ⁽²⁾ Alberta, Canada	Director	May 30, 2013	Mr. Rideout has been the Vice President, Land of Headwater Exploration Inc. since March 2020. Mr. Rideout was formerly the Vice President, Land of Baytex from August	109,826 ⁽⁷⁾

Name, Province and Country of Residence	Position(s) Held	Director Since	Principal Occupation at Present and during the Last Five Years	Common Share Ownership ⁽⁴⁾
			2018 to February 2020. Prior thereto, Mr. Rideout was Vice President, Land of Raging River from July 2014 to August 2018.	
Shaun Thiessen ⁽²⁾⁽³⁾ Alberta, Canada	Director	December 15, 2015	Mr. Thiessen is presently a Founder and Vice President, Land and Business Development of Astara Energy Corp. since January 2022. Prior thereto, Mr. Thiessen was the Vice President, Land and Business Development of Astra Oil Corp. from January 2015 until its sale in August 2021. Mr. Thiessen previously was Director, Land of PrairieSky Royalty Ltd. from May 2014 to December 2014.	87,306

Notes:

- (1) Member of the Audit Committee. Mr. Bell is the Chair of the Audit Committee.
- (2) Member of the Compensation and Corporate Governance Committee. Mr. Rideout is the Chair of the Compensation and Corporate Governance Committee.
- (3) Member of the Reserves Committee. Mr. McMurren is the Chair of the Reserves Committee.
- (4) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based on information furnished to the Corporation by the above individuals.
- (5) Includes Common Shares held by B.D. Corporate Services Inc., an Alberta corporation wholly owned by Mr. Docherty.
- (6) Includes Common Shares held by an Alberta corporation wholly owned by Mr. McMurren's spouse.
- (7) Includes Common Shares held by Mr. Rideout's spouse.

Cease Trade Orders or Bankruptcies

Other than as disclosed below, to the knowledge of the Corporation, 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 that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in such 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.

John Bell was an officer of Artisan Energy Corporation ("**Artisan**") when the Alberta Securities Commission issued a cease trade order against Artisan on May 5, 2016. Artisan subsequently made an assignment into bankruptcy on June 22, 2016.

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 was 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 person.

Penalties and Sanctions

No proposed director has been subject to: (i) 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 (ii) 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.

4. Appointment of Auditor

Shareholders will be asked to vote for the appointment of MNP LLP, Chartered Professional Accountants, as auditor of the Corporation. MNP has served as auditor to the Corporation since January 27, 2014. **Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote in favour of the ordinary resolution appointing MNP LLP as auditor of the Corporation for the next ensuing year**, to hold office until the close of the next annual general meeting of Shareholders or until MNP 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 favor of a resolution authorizing the Board to fix the compensation of the auditor.

5. Approval of Stock Option Plan

The Corporation is proposing to approve the existing stock option plan (the "**Option Plan**") of the Corporation adopted in 2013. A copy of the Option Plan is attached as Schedule "A" to this Management Information Circular.

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

"BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

- (a) the stock option plan of the Corporation (the "**Option Plan**"), substantially in the form attached as Schedule "A" to the Management Information Circular of the Corporation, be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;
- (b) the form of the 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;
- (c) all issued and outstanding stock options previously granted are hereby continued under and governed by the Option Plan;
- (d) 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

- (e) any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under 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, if named as proxy, to vote in favour of the ordinary resolution approving the Option 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.

6. Approval of RSU/DSU Plan

The Corporation is proposing to approve a restricted share unit and deferred share unit compensation plan (the “**RSU/DSU Plan**”) of the Corporation. A copy of the RSU/DSU Plan is attached as Schedule “B” to this Management Information Circular.

The implementation of the RSU/DSU Plan is intended to provide the Corporation with flexibility in designing various equity-based incentives to be awarded to the directors, employees, consultants and other persons or companies engaged to provide ongoing services to the Corporation and its affiliates, other than persons involved in investor relations activities relating to the Corporation, to recognize and reward their significant contributions to the long-term success of the Corporation and to align their interests more closely with the Shareholders, as well as to bring the Corporation’s compensation policies in line with trends in industry practice. Pursuant to the RSU/DSU Plan, the Board (or a committee thereof) may grant restricted share units (“**RSUs**”) and deferred share units (“**DSUs**”) as incentive payments to such persons. The Board intends to use the awards of RSUs and DSUs (“**Awards**”) as part of the Corporation’s overall compensation plan and as an equity-based compensation mechanism that can minimize shareholder dilution. The maximum aggregate number of Common Shares that may be reserved for issuance in connection with the Awards granted under the RSU/DSU Plan is 4,489,664.

Refer to the disclosure under the heading “*Stock Option Plans and Other Incentive Plans – RSU/DSU Plan*” for a more detailed summary of the RSU/DSU Plan. The summary provided is qualified in its entirety by reference to the full text of the RSU/DSU Plan which is attached as Schedule “B” to this Management Information Circular. The RSU/DSU Plan remains subject to the policies of the TSX Venture Exchange (the “**TSXV**”) and receiving the requisite Shareholder approval.

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

“BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

- (a) the restricted share unit and deferred share unit compensation plan of the Corporation (the “**RSU/DSU Plan**”), substantially in the form attached as Schedule “B” to the Management Information Circular of the Corporation, be and is hereby ratified, approved and adopted as the restricted share unit plan of the Corporation;
- (b) the form of the RSU/DSU 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;

- (c) 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
- (d) any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under 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, if named as proxy, to vote in favour of the ordinary resolution approving the RSU/DSU 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.

STATEMENT OF EXECUTIVE COMPENSATION

The Corporation is a “venture issuer” as defined under National Instrument 51-102 – *Continuous Disclosure Obligations* and is disclosing its director and executive compensation in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* (“**Form 51-102F6V**”). The Corporation became a reporting issuer on February 23, 2022 and was not a reporting issuer at any time during the most recently completed financial year ended December 31, 2021. As a result, certain information required by Form 51-102F6V has been omitted pursuant to section 1.3(8) of Form 51-102F6V.

Named Executive Officers

For the purpose of this Statement of Executive Compensation, a named executive officer (“**NEO**”) of the Corporation means each of the following individuals:

- (a) each individual who served as chief executive officer (“**CEO**”) of the Corporation during any part of the most recently completed financial year, including an individual performing functions similar to a CEO;
- (b) each individual who served as chief financial officer (“**CFO**”) of the Corporation during any part of the most recently completed financial year, including an individual performing functions similar to a CFO; and
- (c) the Corporation’s most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year, including each individual who would be a NEO under this paragraph 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 that financial year.

The NEOs of the Corporation for the financial year ended December 31, 2021 were Brad Docherty, CEO and Sean Clausen, CFO.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth information concerning the total compensation, excluding options and compensation securities, paid to each director and NEO by the Corporation for the financial year ended December 31, 2021 for services provided or to be provided, directly or indirectly, to the Corporation.

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$) ⁽¹⁾	Value of All Other Compensation (\$)	Total Compensation (\$)
Brad Docherty <i>President, CEO and Director</i>	2021	240,000 ⁽²⁾	200,000 ⁽³⁾	Nil	Nil	Nil	440,000
Sean Clausen <i>CFO</i>	2021	78,000 ⁽⁴⁾	25,000 ⁽⁵⁾	Nil	Nil	Nil	103,000
John Bell <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Jordan Kevol <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Brody Loster <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Gary McMurren <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Dean Potter <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Scott Rideout <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Shaun Thiessen <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) "Perquisites" include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are greater than: (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director's total salary for the financial year is \$500,000 or greater.
- (2) Represents consulting fees paid to B.D. Corporate Services Inc., an Alberta corporation wholly owned by Mr. Docherty, of which \$15,000 was settled in Common Shares on March 25, 2021 at an issuance price of \$0.80 per Common Share.
- (3) Represents discretionary consulting fees paid to B.D. Corporate Services Inc., an Alberta corporation wholly owned by Mr. Docherty, of which \$150,000 was settled in Common Shares on July 1, 2021 at an issuance price of \$1.00 per Common Share.
- (4) Represents consulting fees paid to Mr. Clausen, of which \$2,250 was settled in Common Shares on March 25, 2021 at an issuance price of \$0.80 per Common Share.
- (5) Represents discretionary consulting fees paid to Mr. Clausen, of which \$18,750 was settled in Common Shares on July 1, 2021 at an issuance price of \$1.00 per Common Share.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Corporation for the financial year ended December 31, 2021 for services provided or to be provided, directly or indirectly, to the Corporation.

Compensation Securities

Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Brad Docherty <i>President, CEO and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sean Clausen <i>CFO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Bell <i>Director</i>	Shares	5,000 (<1%)	July 1, 2021	Nil	N/A	N/A	N/A
Jordan Kevol <i>Director</i>	Shares	5,000 (<1%)	July 1, 2021	Nil	N/A	N/A	N/A
Brody Loster <i>Director</i>	Shares	5,000 (<1%)	July 1, 2021	Nil	N/A	N/A	N/A
Gary McMurren <i>Director</i>	Shares	5,000 (<1%)	July 1, 2021	Nil	N/A	N/A	N/A
Dean Potter <i>Director</i>	Shares	5,000 (<1%)	July 1, 2021	Nil	N/A	N/A	N/A
Scott Rideout <i>Director</i>	Shares	5,000 (<1%)	July 1, 2021	Nil	N/A	N/A	N/A
Shaun Thiessen <i>Director</i>	Shares	5,000 (<1%)	July 1, 2021	Nil	N/A	N/A	N/A

Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised any compensation securities during the financial year ended December 31, 2021.

Stock Option Plans and Other Incentive Plans

The Corporation has two incentive plans: an Option Plan adopted by the Board on July 2, 2013 and an RSU/DSU Plan adopted by the Board on May 17, 2022. The Corporation is seeking Shareholder approval of the incentive plans. The following is a summary of the material terms of the Option Plan and the RSU/DSU Plan.

Option Plan

The Option Plan is a “rolling” 10% stock option plan that permits the granting of stock options (“**Options**”) to purchase Common Shares. The Option Plan is administered by the Compensation and Corporate Governance Committee pursuant to rules of procedure fixed by the Board. A copy of the Option Plan is attached as Schedule “A” to this Management Information Circular.

Eligibility to Participate

The Compensation and Corporate Governance Committee has the authority to designate existing or proposed 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 (each, a “**Participant**”) to be eligible for selection to participate in the Option Plan. Subject to compliance with applicable requirements of the TSXV, 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 Option Plan in the same manner as if the options were held by the Participant.

Granting of Options

The Option Plan limits the aggregate number of Common Shares issuable upon the exercise of all Options granted under the Option Plan to 10% of the issued and outstanding Common Shares from time to time, subject to the following additional limitations:

- (a) the number of Common 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 TSXV, regardless of whether the Corporation is listed on the TSXV at the time of grant;
- (b) no single Participant may be granted Options to purchase a number of Common Shares equaling more than 5% of the issued Common Shares in any one 12-month period unless the Corporation has obtained disinterested Shareholder approval in respect of such grant and otherwise meets any applicable TSXV requirements;
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 10% of the issued Common Shares at any point in time to insiders of the Corporation (as defined by applicable Canadian securities laws), as a group, unless the Corporation has obtained disinterested Shareholder approval;
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 10% of the issued Common Shares in any 12-month period to insiders of the Corporation (as defined by applicable Canadian securities laws), as a group, unless the Corporation has obtained disinterested Shareholder approval;
- (e) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12-month period to any one consultant of the Corporation (or any of its subsidiaries); and
- (f) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12-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 $\frac{1}{4}$ of the options vesting in any three month period.

Maximum Term of Options

Each Option and all rights thereunder will expire on the date set out in the applicable Option agreement and will be subject to the earlier termination provisions of the Option Plan, provided that in no circumstances will the duration of an Option exceed the maximum term prescribed by the TSXV of 10 years.

In addition, each Option provides that:

- (a) Subject to certain exceptions contained in the Option Plan, if a Participant ceases to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be an employee of a person or company which provides management services to the Corporation or its subsidiaries, 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 date of the cessation, subject to extension at the discretion of the Board; and
- (b) Notwithstanding certain provisions contained in the Option Plan, in the event of the death of a Participant, the Option previously granted to him shall be exercisable only within one year after such death and then only: (i) 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 (ii) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

Exercise Price

The exercise price of the Common Shares subject to each Option (the "**Exercise Price**") is determined by the Board, subject to any applicable TSXV approval, at the time any Option is granted. The Option Plan provides that the Exercise Price must not be lower than the exercise price permitted by the TSXV.

Vesting

Subject to any vesting restrictions imposed by the TSXV, if applicable, 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.

Transferability

Pursuant to the Option Plan, all benefits, rights and options accruing to any Participant are non-assignable and non-transferrable unless in the event of the death of a Participant.

Blackout Provision

The Option Plan includes a blackout provision. Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "blackout periods". A blackout period is designed to prevent a person from trading while in possession of material information that is not yet available to other shareholders. The TSXV recognizes that these blackout periods might result in an unintended penalty to employees who are prohibited from exercising their Options during that period because of their company's internal trading policies. As a result, the TSXV provides a framework for extending options that would otherwise expire during a blackout period. The

Option Plan includes a provision that should an Option expiry date fall within a blackout period or within nine business days following the expiration of a blackout period, the expiry date will automatically be extended without any further act or formality to that date which is the 10th business day after the end of the blackout period, and the 10 business day period may not be further extended by the Board.

Amendment and Termination of Option Plan

Based on the policies of the TSXV, the Option Plan specifies the types of amendments to the Option Plan and the Options granted thereunder that can be made by the Board without the approval of the Shareholders. The Option Plan allows the Board to suspend or terminate the Option Plan at any time. The Option Plan also allows the Board to, at any time, amend or revise the terms of the Option Plan or any Option granted thereunder without the consent of the Option holders, provided that no such amendment or revision shall result in a material adverse change to the terms of any Options previously granted under the Option Plan.

The only amendments to the Option Plan that would be subject to Shareholder approval are any amendments or modifications that would:

- (a) increase the number of Common Shares reserved for issuance under the Option Plan;
- (b) reduce the exercise price of an Option held by an insider of the Corporation;
- (c) extend the term of an Option beyond the expiry date;
- (d) extend eligibility to participate in the Option Plan to persons not currently eligible to participate;
- (e) extend the expiry date of an Option beyond 10 years from its grant date (other than as provided for in the black-out provision of the Option Plan);
- (f) permit awards, other than options, to be made under this Option Plan; or
- (g) require Shareholder or disinterested Shareholder approval as determined by the TSXV.

Shareholder Approval

The Option Plan was adopted by the Corporation on July 2, 2013 and was amended on February 23, 2022 for compliance with TSXV policies. The Option Plan has not previously been approved by the Shareholders. In accordance with Policy 4.4 of the TSXV, as the Option Plan is a “rolling” stock option plan, it must receive Shareholder approval yearly at the Corporation’s annual general meeting. In accordance with Policy 4.4 of the TSXV, Shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving, adopting and ratifying the Option Plan as the Corporation’s stock option plan.

RSU/DSU Plan

The RSU/DSU Plan is a “fixed” 10% security-based compensation plan that permits the granting of RSUs and DSUs. A copy of the RSU/DSU Plan is attached as Schedule “B” to this Management Information Circular.

The following is a summary of the material terms of the RSU/DSU Plan. It is not a comprehensive discussion of all of the terms and conditions of the RSU/DSU Plan and is qualified in its entirety by reference to the full text of the RSU/DSU Plan which is attached as Schedule "B" to this Management Information Circular. Readers are advised to review the full text of the RSU/DSU Plan to fully understand all terms and conditions of the RSU/DSU Plan.

Purpose

The RSU/DSU Plan is intended to bring the Corporation's compensation policies in line with trends in industry practice. The RSU/DSU Plan will advance the interests of the Corporation by encouraging directors, employees, consultants and other persons or companies engaged to provide ongoing services to the Corporation and its affiliates, other than persons involved in investor relations activities relating to the Corporation (each, an "**Eligible Person**") to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such persons in the Corporation, (ii) aligning the interests of such persons with the interests of Shareholders generally, (iii) encouraging such persons to remain associated with the Corporation, and (iv) furnishing such persons with additional incentive in their efforts on behalf of the Corporation. The Board also contemplates that through the RSU/DSU Plan, the Corporation will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Corporation.

Administration

Under the RSU/DSU Plan, the Board may, at any time, appoint a committee to, among other things, interpret, administer and implement the RSU/DSU Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with the RSU/DSU Plan.

Eligibility to Participate

The Board (or a committee thereof) has the authority to designate the persons who are eligible to participate in the RSU/DSU Plan (each, a "**Grantee**") and to grant one or more Awards to Grantees.

Granting of Awards

Subject to the adjustment provisions provided for in the RSU/DSU Plan and applicable rules and regulations of all regulatory authorities to which the Corporation is subject (including the TSXV), the maximum aggregate number of Common Shares that may be reserved for issuance in connection with the Awards granted under the RSU/DSU Plan is 4,489,664, which represents 10% of the number of issued and outstanding Common Shares as at the date of approval of the RSU/DSU Plan by the Board.

If any Award is cancelled in accordance with the terms of the RSU/DSU Plan or the agreements evidencing the grant, the Common Shares reserved for issue pursuant to such Award will, upon cancellation of such Awards, revert to the RSU/DSU Plan and will be available for other Awards. Any Award that is settled through the issuance of Common Shares from treasury shall not be considered cancelled, and that number of Shares issued shall not be available for other Awards.

The issue of Awards to Grantees is subject to, among other things, the following restrictions:

- (a) the number of Common Shares which may be reserved for issue pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any other employee-related plan of the Corporation or options for services granted by the Corporation,

including the Option Plan, to any one Eligible Person within a 12-month period may not exceed in the aggregate 5% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the Award unless the Corporation has received disinterested Shareholder approval;

- (b) the number of Common Shares which may be reserved for issue pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any other employee-related plan of the Corporation or options for services granted by the Corporation, including the Option Plan, to all insiders of the Corporation (as defined by applicable Canadian securities laws) shall not exceed 10% of the number of Common Shares issued and outstanding on a non-diluted basis at any point in time unless the Corporation has received disinterested Shareholder approval;
- (c) the number of Common Shares which may be reserved for issue pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any other employee-related plan of the Corporation or options for services granted by the Corporation, including the Share Option Plan, to all insiders of the Corporation (as defined by applicable Canadian securities laws) within a 12-month period may not exceed in the aggregate 10% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the Award unless the Corporation has received disinterested Shareholder approval; and
- (d) the number of Common Shares which may be reserved for issued pursuant to the RSU/DSU Plan together with the Common Shares which may be reserved for issue pursuant to any other employee-related plan of the Corporation, including the Option Plan, to any one consultant in any 12-month period may not exceed 2% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the Award.

Vesting of RSUs

The Board may determine the vesting schedule of any RSUs at the time of grant. Notwithstanding such determination and provided that no RSUs may vest within one year of the date of grant except in the event of the death of the Grantee or if the Grantee ceases to be an Eligible Person in connection with a Change of Control (as such term is defined in the RSU/DSU Plan), takeover bid, reverse takeover or similar transaction, in the event that the Grantee ceases to be an Eligible Person in connection with a Change of Control (as such term is defined in the RSU/DSU Plan), upon the death of the Grantee, in the case of eligible retirement of the Grantee, in the case of total Disability of the Grantee or in the case of termination without cause of the Grantee by the Corporation (each, an “**Accelerated Vesting Event**”), the Grantee’s non-vested RSUs will (i) in the case of a Change of Control (as such term is defined in the RSU/DSU Plan), eligible retirement or death being the Accelerated Vesting Event, immediately become 100% vested, or (ii) in the case of total disability being the Accelerated Vesting Event, vest within 60 days following the date on which the Grantee is determined to be totally disabled.

If the Grantee’s employment with the Corporation is terminated for any reason whatsoever other than death, total disability, eligible retirement or termination without cause by the Corporation, subject to the provisions of the RSU/DSU Plan governing a Change of Control (as such term is defined in the RSU/DSU Plan), any non-vested RSUs granted thereunder will be immediately cancelled without liability or compensation therefor and be of no further force and effect. For clarity, where the Grantee voluntarily terminates his/her employment with the Corporation or is otherwise terminated by the Corporation for cause, all non-vested

RSUs of the Grantee shall be immediately cancelled without compensation or liability therefor and be of no further force and effect.

The term of RSUs shall be determined by the Board on the date of the award of RSUs, provided that the term shall not exceed ten years from the date the RSUs are awarded. Each RSU outstanding and all rights thereunder shall expire at the expiry time determined by the Board, subject to earlier termination in accordance with the RSU/DSU Plan.

Vesting of DSUs

The Board may determine the vesting schedule of any DSUs at the time of grant. Notwithstanding such determination, no DSUs may vest within one year of the date of grant except in the event of the death of the Grantee or if the Grantee ceases to be an Eligible Person in connection with a Change of Control (as such term is defined in the RSU/DSU Plan), takeover bid, reverse takeover or similar transaction.

If the Grantee's employment with the Corporation is terminated for any reason whatsoever other than death, total disability, eligible retirement or termination without cause by the Corporation, subject to the provisions of the RSU/DSU Plan governing a Change of Control (as such term is defined in the RSU/DSU Plan), any non-vested DSUs granted thereunder will be immediately cancelled without liability or compensation therefor and be of no further force and effect. For clarity, where the Grantee voluntarily terminates his/her employment with the Corporation or is otherwise terminated by the Corporation for cause, all non-vested DSUs of the Grantee shall be immediately cancelled without compensation or liability therefor and be of no further force and effect.

Subject to the above, in the event of a Change of Control (as such term is defined in the RSU/DSU Plan), all non-vested DSUs of the Grantee will immediately become 100% vested.

Settlement of RSUs and DSUs

Payment to the Grantee to settle vested RSUs and DSUs will be made in respect of the number of vested RSUs and DSUs recorded in the Grantee's notional account (rounded down to the nearest whole number) in the form of (i) fully paid and non-assessable Common Shares issued from treasury, (ii) Common Shares purchased in the open market, (iii) a cash equivalent, or (iv) a combination of (i), (ii) and (iii). The decision as to the mode of payment shall be made by the Board in its sole discretion.

Vested RSUs will be settled as soon as reasonably practicable following the vesting thereof and in any event within 30 days thereof, but in no event later than December 31 of the third calendar year following the year in which the services giving rise to the Award were rendered. Vested DSUs will be settled as soon as reasonably practicable following the eligible retirement of a Grantee, the death of a Grantee or the time the Grantee otherwise ceases to hold office, and in any event within 30 days thereof. Notwithstanding any other provision of the RSU/DSU Plan, all amounts payable to, or in respect of a Grantee in respect of DSUs including, without limitation, the delivery of Common Shares, shall not be made prior to the date the Grantee ceases to be an Eligible Person and shall be paid or delivered on or before December 31 of the calendar year commencing immediately following the date the Grantee ceases to be an Eligible Person.

The settlement of Awards will be subject to payment or other satisfaction of all related withholding obligations in accordance with the provisions of the RSU/DSU Plan.

Transferability

Awards granted under the RSU/DSU Plan are non-transferable and non-assignable except upon the death of a Participant.

Amendment and Termination of RSU/DSU Plan

The RSU/DSU Plan allows the Board to suspend or terminate the RSU/DSU Plan at any time. Subject to the terms of the RSU/DSU Plan and any applicable requirements of the TSXV, the Board has the right at any time to amend the RSU/DSU Plan, provided that the requisite Shareholder approval has been obtained by ordinary resolution. Notwithstanding the foregoing, Shareholder approval is not required for the amendments set out below:

- (a) amendments of a technical, clerical or “housekeeping” nature including, without limiting the generality of the foregoing, any amendments for the purpose of curing any ambiguity, error or omission in the RSU/DSU Plan or to correct or supplement any provision of the RSU/DSU Plan that is inconsistent with any other provision of the RSU/DSU Plan;
- (b) amendments necessary to comply with the provisions of applicable law and the applicable rules of the TSXV;
- (c) amendments necessary in order for the Awards to qualify for favourable treatment under the *Income Tax Act* (Canada) or under the United States Internal Revenue Code;
- (d) amendments respecting administration of the RSU/DSU Plan; and
- (e) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law or the rules of the TSXV.

Adjustments

Appropriate adjustments to the RSU/DSU Plan and to Awards granted thereunder will be made by the Corporation to give effect to adjustments in the number and type of Common Shares (or other securities or other property) resulting from subdivisions, consolidations, substitutions, or reclassifications of Common Shares, payment of stock dividends or other prescribed changes in the Corporation’s capital. Any such adjustment other than a Common Share consolidation or Common Share split shall be subject to approval of the TSXV. In the event of any merger, acquisition, amalgamation, arrangement or other scheme of reorganization that results in a Change of Control (as such term is defined in the RSU/DSU Plan), the Board may take whatever action with respect to the Awards outstanding that it deems necessary or desirable including accelerating the vesting date of Awards to the date which is immediately preceding the change of control. If approved by the Board prior to or within 30 days after such time as a Change of Control (as such term is defined in the RSU/DSU Plan) is deemed to have occurred, the Board has the right to require that all or any portion of the Awards be settled and discharged in cash based on the “cash value” of such Awards in lieu of settlement by issue of Common Shares.

Employment, Consulting and Management Agreements

The Corporation is party to an executive employment agreement with Brad Docherty dated effective January 1, 2022 (the “**Docherty Agreement**”), pursuant to which Mr. Docherty provides services as President and CEO. The Docherty Agreement provides for an annual salary of \$240,000, less statutory

deductions, payable in accordance with the Corporation's usual payroll practices. Mr. Docherty is also eligible to participate in the Corporation's bonus program, benefit plan and long-term incentive plan or plans, each as may be amended from time to time.

The Docherty Agreement continues for an indefinite term, until terminated either:

(a) by Mr. Docherty:

- (i) at any time and for any reason by providing a minimum of 30 days' advance written notice to the Corporation; or
- (ii) by providing 30 days' advance written notice to the Corporation within 90 days following a change of control ("**Change of Control Notice**"). Upon receipt of a Change of Control Notice by the Corporation and subject to the expiry of the 30 days' written notice, Mr. Docherty shall be entitled to receive the following payments within ten business days of the expiry of such written notice period:
 - A. payment of any remuneration that has accrued and is unpaid up to the date of termination (the "**Termination Date**");
 - B. payment of earned but unpaid bonus amounts;
 - C. all accrued vacation pay and reimbursable expenses owing up to and including the Termination Date; and
 - D. a lump sum payment representing: (1) Mr. Docherty's salary as at the time of the termination for a period of 24 months (the "**Severance Period Salary**"); and (2) an additional amount equal to 25% of the Severance Period Salary to compensate Mr. Docherty for the loss of eligibility for bonuses and benefits,

A, B, C and D collectively, the "**Termination Payments**"; or

(b) by the Corporation:

- (i) for just cause at any time, without notice and without any payment to Mr. Docherty whatsoever; or
- (ii) without just cause at any time by providing written notice of the Termination Date to Mr. Docherty, and in such event the Corporation shall pay Mr. Docherty the Termination Payments within ten business days of the Termination Date.

The Corporation is party to an amended and restated management services agreement with Sean Clausen (the "**Clausen Agreement**"), pursuant to which Mr. Clausen provides his services as Chief Financial Officer. The Clausen Agreement provides for a monthly consulting fee of \$6,500 (the "**Service Fee**") payable to Mr. Clausen. The Corporation has the right to review the Service Fee on a quarterly basis and if it determines that it is warranted based on the performance of Mr. Clausen, the Corporation is entitled to lower the Service Fee on thirty days' written notice to Mr. Clausen.

In the sole discretion of the Board, if a change of control is announced, agreed to by the Corporation or completed during the term of the Clausen Agreement, then Mr. Clausen shall be entitled to a success fee

of up to 12 months of the Service Fee (the “**Success Fee**”) payable immediately prior to the closing of the transaction giving rise to the change of control.

The Clausen Agreement continues for an indefinite term, until terminated in one of the following ways:

- (a) by either the Corporation or Mr. Clausen upon giving 90 days’ written notice to the other party (the “**Notice Period**”), or as otherwise mutually agreed to between the parties, with such agreement to be evidenced in writing. Except for the payments described in (i) and (ii) below, Mr. Clausen shall not be entitled to any payments following the termination of the Clausen Agreement:
 - (i) the Service Fee during the Notice Period; and
 - (ii) the Success Fee in the event there is a change of control which is announced, agreed to by the Corporation or completed within the six months following the termination of the Clausen Agreement; or
- (b) by either the Corporation or Mr. Clausen being in default of the Clausen Agreement, being in the event of either:
 - (i) a breach or failure to observe or perform any of such party’s material obligations under the Clausen Agreement and, within 30 days after such party’s receipt of a notice from the other party specifying the nature of such breach or failure, such party failing to cure such breach or failure, or failing to provide satisfactory evidence that such breach or failure will be cured or remedied within a reasonable period of time or after providing such satisfactory evidence thereafter failing to diligently pursue such cure or remedy; or
 - (ii) such party:
 - A. becoming insolvent;
 - B. being subject to any proceeding, voluntary or involuntary, with a view to postponing or rescheduling its debts generally or of distributing its assets among its creditors under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors’ Arrangement Act* (Canada), or any other applicable laws for the benefit of creditors;
 - C. being liquidated;
 - D. being wound up either voluntarily or under an order of a court of competent jurisdiction;
 - E. making a general assignment for the benefit of its creditors; or
 - F. otherwise taking any action that acknowledges that it is insolvent.

Oversight and Description of Director and NEO Compensation

To achieve the Corporation’s strategic business and financial objectives, the Corporation needs to attract, retain and motivate a highly talented executive team.

The Corporation has designed its executive compensation program to achieve the following objectives:

- provide competitive compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to the Corporation's success;
- motivate the Corporation's executive team to achieve the Corporation's strategic business and financial objectives, including growing the Corporation's asset base through the acquisition of royalties that are intended to provide future cash flows, and maintaining strong financial capacity to fund asset growth;
- align the interests of the Corporation's executive officers with those of the Shareholders by tying a significant portion of compensation directly to the long-term value and growth of the Corporation's business;
- create a strong pay for performance relationship; and
- provide incentives that encourage appropriate levels of risk-taking by the Corporation's executive team.

Historically, the Corporation has offered its executive officers a base level of cash compensation and a variable annual discretionary amount paid in cash and shares. The Corporation has also offered its executive officers equity compensation in the form of incentive stock options. For its directors, the Corporation has historically offered equity compensation in the form of stock options and other share compensation.

While the Corporation believes that its executive compensation program remains effective at attracting and maintaining executive officer and director talent, the Corporation intends to continue evaluating its compensation practices on an ongoing basis to ensure the Corporation is providing competitive compensation opportunities. The Corporation intends to review the compensation of its executive officers and directors on an annual basis. As part of this review process, the Corporation expects to be guided by the philosophy and objectives outlined above, as well as other factors that may become relevant as the Corporation competes in the market.

Compensation-Setting Process

The compensation payable to the Corporation's directors and NEOs is currently determined by the Board based on recommendations from the Compensation and Corporate Governance Committee. The Compensation and Corporate Governance Committee is comprised of Scott Rideout (Chair), John Bell, Jordan Kevol and Shaun Thiessen. All of the members of the Compensation and Corporate Governance Committee are independent.

In assessing the compensation of its NEOs, the Corporation sets qualitative goals relating to the business strategy and operations of the Corporation, which goals are re-evaluated on an annual basis. The Corporation's executive compensation program is based on comparisons of similar type and size companies. Both individual and corporate performances are also taken into account.

As of the date hereof, the Board has not established any peer group benchmark or performance goals to be achieved or met by the NEOs; however, such NEOs are expected to carry out their duties in an effective

and efficient manner so as to advance the business objectives of the Corporation. The satisfactory discharge of such duties of the NEOs is subject to ongoing monitoring by the Board, at least annually.

Components of Compensation

The compensation of the NEOs consists of three main components: (i) base salary or fee; (ii) variable annual discretionary payments; and (iii) long-term equity incentives, historically in the form of incentive stock options granted from time to time under the Option Plan, and which may now include RSUs and DSUs awarded from time to time under the RSU/DSU Plan. Perquisites and benefits are not significant elements of compensation for the NEOs.

The compensation of the Corporation's directors consists of long-term equity incentives, historically in the form of incentive stock options granted from time to time under the Option Plan, and which may now include RSUs and DSUs awarded from time to time under the RSU/DSU Plan.

Base Salary

Base salary or fee is provided as a fixed source of compensation for the NEOs. Base salaries and fees are determined on an individual basis taking into account the scope of the NEO's responsibilities, prior experience and position relative to relevant peers in the market. Base salaries will be reviewed annually and may be increased if warranted, or necessary to maintain market competitiveness. In addition, base salaries can be adjusted upwards throughout the year to reflect promotions or other increases in the scope or breadth of an NEO's role or responsibilities.

Variable Annual Discretionary Payments

The variable annual discretionary payments made to the NEOs will be subject to various qualitative or quantitative performance criteria relating to the business strategy and operations of the Corporation, as determined by the Board. The amount awarded by the Board will be payable in cash, equity or a combination of cash and equity in the sole discretion of the Board.

Long-Term Equity Incentives

Refer to the disclosure under the heading "*Stock Option Plan and Other Incentive Plans*" for more information on the long-term equity incentives that may be awarded to NEOs and directors pursuant to the Option Plan and the RSU/DSU Plan.

Pension Plan Benefits

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of the Corporation's most recently completed financial year ended December 31, 2021 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

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) ⁽¹⁾
Equity compensation plans approved by securityholders	Nil	N/A	N/A
Equity compensation plans not approved by securityholders ⁽²⁾	2,490,000	\$0.72	466,255
Total	2,490,000	\$0.72	466,255

Notes:

- (1) The aggregate number of Common Shares that may be reserved for issuance under the Option Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. As at December 31, 2021, the number of Common Shares issued and outstanding was 29,562,559. As at the Effective Date, the Corporation had 44,896,645 Common Shares and 2,490,000 Options issued and outstanding, leaving 1,999,664 Common Shares remaining available for issuance under the Option Plan. The aggregate number of Common Shares that may be reserved for issuance in connection with the Awards granted under the RSU/DSU Plan is 4,489,664 (being 10% of the issued and outstanding Common Shares as at May 17, 2022). As at the Effective Date, the Corporation had 4,489,664 Common Shares available for issuance under the RSU/DSU Plan, subject to receipt of all necessary approvals.
- (2) The Option Plan has not previously been approved by the Shareholders. The Option Plan was adopted by the Corporation on July 2, 2013, before the Corporation became a reporting issuer (on February 23, 2022) and began trading on the TSXV (on March 2, 2022). In accordance with Policy 4.4 of the TSXV, as the Option Plan is a "rolling" stock option plan, it must receive Shareholder approval yearly at the Corporation's annual general meeting. The Corporation intends to have Shareholders approve the Option Plan for the first time since the Corporation became a reporting issuer at the Meeting.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR 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 except as disclosed in the Financial Statements.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership 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

There are no management functions of the Corporation that are 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.

AUDIT COMMITTEE

Pursuant to National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), the Corporation is required to disclose certain information regarding its Audit Committee, as summarized below.

Audit Committee Charter

The Board has adopted a written charter for the Audit Committee, which sets out the Audit Committee’s responsibility for, among other things, reviewing the Corporation’s financial statements and the Corporation’s public disclosure documents containing financial information and reporting on such review to the Board, ensuring the Corporation’s compliance with legal and regulatory requirements, overseeing qualifications, engagement, compensation, performance and independence of the Corporation’s external auditor, and reviewing, evaluating and approving the internal control and risk management systems that are implemented and maintained by management. The text of the Corporation’s Audit Committee charter is set out as Appendix “A” – *Audit Committee Charter* to the long-form prospectus of the Corporation dated February 23, 2022, filed on SEDAR at www.sedar.com on February 23, 2022, which is incorporated by reference herein.

Audit Committee Composition

The Audit Committee consists of John Bell (Chair), Gary McMurren and Brad Docherty. Each of the members of the Audit Committee is considered “financially literate” within the meaning of NI 52-110 and Mr. Bell and Mr. McMurren are each considered “independent” within the meaning of NI 52-110. Mr. Docherty is not independent as he is the President and CEO of the Corporation.

Relevant Education and Experience

The following table sets out the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member and that provides each member with: (i) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

Audit Committee Member	Relevant Education and Experience
John Bell, Chair	Mr. Bell is a Chartered Accountant and has been the President and Chief Financial Officer of WCSB Blockchain Infrastructure Ltd. since February 2018. Mr. Bell was formerly Director of Finance of Tidewater Midstream and Infrastructure Ltd. Prior thereto, Mr. Bell served as Chief Financial Officer for Artisan Energy Corp, Controller

and Chief Financial Officer for Cirrus Energy Nederland BV and Assistant Controller for Zapata Energy Corporation. Mr. Bell has been a Chartered Accountant since 2005, after graduating from the University of Calgary with a Bachelor of Commerce degree.

Gary McMurren

Mr. McMurren has been the Vice President, Engineering of Southern Energy Corp. since December 2018. Mr. McMurren has over 20 years of engineering, operational and management experience in the oil and gas industry and was formerly the Vice President, Engineering of Gulf Pine Energy Partners, LP from its inception to December 2018. Prior thereto, Mr. McMurren was the Director of Light Oil at Athabasca Oil Corp. and held senior engineering positions at Galleon Energy Inc., ARC Resources Ltd., and Talisman Energy Inc. Mr. McMurren holds a Bachelor of Science in Chemical Engineering degree and a Professional Engineer (P. Eng) designation.

Brad Docherty

Mr. Docherty has been the President, CEO & Chairman of the Corporation since the date of incorporation. Mr. Docherty is also the President and sole Director of B.D. Corporate Services Inc., a management services company, and is Managing Director of Capitalize Consulting Corp., a private investment and business advisory company. Mr. Docherty was formerly the President, Chief Executive Officer and Director of Exito II, a capital pool company, prior to completion of its qualifying transaction in January 2018. Mr. Docherty holds a Bachelor of Laws (LL.B.) degree from the University of Victoria and previously worked as a corporate finance and securities lawyer at Gowling Lafleur Henderson LLP.

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.

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, the exemptions in subsections 6.1.1(4) to (6) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by its external auditor, or the external auditor of subsidiaries of the Corporation. The Audit Committee may delegate to one or more members the authority to pre-approve non-audit services, subject to the overriding principle that the external auditor not be permitted to be retained by the Corporation to perform internal audit outsourcing services or financial information systems services; provided that notwithstanding the above, the foregoing pre-approval of non-audit services may be delegated to a member of the Audit Committee, with any decisions of the member with the delegated authority presented to the Audit Committee at the next scheduled meeting.

External Audit Service Fees

The following table summarizes the fees billed by the Corporation's auditor, MNP LLP, for external audit and other services during the periods indicated.

Financial Year Ending	Audit Fees ⁽¹⁾ (\$)	Audit-Related Fees ⁽²⁾ (\$)	Tax Fees ⁽³⁾ (\$)	All Other Fees ⁽⁴⁾ (\$)
2021	23,540	19,260	-	12,305
2020	19,950	-	2,100	-

Notes:

- (1) Represents the aggregate fees billed by the Corporation's external auditor for audit fees.
- (2) Represents the aggregate fees by the Corporation's external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) Represents the aggregate fees billed by the Corporation's external auditor for tax compliance.
- (4) Represents all other fees billed by the Corporation's external auditor for other non-audit services.

Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, 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 and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

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

Board of Directors

Shareholders will be asked to fix the number of directors to be elected at the Meeting at eight (8). The Board is currently comprised of the following eight members: Brad Docherty, John Bell, Jordan Kevol, Brody Loster, Gary McMurren, Dean Potter, Scott Rideout and Shaun Thiessen. All of the directors are being nominated for re-election at the Meeting.

All of the directors of the Corporation, other than Mr. Docherty, are independent. Mr. Bell, Mr. Kevol, Mr. Loster, Mr. McMurren, Mr. Potter, Mr. Rideout and Mr. Thiessen have no ongoing interest or relationship with the Corporation other than their security holdings in the Corporation and serving as 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, reasonably interfere with the exercise of a director's independent judgment. The Board is responsible for determining whether a director is an independent director.

The Board has determined that Brad Docherty is not independent as he is the President and CEO of the Corporation. Mr. Docherty is also the Chairman of the Board. Although Mr. Docherty is not independent, the Board is of the view that the Board functions independently of management and that the Board is organized properly, functions effectively and meets its obligations and responsibilities.

The Corporation's independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, at the end of or during each Board meeting, the members of the Corporation's management who are present at such meeting may be asked to leave the meeting, as required, so that the independent directors can discuss any necessary matters without management being present.

Directorships

None of the directors of the Corporation are presently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction.

Orientation and Continuing Education

The Corporation does not currently have a formal orientation and educational program for new recruits to the Board; however, it provides such orientation and education on an informal basis. The Board believes that this is a practical and effective approach in light of its particular circumstances, including its size, the limited turnover of the directors and the experience and expertise of the members of the Board.

No formal continuing education program currently exists for the Corporation's directors; however, directors are encouraged to attend, enrol in or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

The orientation and continuing education process will be reviewed on an annual basis by the Board and will be revised as necessary.

Ethical Business Conduct

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

Under such 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, and disclose to the Board the nature and extent of any interest of such director in any material contract or material transaction, whether made or proposed to be made, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction: (i) is an arrangement by way of security for money lent to or obligations undertaken by the director, or by a body corporate in which the director has an interest, for the benefit of the Corporation or an affiliate of the Corporation; (ii) relates primarily to their remuneration as a director, officer, employee or agent of the Corporation or an affiliate of the Corporation; (iii) is for indemnity or insurance for the benefit of the director in connection with the Corporation; or (iv) is with an affiliate of the Corporation. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Corporation at the time it was entered into, then the contract or transaction is not invalid and the director is not accountable to the Corporation for any profit

realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Corporation and the contract or transaction must be approved by the Shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid liability or the contract or transaction being found invalid.

Nomination of Directors

The Compensation and Corporate Governance Committee is responsible for identifying and overseeing the recruitment of nominees for election to the Board. At present, the Board does not have a process by which it identifies new candidates for Board nomination but rather the identification of new candidates is done on an informal and ad hoc basis.

In addition, the Corporation's by-laws also include advance notice provisions (the "**Advance Notice Provisions**") designed to: (i) facilitate an orderly and efficient annual meeting or, where the need arises, special meeting, process; (ii) ensure that all Shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation. As a whole, the Advance Notice Provisions are intended to provide Shareholders, directors and management of the Corporation with a clear framework for nominating directors. In particular, under the Advance Notice Provisions, a Shareholder wishing to nominate a director is required to give the Corporation notice, in the prescribed form, within the prescribed notice periods. These notice periods include: (i) in the case of an annual meeting of Shareholders (including annual and special meetings), not less than 90 days nor more than 120 days prior to the first anniversary date of the Corporation's annual meeting of Shareholders for the preceding year; provided, however, that if an annual meeting of Shareholders is to be held on a date that is more than 30 days before or more than 60 days after such anniversary date, notice may be made not later than the 10th day following the date on which the first public announcement of the date of the meeting was made; and (ii) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for any purpose which includes electing directors, not later than the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made.

Compensation

Disclosure of compensation is made in accordance with Form 51-102F6V. Refer to the disclosure under the heading "*Statement of Executive Compensation*" for more information on compensation.

Other Board Committees

In addition to the Audit Committee and Compensation and Corporate Governance Committee, the Board has a Reserves Committee, as described below.

Reserves Committee

The members of the Reserves Committee are Gary McMurren (Chair), Dean Potter and Shaun Thiessen. All of the members of the Reserves Committee are independent. The Reserves Committee's mandate includes:

- considering the adequacy of procedures for disclosure of reserves related information to regulatory authorities and investors;
- reviewing the procedures for providing information to the independent reserves evaluators;

- ensuring that there is an avenue for communication between each of the independent reserves evaluators, senior management and the Board;
- maintaining a clear understanding with the independent reserves evaluators that they must maintain an open and transparent relationship with the Reserves Committee and that the ultimate accountability of the independent reserves evaluators is to the Reserves Committee for the reserves processes and related reserves disclosures;
- reviewing compliance with applicable securities laws, regulations and policies;
- making appropriate reports and recommendations to the Board concerning the disclosure of oil and gas reserves data;
- annually reviewing the selection and engagement of the independent reserves evaluators;
- annually reviewing and approving the expected fees of the independent reserves evaluators; and
- reviewing the annual reserves estimates of the Corporation and its affiliates prior to public disclosure, including: (i) reviewing the scope of work of the independent reserves evaluators, (ii) reviewing the reserves estimates of the independent reserves evaluators, (iii) reviewing any material change to the reserves of the Corporation, (iv) meeting separately with management and with the independent reserves evaluators with respect to such estimates, (v) determining whether any restrictions affect the ability of the independent reserves evaluators to report on the reserves data without reservation, (vi) determining whether appropriate written consents have been obtained from the independent reserves evaluators named in the disclosure documents, as applicable, (vii) conducting such interim reviews of internal reserves estimates as it sees fit to direct from time to time, (viii) reviewing all matters relating to the preparation, disclosure and/or filing of information related to the reserves, and (ix) making recommendations to the Board with respect to the content, filing and release of such disclosure, as applicable.

Assessments

The Compensation and Corporate Governance Committee is responsible for assessing the effectiveness of the Board as a whole, each committee of the Board, and the contribution of each individual director.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice 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 ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the Shareholders.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information for the Corporation's most recently completed financial year is provided in the Financial Statements and related management's discussion and analysis available on SEDAR.

A Shareholder may contact the Corporation at Suite 3000, 421 – 7th Ave S.W., Calgary, Alberta T2P 4K9, Attn: Chief Financial Officer to obtain a copy of the Corporation's most recent financial statements and management's discussion and analysis.

BOARD APPROVAL

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

DATED this 17th day of May, 2022.

SCHEDULE A

SOURCE ROCK ROYALTIES LTD.

STOCK OPTION PLAN

1. Purpose

The purpose of the Stock Option Plan (the “**Plan**”) of **Source Rock Royalties Ltd.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (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 shall 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 common 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 common shares of the Corporation’s authorized but unissued common 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 common 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, if applicable, be granted an additional option or options if the Board shall so determine.

7. Exercise Price

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to any applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange, if applicable.
- (b) Once the exercise price has been determined by the Board 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 by applicable Securities Laws), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

8. Number of Optioned Shares

- (a) 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, regardless of whether the Corporation

is listed on the Exchange at the time of grant. In this instance “the Exchange” shall refer to the TSX Venture Exchange (the “TSXV”) and its applicable policies.

- (b) No single Participant may be granted options to purchase a number of Shares equaling more than 5% of the issued common shares of the Corporation in any one 12 month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and otherwise meets any applicable Exchange requirements.
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 10% of the issued common shares of the Corporation at any point in time to insiders of the Corporation (as defined by applicable Securities Laws), as a group, unless the Corporation has obtained disinterested shareholder approval.
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 10% of the issued common shares of the Corporation in any 12 month period to insiders of the Corporation (as defined by applicable Securities Laws), as a group, unless the Corporation has obtained disinterested shareholder approval.
- (e) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any 12 month period to any one consultant of the Corporation (or any of its subsidiaries).
- (f) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any 12 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 $\frac{1}{4}$ of the options vesting in any three month period.

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 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange, if applicable. For greater certainty, if the Corporation is listed on the TSXV, the maximum term may not exceed ten years.

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, if applicable, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 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, if applicable, 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, if applicable, 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 11 and 12, 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 common 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. Ceasing To Be a Director, Officer, Consultant or Employee

Subject to Section 12, 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 (i) 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, or (ii) the date that is 12 months from the completion of the Qualifying Transaction, whichever of such events in this is later, 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.

12. Death of Participant

Notwithstanding Section 11, 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.

13. 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.

14. 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.

15. Adjustments

If the outstanding common 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, appropriate adjustments relating to the number of Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, may be made by the Board in its discretion to preserve the value of the option in relation to such events.

Subject to any applicable prior approval of the Exchange, 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 Share shall be required to be issued under the Plan on any such adjustment.

16. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall be non-assignable and non-transferrable 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.

17. Amendment and Termination of Plan

Subject to any applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to any applicable approval of the Exchange and the provisions set out below, the Board may also at any time amend or revise the terms of the Plan or any option granted hereunder; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore

granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

Shareholder approval will not be required for any amendment to this Plan or any options granted hereunder except for any amendment or modification that:

- (i) increases the number of Shares reserved for issuance under this Plan;
- (ii) reduces the exercise price of an option held by an "insider" (as that term is defined in the *Securities Act (Alberta)*) of the Corporation other than as provided for in Section 15 of this Plan;
- (iii) extends the term of an option beyond the expiry date;
- (iv) extends eligibility to participate in this Plan to persons not currently eligible to participate;
- (v) extends the expiry date of an Option beyond 10 years from its grant date (other than as provided for in Section 9 of this Plan);
- (vi) permits awards, other than options, to be made under this Plan; or
- (vii) the Exchange, if applicable, determines requires shareholder or disinterested shareholder approval.

18. 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 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.

19. Withholding of Tax

If the Corporation determines that under the requirements of applicable taxation laws it is obliged to withhold for remittance to a taxing authority any amount upon exercise of an Option, the Corporation may, prior to and as a condition of issuing the Option Shares, require the optionee exercising the Option to pay to the Corporation, in addition to and in the same manner as the exercise price for the Option Shares, such amount as the Corporation is obliged to remit to such taxing authority in respect of the exercise of the Option or, in order to satisfy the optionee's obligation to make such payment the optionee may request that the Corporation sell such number of shares purchasable under the optionee's Options as would render proceeds equal to that amount. Any such additional payment shall, in any event, be due no later than the date as of which any amount with respect to the Option exercised first becomes included in the gross income of the optionee for tax purposes. The Corporation and any of its Subsidiaries shall also be permitted, to the extent permitted by law, to deduct any such tax obligations from any payment of any kind otherwise due to the optionee.

20. Effective Date of Plan

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

21. Governing Law

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

22. Interpretation

A written agreement shall be entered into between the Corporation and each Participant to whom an option has been granted under this Plan, which such agreement shall set out the number of Shares under option, the exercise price, the vesting dates, the expiry date and such other terms as the Committee determine to be necessary or desirable, all of which shall be in accordance with the provisions of this Plan (the “**Stock Option Agreement**”). The Stock Option Agreement will be substantially in the form attached as Schedule “A” to this Plan or in such other form as the Board may from time to time approve and may be executed and delivered for and on behalf of the Corporation by any one of the President, Chief Financial Officer or Secretary of the Corporation or such other officer or director of the Corporation as the Board may authorize.

SCHEDULE B

SOURCE ROCK ROYALTIES LTD.
(the “**Issuer**”)

**RESTRICTED SHARE UNIT AND
DEFERRED SHARE UNIT COMPENSATION PLAN**

1. Purpose

- (a) **Background.** The Issuer currently has in place the Stock Option Plan pursuant to which Options may be granted to purchase Shares. Subject to section 14 hereof, the Issuer now also adopts this RSU/DSU Plan on the terms and conditions herein set forth (as may be amended from time to time) in order to provide the Issuer with flexibility in designing various equity-based compensation arrangements for the Directors, Employees, Consultants and other Persons engaged to provide ongoing services to the Issuer and its Affiliates, other than Persons involved in Investor Relations Activities relating to the Issuer. The Issuer represents that Employees, Consultants or Management Company Employees who are granted Awards under this RSU/DSU Plan will be bona fide Employees, Consultants or Management Company Employees at the time of grant. Section 14 hereof sets forth the provisions concerning the effective date of the RSU/DSU Plan, its termination and its application to the existing and continuing Stock Option Plan.
- (b) **Purpose.** The purpose of this RSU/DSU Plan is to advance the interests of the Issuer by encouraging Directors, Employees and Consultants to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such Persons in the Issuer, (ii) aligning the interests of such Persons with the interests of the Issuer’s shareholders generally, (iii) encouraging such Persons to remain associated with the Issuer, and (iv) furnishing such Persons with additional incentive in their efforts on behalf of the Issuer. The Board also contemplates that through the RSU/DSU Plan, the Issuer will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Issuer.

2. Definitions

For purposes of this RSU/DSU Plan, the following terms shall have the meaning set forth below:

- (a) “**Act**” means the *Business Corporations Act* (Alberta), or its successor, as amended, from time to time.
- (b) “**Affiliate**” has the meaning ascribed to that term in section 2 of Policy 1.1 of the TSXV.
- (c) “**Associate**” has the meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (d) “**Awards**” means, collectively, Restricted Share Units and Deferred Share Units.
- (e) “**Board**” means the board of directors of the Issuer.

- (f) **“Cash Equivalent”** means the Fair Market Value multiplied by the number of vested Awards in the Participant’s notional account on the settlement date of the applicable Awards.
- (g) **“Change of Control”** has the meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (h) **“Committee”** means the Board, or if the Board so determines in connection with section 3 hereof, the committee of the Board authorized to administer the RSU/DSU Plan, which shall consist of not less than three (3) members of the Board.
- (i) **“Company”** means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
- (j) **“Consultant”** means an individual (other than an Employee or a Director) or Company, that:
 - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Issuer or an Affiliate of the Issuer and the individual or the Issuer, as the case may be;
 - (iii) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or an Affiliate of the Issuer; and
 - (iv) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer.
- (k) **“Control”** means, with respect to any Person, the possession, directly or indirectly, severally or jointly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.
- (l) **“Deferred Share Units”** means a right designated as a “deferred share unit”, granted in accordance with section 6 hereof, to receive Shares or the Cash Equivalent thereof in accordance with the terms set forth herein.
- (m) **“Director”** means a director, senior officer or Management Company Employee of the Issuer, or a director, senior officer or Management Company Employees of the Issuer’s subsidiaries.
- (n) **“Disability”** means a physical injury or mental incapacity of a nature which the Committee determines prevents or would prevent the Grantee from satisfactorily performing the substantial and material duties of his or her position with the Issuer.
- (o) **“Disinterested Shareholder Approval”** means that the proposal must be approved by a majority of the votes cast at the shareholders’ meeting other than votes attaching to

securities beneficially owned by Insiders and their Associates to whom Shares may be issued pursuant to this RSU/DSU Plan.

- (p) **“Effective Date”** means the date as of which an Award shall take effect, provided that the Effective Date shall not be a date prior to the date the Granting Authority determines an Award shall be made and, unless otherwise specified by the Granting Authority, the Effective Date will be the date the Granting Authority determines an Award shall be made.
- (q) **“Eligible Person”** means, from time to time, any Director or Employee of the Issuer or an Affiliate of the Issuer, any Consultant and any Permitted Assign, other than Persons involved in Investor Relations Activities relating to the Issuer.
- (r) **“Eligible Retirement”** means, if determined by the Granting Authority in its sole discretion, termination of service, under circumstances as shall constitute retirement for age as determined by the Granting Authority or in accordance with the written policies established by the Granting Authority as they may be amended or revised from time to time.
- (s) **“Employees”** means:
 - (i) an individual who is considered an employee under the ITA (such as an individual for whom income tax, employment insurance and Canadian Pension Plan deductions must be made at the source) of the Issuer or any Affiliate;
 - (ii) an individual who works full-time for the Issuer or any Affiliate thereof providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or any Affiliate thereof over the details and methods of work as an employee of the Issuer or any Affiliate thereof, but for whom income tax deductions are not made at the source; or
 - (iii) an individual who works for the Issuer or any Affiliate thereof on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or any Affiliate thereof over the details and methods of work as an employee of the Issuer or any Affiliate thereof, but for whom income tax deductions are not made at the source.
- (t) **“Exchange”** means the TSXV or such other stock exchange where the Shares are listed for trading as at the relevant time.
- (u) **“Fair Market Value”** means, as of any date, the value of a Share determined as follows: (i) if the Shares are listed and posted for trading on the TSXV, the volume weighted average trading price of the Shares on the TSXV calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding such date; (ii) if the Shares are not listed and posted for trading on the TSXV, but are listed and posted for trading on another Exchange, the closing sales price for such Shares as quoted on such Exchange for the last trading day prior to such date, or if no such sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in such source the Board deems reliable; (iii) if the Shares are not listed and posted for trading on any Exchange, but are quoted on a national market or other quotation system, the closing

sales price for such Shares for the last trading day prior to such date, or if no such sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in such source the Board deems reliable; and (iv) if there is no established market for the Shares, such value as determined by the Board in its sole discretion.

- (v) “**Grant Date**” means the date on which an Award is granted to a Participant.
- (w) “**Granting Authority**” means the Board, the Committee or other committee, as applicable, that is charged with exercising the powers and responsibility as to a specific matter in question affecting this RSU/DSU Plan or an Award.
- (x) “**Insiders**” has the same meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (y) “**Issuer**” means Source Rock Royalties Ltd., a corporation existing under the Act, and includes any successor corporation thereof.
- (z) “**Investor Relations Activities**” has the same meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (aa) “**ITA**” means the *Income Tax Act* (Canada) and any regulations thereunder as amended from time to time.
- (bb) “**Management Company Employee**” means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a Person involved in Investor Relations Activities relating to the Issuer.
- (cc) “**Option**” means an option granted in accordance with the terms of the Stock Option Plan to purchase a Share.
- (dd) “**Participants**” or “**Grantees**” means those individuals to whom Awards have been granted from time to time under the RSU/DSU Plan.
- (ee) “**Permitted Assign**” means for a person that is an Employee, Director or Consultant of the Issuer or any of its Affiliates, a holding entity (as defined in National Instrument 45-106) of the person or a registered retirement savings plan, registered retirement income fund, or tax-free savings account of the Person.
- (ff) “**Person**” means a Company or an individual.
- (gg) “**Restricted Period**” means the period established by the Granting Authority with respect to an Award during which the Award either remains subject to forfeiture or is not exercisable by the Participant (including as a result of a blackout period applicable to the Participant).
- (hh) “**Restricted Share Unit**” means a right designated as a “restricted share unit”, granted in accordance with section 6 hereof, to receive Shares or the Cash Equivalent thereof in accordance with the terms set forth herein.

- (ii) **“RSU/DSU Plan”** means this Restricted Share Unit and Deferred Share Unit Compensation Plan, as amended and restated from time to time.
- (jj) **“Shareholder Approval Date”** means the date on which this RSU/DSU Plan is approved by the shareholders of the Issuer.
- (kk) **“Shares”** means the common shares of the Issuer, as adjusted in accordance with the provisions of section 9 hereof.
- (ll) **“Stock Option Plan”** means the Issuer’s stock option plan as it exists on the date hereof and as may be amended from time to time.
- (mm) **“Termination”** means: (i) in the case of an Employee, the termination of the employment of the Employee with or without cause by the Issuer or an Affiliate or the cessation of employment of the Employee with the Issuer or an Affiliate, other than the Eligible Retirement, of the Employee; and (ii) in the case of a Consultant, the termination of the services of the Consultant by the Issuer or any Affiliate.
- (nn) **“TSXV”** means the TSX Venture Exchange.
- (oo) **“TSXV Hold Period”** means the day that is four months and one day after the date of granting of the Award.
- (pp) **“Vested”** or **“Vesting”** means, with respect to an Award, that the applicable conditions established by the Granting Authority or this RSU/DSU Plan have been satisfied or, to the extent permitted under the RSU/DSU Plan, waived, whether or not the Participant’s rights with respect to such Award may be conditioned upon prior or subsequent compliance with any confidentiality, non-competition or non-solicitation obligations.

3. Administration

- (a) **Powers of the Board and the Committee.** Subject to and consistent with the terms of the RSU/DSU Plan, applicable law and applicable rules of the Exchange, and subject to the provisions of any charter adopted by the Board with respect to the powers, authority and operation of the Committee (as amended from time to time), the Board will have the general power to administer the RSU/DSU Plan in accordance with its terms (including all powers specified in clause 3(a)(ii) hereof and make all determinations required or permitted to be made, provided, however, that the Board may delegate all or any portion of such powers to the Committee or to other committees and provided, further, that with respect to Awards of the Issuer’s executive officers, the Committee shall have such powers as are set forth in clause 3(a)(i) hereof.
 - (i) **Specific Provisions Concerning Delegation of Authority to the Committee.** In addition to any authority of the Committee specified under any other terms of the RSU/DSU Plan, and notwithstanding any other provision herein to the contrary, insofar as Awards under the RSU/DSU Plan are to be made to executive officers, the Committee will make recommendations to the Board with respect to Awards.

The foregoing shall not limit the Board in delegating any other powers to the Committee or in delegating any or all determinations or other powers with respect to certain types of

Awards, including the full power to make Awards and to exercise the other powers set forth in clause 3(a)(ii) hereof and the other powers granted herein to the Granting Authority.

(ii) Specific Powers of the Granting Authority. Without limiting the lead-in paragraph of subsection 3(a) hereof, the powers of the Granting Authority shall include the powers to, subject to subsection 10(c) hereof:

- (1) interpret the RSU/DSU Plan and instruments of grant evidencing the Awards;
- (2) prescribe, amend and rescind such procedures and policies, and make all determinations it deems necessary or desirable for the administration and interpretation of the RSU/DSU Plan and instruments of grant evidencing Awards;
- (3) determine those Persons who are eligible to be Participants, grant one or more Awards to such Persons and approve or authorize the applicable form and terms of the related instrument of grant;
- (4) determine the terms and conditions of Awards granted to any Participant, including, without limitation, and subject always to the RSU/DSU Plan (1) subject to subsection 4(b) and 4(c), the type, and number of Shares subject to an Award, (2) the conditions to the Vesting of an Award or any portion thereof, including terms relating to lump sum or instalment Vesting, and the conditions, if any, upon which Vesting of any Award or portion thereof will be waived or accelerated without any further action by the Granting Authority, (3) the circumstances upon which an Award or any portion thereof shall be forfeited, be cancelled or expire, (4) the consequences of a Termination with respect to an Award, (5) the manner of exercise or settlement of the Vested portion of an Award, including whether an Award shall be settled on a current or deferred basis, and (6) whether and the terms upon which any Shares delivered upon exercise or settlement of an Award must continue to be held by a Participant for any specified period;
- (5) set forms of consideration, if any, to be paid with respect to the settlement of an Award (except to the extent certain forms of consideration must be paid to satisfy the requirements of applicable law);
- (6) determine whether and the extent to which any conditions applicable to Vesting of an Award have been satisfied or shall be waived or modified;
- (7) amend the terms of any instrument of grant or other documents evidencing Awards; provided, however, that subject to subsection 5(d) hereof, no amendment of an Award may, without the consent of the holder of the Award, adversely affect such Person's rights with respect to such Award in any material respect;

- (8) accelerate or waive any condition to the Vesting of any Award, all Awards, any class of Awards or Awards held by any group of Participants; and
- (9) determine whether and the extent to which adjustments shall be made pursuant to section 9 hereof and the terms of any such adjustments.

However, the Granting Authority shall not have any discretion under this subsection 3(a) or any other provisions of the RSU/DSU Plan that would modify the terms or conditions of any Award that is intended to be exempt from the definition of “salary deferral arrangement” in the ITA if the exercise of such discretion would cause the Award to not be or cease to be exempt. The Granting Authority will also exercise its discretion in good faith in accordance with the Issuer’s intention that the terms of the Awards and the modifications or waivers permitted hereby are in compliance with applicable law and the rules of the Exchange.

- (b) **Effects of Granting Authority’s Decision.** Any action taken, interpretation or determination made, or any rule or regulation adopted by the Granting Authority pursuant to this RSU/DSU Plan shall be made in its sole discretion and shall be final, binding and conclusive on all affected Persons, including, without limitation, the Issuer, any of its Affiliates, any Grantee, holder or beneficiary of an Award, any shareholder and any Eligible Person.
- (c) **Liability Limitation and Indemnification.** No member of the Granting Authority or the Board generally shall be liable for any action or determination made in good faith pursuant to the RSU/DSU Plan or any instrument of grant evidencing any Award granted under the RSU/DSU Plan. To the fullest extent permitted by law, the Issuer shall indemnify and save harmless, and shall advance and reimburse the expenses of, each Person made, or threatened to be made, a party to any action or proceeding in respect of the RSU/DSU Plan by reason of the fact that such Person is or was a member of the Granting Authority or is or was a member of the Board in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.
- (d) **Delegation and Administration.** The Granting Authority may, in its discretion, delegate such of its powers, rights and duties under the RSU/DSU Plan, as it may determine, from time to time, on terms and conditions as it may determine, except the Granting Authority shall not, and shall not be permitted to, delegate any such powers, rights or duties: (i) with respect to the grant, amendment, administration or settlement of any Award of a Participant, or (ii) with respect to any matter that would be in violation of applicable law or the rules of any Exchange. The Granting Authority may also appoint or engage a trustee, custodian or administrator to administer and implement the RSU/DSU Plan or any aspect of it, subject to the exception of the immediately preceding sentence hereof.

4. Shares Subject to the Plan

- (a) **Aggregate Plan Limits.** Subject to adjustment pursuant to section 9 hereof, the maximum aggregate number of Shares that may be reserved for issue at any given time in connection with the Awards granted under this RSU/DSU Plan (including any Shares reserved for issue under this RSU/DSU Plan on account of additional Awards credited to Participants in respect of dividend equivalents under Section 6(f)) shall not exceed 4,489,664 Shares (being 10% of the issued and outstanding Shares as at May 17, 2022, the date on which

the Board approved this RSU/DSU Plan) unless Disinterested Shareholder Approval for an additional listing of Shares under this RSU/DSU Plan has been obtained.

- (b) **Certain Additional Limits.** Notwithstanding anything to the contrary in this RSU/DSU Plan, as long as the Shares are listed on the TSXV:
- (iii) the number of Shares which may be reserved for issue pursuant to this RSU/DSU Plan together with the Shares which may be reserved for issue pursuant to any other employee-related plan of the Issuer or options for services granted by the Issuer, including the Stock Option Plan, to any one Person within a 12 month period shall not exceed in the aggregate 5% of the number of Shares issued and outstanding on a non-diluted basis on the Grant Date unless the Issuer has received Disinterested Shareholder Approval;
 - (iv) the number of Shares which may be reserved for issue pursuant to this RSU/DSU Plan together with the Shares which may be reserved for issue pursuant to any other employee-related plan of the Issuer or options for services granted by the Issuer, including the Stock Option Plan, to all Insiders shall not exceed 10% of the number of Shares issued and outstanding on a non-diluted basis at any point in time unless the Issuer has received Disinterested Shareholder Approval;
 - (v) the number of Shares which may be reserved for issue pursuant to this RSU/DSU Plan together with the Shares which may be reserved for issue pursuant to any other employee-related plan of the Issuer or options for services granted by the Issuer, including the Stock Option Plan, to all Insiders within a 12 month period shall not exceed in the aggregate 10% of the number of Shares issued and outstanding on a non-diluted basis on the Grant Date unless the Issuer has received Disinterested Shareholder Approval; and
 - (vi) the number of Shares which may be reserved for issue pursuant to this RSU/DSU Plan together with those Shares which may be reserved for issue pursuant to any other employee-related plan of the Issuer or options for services granted by the Issuer, including the Stock Option Plan, to any one Consultant in any 12 month period shall not exceed 2% of the number of Shares issued and outstanding on a non-diluted basis on the Grant Date.

For the purposes of determining compliance with the above restrictions, the Granting Authority will take into account Shares reserved or issued pursuant to Options together with Shares reserved or issued pursuant to all of the Issuer's security-based compensation arrangements (including this RSU/DSU Plan and including any Shares reserved for issue under this RSU/DSU Plan on account of additional Awards credited to Participants in respect of dividend equivalents under Section 6(f)) to the extent required by applicable law and applicable rules of the TSXV.

- (c) **Source of Shares.** Except as expressly provided in the RSU/DSU Plan, Shares delivered to Participants in connection with the exercise or settlement of Awards may be authorized but unissued Shares, Shares purchased in the open-market or in private transactions. The Board shall take such action as may be necessary to authorize and reserve for issue from unissued Shares such number of Shares as may be necessary to permit the Issuer to meet its obligations under the RSU/DSU Plan, provided, however, that the Issuer may satisfy its

obligations from treasury shares or Shares purchased in the open market or private transactions. Any Shares purchased in open-market transactions by a non-independent trustee or purchasing agent will comply with Section 4.14 of TSXV Policy 4.4 - *Security Based Compensation*.

- (d) **Legends.** In addition to any resale restrictions required under applicable securities laws or the policies of the TSXV, all Awards issued to Insiders and any Shares issued upon the Vesting of the Awards prior to the expiry of the TSXV Hold Period, must be legended as prescribed under the policies of the TSXV with the TSXV Hold Period commencing on the date the Awards were granted.

5. General Provisions Relating to Awards

- (a) **Eligibility.** Awards will be granted only to those Persons who are, at the time of the grant, Eligible Persons. If any Participant is (pursuant to the terms of his or her employment or otherwise) subject to a requirement that he or she not benefit personally from an Award, the Granting Authority may grant any Award to which such Person would otherwise be entitled to the Person's employer or to any other entity designated by them that directly or indirectly imposes such requirement on the Person. The Granting Authority shall have the power to determine other eligibility requirements with respect to Awards or types of Awards.
- (b) **Terms of Grant.** Subject to the other express terms of this RSU/DSU Plan, grants of Awards under the RSU/DSU Plan shall contain such terms and conditions as the Granting Authority may specify. Without limiting the foregoing:
- (i) Each Award granted under the RSU/DSU Plan shall be evidenced by an instrument of grant, in such form or forms as the Granting Authority shall approve from time to time, which shall set forth such terms and conditions consistent with the terms of the RSU/DSU Plan as the Granting Authority may determine. Each instrument of grant shall set forth, at a minimum, the type and Effective Date of the Award evidenced thereby, the number of Shares subject to such Awards and the applicable Vesting conditions, and shall include a representation of the Grantee that they are an Eligible Person. Reference in the RSU/DSU Plan to an instrument of grant shall include any supplements or amendments thereto.
- (ii) The term of each Award that is a Restricted Share Unit shall be for such period as may be determined by the Granting Authority, provided, however, that in no event shall the term of any Restricted Share Unit exceed a period of 10 years (or such other shorter term as may be required in respect of an Award so that such Award does not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA), subject to extension of such term where such term expires during the Restricted Period, provided that such extension may not be longer than 5 business days after the expiry of the Restricted Period.
- (iii) The terms, conditions and/or restrictions contained in an Award may differ from terms, conditions and restrictions contained in any other Awards.
- (iv) The Granting Authority may specify such other terms and conditions, consistent with the terms of the RSU/DSU Plan, as the Granting Authority shall determine or

as shall be required under any other provisions of the RSU/DSU Plan. Such terms may include, without limitation, provisions requiring forfeiture of Awards in the event of termination of employment by the Participant and provisions permitting a Participant to make elections relating to his or her Award.

- (c) **Vesting Conditions.** Subject to terms of the RSU/DSU Plan, the Granting Authority shall determine any and all conditions to the Vesting of all and/or any portion of Awards and shall specify the material terms thereof in the applicable instrument of grant on, or as soon as reasonably practicable following, the Effective Date of the Award. Vesting of an Award, or portion thereof, may be conditioned upon passage of time, continued employment, or any combination of the foregoing, as determined by the Granting Authority.
- (d) **Change of Control.** Unless otherwise provided in the Award or by direction of the Granting Authority as to all or any type of number of Awards, in the event of a Change of Control and notwithstanding any other Vesting or other restrictions or conditions, the Granting Authority may take whatever action with respect to the Awards outstanding that it deems necessary or desirable, including the following:
- (i) The Granting Authority may waive all restrictions and conditions of all Restricted Share Units and Deferred Share Units then outstanding with the result that those types of Awards shall be deemed satisfied, and the Restricted Period or other limitations on payment in full with respect thereto shall be deemed to have expired, as of the date of the Change of Control or such other date as may be determined by the Granting Authority, provided that, in no event shall a payment be made in respect of a Deferred Share Unit granted to a Participant prior to the date such Participant ceases to be an Employee or Director of the Issuer or of an Affiliate.
 - (ii) Notwithstanding the above provision of this subsection 5(d), but subject to any contractual rights created by the terms of an Award, the Granting Authority shall not be required to take any action described in the preceding provisions, and any decision made by the Granting Authority, in its sole discretion, not to take some or all of the actions described in the preceding provisions shall be final, binding and conclusive with respect to the Issuer and all other interested Persons. Any acceleration of Vesting shall be deemed to have occurred immediately prior to the Change of Control, no matter when the determination of the Granting Authority occurs.
 - (iii) If approved by the Board prior to or within 30 days after such time as a Change of Control shall be deemed to have occurred, the Board shall have at any time the right to require that all or any portion of the Awards be settled and discharged in cash based on the "cash value" of such Awards in lieu of settlement by issue of Shares. Such requirement may be specified in any arrangement relating to such Change of Control transaction to which the Issuer is a party or may be specified in any notice sent by the Issuer, which arrangement or notice may also specify the terms and timing of such settlement. If not so specified, the Board may require settlement at any time within a 30-day period immediately following the date that the Change of Control is deemed to have occurred. The Issuer may require Participants to verify the amount and completeness of any settlement of Awards as a condition to the final settlement and payment.

- (e) **Fractional Shares.** No fractional Shares shall be issued under the RSU/DSU Plan and there shall be no entitlement or payment for any fractional Shares and no payment shall be made in lieu of a fractional Share.
- (f) **Compliance with the ITA.** The terms and conditions applicable to any Award (or portion thereof) granted to a Participant who is subject to taxation under the ITA are intended to comply with the ITA. Without limiting the foregoing:
 - (i) the terms of any such Award (or portion thereof) permitting the deferral of payment or other settlement thereof shall be subject to such requirements and shall be administered in such manner as the Committee may determine to be necessary or appropriate to comply with the applicable provisions of the ITA as in effect from time to time; and
 - (ii) any elections allowed to be exercised by a Participant shall be deemed to be void or shall be deemed amended or altered so as not to cause the Award to be considered a “salary deferral arrangement” under the ITA, as defined in subsection 248(1) or create adverse tax consequences under the ITA.

6. **Restricted Share Units and Deferred Share Units**

- (a) **Grants.** The Granting Authority may from time to time grant one or more Awards of Restricted Share Units and/or Deferred Share Units to Eligible Persons on such terms and conditions, consistent with the RSU/DSU Plan, as the Granting Authority shall determine and which terms shall be contained in a grant agreement in such forms as may be approved by the Granting Authority.
- (b) **Vesting Terms.** Restricted Share Units shall become Vested at such times, in such instalments and subject to such terms and conditions consistent with subsection 5(c) hereof as may be determined by the Granting Authority and set forth in the applicable instrument of grant, provided that the conditions to Vesting of Restricted Share Units may be based on the Participant’s continued employment, provided however that Restricted Share Units shall become Vested and be paid out no later than December 31 of the third calendar year following the calendar year in which the Grantee rendered the services in respect of which the Award is being made. Notwithstanding the foregoing, Restricted Share Units shall also Vest in accordance with the following terms, provided that the RSUs shall not vest within one year of the date of grant except in the event of the death of the Participant or if the Participant ceases to be an Eligible Person in connection with a Change of Control, takeover bid, reverse takeover or similar transaction:
 - (i) upon the death of the Participant, a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of the death, will Vest on the date the Issuer is duly notified of the Participant’s death. The Shares represented by the Restricted Share Units held by the Participant shall be issued, as determined by the Granting Authority, to the Participant’s estate forthwith;
 - (ii) in the case of Eligible Retirement of the Participant, a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion

of the applicable vesting period that has been completed as of the date of the Eligible Retirement will Vest on the date of Eligible Retirement, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith;

- (iii) in the case of total Disability of the Participant, a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of the total Disability will Vest within 60 days following the date on which the Participant is determined to be totally disabled, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith; and
- (iv) in the case of termination without cause by the Issuer of a Participant (other than Eligible Retirement), a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of the termination shall Vest on the date of such termination, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith. For clarity, where a Participant is terminated for cause or where the Participant has voluntarily terminated his/her employment or service with the Issuer, all unvested Restricted Share Units as at the date of such termination or cessation of service shall be immediately cancelled without liability or compensation therefor and be of no further force and effect.

Unless otherwise provided at the time of the grant, the Vesting of Deferred Share Units shall occur at such times, in such instalments and subject to such terms and conditions as may be determined by the Granting Authority and set forth in the applicable instrument of grant, provided that the DSUs shall not vest within one year of the date of grant except in the event of the death of the Participant or the Participant ceases to be an Eligible Person in connection with a Change of Control, takeover bid, reverse takeover or similar transaction.

- (c) **Settlement.** Unless otherwise determined by the Granting Authority (including by the terms of the Award or the RSU/DSU Plan) and subject to subsection 6(b) hereof, (i) Restricted Share Units shall be settled as soon as reasonably practicable following the Vesting thereof and in any event within 30 days thereof, but in no event later than December 31 of the third calendar year following the year in which the services giving rise to the Award were rendered, and (ii) Deferred Share Units shall be settled as soon as reasonably practicable following the Eligible Retirement of the Participant, the death of the Participant, or the time the Participant otherwise ceases to hold office, and in any event within 30 days thereof. The settlement of Awards shall be subject to payment or other satisfaction of all related withholding obligations in accordance with the provisions of this RSU/DSU Plan.

In order to settle the Restricted Share Units and Deferred Share Units, the Issuer shall, subject to the restrictions set forth in Section 4 and in Section 6(f), (i) issue to the Participant from treasury the number of Shares that is equal to the number of vested Restricted Share Units and Deferred Share Units recorded in the Participant's notional account (rounded down to the nearest whole number), as fully paid and non-assessable Shares, (ii) deliver, or cause to be delivered, to the Participant Shares purchased in the open market equal to

the number of vested Restricted Share Units and Deferred Share Units recorded in the Participant's notional account (rounded down to the nearest whole number), (iii) deliver to the Participant an amount in cash equal to the Cash Equivalent for the vested Restricted Share Units and Deferred Share Units recorded in the Participant's notional account, or (iv) a combination of (i), (ii) and (iii). The decision as to the mode of payment shall be made by the Board in its sole discretion, and a payment of the Cash Equivalent and/or issuance or delivery of Shares, as the case may be, to any one Participant shall not create any obligation for the Board to make a similar payment to any other Participant. Upon settlement of such Restricted Share Units and Deferred Share Units, the corresponding number of Restricted Share Units and Deferred Share Units credited to the Participant's account shall be cancelled and the Participant shall have no further rights, title or interest with respect thereto.

If any Restricted Share Unit or Deferred Share Unit is cancelled in accordance with the terms of the RSU/DSU Plan or the agreements evidencing the grant, the Shares reserved for issue pursuant to such Award shall, upon cancellation of such Restricted Share Unit or Deferred Share Unit, as applicable, revert to the RSU/DSU Plan and shall be available for other Awards. For purposes of this section 6(c), any Restricted Share Unit or Deferred Share Unit that is settled through the issuance of Shares from treasury shall not be considered cancelled, and that number of Shares issued shall not be available for other Awards.

- (d) **No Rights as Shareholder.** Neither the Participant nor his or her legal personal representative shall have any rights or privileges of a shareholder in respect of any of the Shares issuable upon exercise of the Award granted to him or her (including any right to receive dividends or other distributions therefrom or thereon) unless and until certificates representing such Shares have been issued and delivered.
- (e) **Timing Requirements.** Notwithstanding any other provision of the RSU/DSU Plan, all amounts payable to, or in respect of a Grantee in respect of Deferred Share Units including, without limitation, the delivery of Shares, shall not be made prior to the date such Grantee ceases to be an Eligible Person and shall be paid or delivered on or before December 31 of the calendar year commencing immediately following the date the Grantee ceases to be an Eligible Person. All Deferred Share Units granted to a Participant shall have such terms and conditions as are necessary to comply with paragraph 6801(d) of the Regulations of the ITA.
- (f) **Dividend Equivalents.** Unless otherwise determined by the Board and set forth in the terms of the Award, Restricted Share Units and Deferred Share Units shall be credited with dividend equivalents in the form of additional Restricted Share Units and Deferred Share Units (the "**Dividend Equivalent Units**"), respectively, as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of Restricted Share Units and Deferred Share Units, as applicable, held by the Participant on the record date for the payment of such dividend, by (b) the Fair Market Value at the close of the first Business Day immediately following the dividend record date, with fractions computed to three decimal places. Dividend equivalents credited to a Participant's accounts shall vest in proportion to the Restricted Share Units and Deferred Share Units to which they relate.

Notwithstanding Section 6(c), if the Issuer does not have a sufficient number of Shares which may be reserved for issue under this RSU/DSU Plan to satisfy its obligations in respect of any Dividend Equivalent Units credited to a Participant's account pursuant to this Section 6(f), then in order to settle such Dividend Equivalent Units for which there are insufficient Shares reserved, the Issuer shall deliver to the applicable Participant or Participants, *pro rata* or in such other proportion as the Board may determine, in its sole discretion, an amount in cash equal to the Cash Equivalent for such Dividend Equivalent Units.

The foregoing does not obligate the Issuer to declare or pay dividends on Shares and nothing in the RSU/DSU Plan shall be interpreted as creating such an obligation.

- (g) No Other Benefit.
- (i) No amount will be paid to, or in respect of, a Participant (or a Person with whom the Participant does not deal at arm's length within the meaning of the ITA) under the RSU/DSU Plan to compensate for a downward fluctuation in the price of a Share or the value of any Award granted, nor will any other form of benefit be conferred upon, or in respect of, a Participant (or a person with whom the Participant does not deal at arm's length within the meaning of the ITA), for such purpose.
 - (ii) The Issuer makes no representations or warranties to Participants with respect to the RSU/DSU Plan or any Deferred Share Units or Restricted Share Units whatsoever. Participants are expressly advised that the value of any Deferred Share Units or Restricted Share Units in the RSU/DSU Plan will fluctuate as the trading price of the Shares fluctuates.
 - (iii) In seeking the benefits of participation in the RSU/DSU Plan, a Participant agrees to exclusively accept all risks associated with a decline in the trading price of the Shares and all other risks associated with the holding of Deferred Share Units or Restricted Share Units.

7. Consequences of Termination

- (a) **General Provisions.** Unless otherwise determined by the Granting Authority (including by the terms of the Award or the RSU/DSU Plan):
- (i) If a Grantee is terminated for any reason whatsoever other than death, total Disability, Eligible Retirement, termination without cause by the Issuer, subject to subsection 5(d) hereof, any non-vested Award granted pursuant to the RSU/DSU Plan outstanding at the time of such termination and all rights thereunder shall wholly and completely terminate and no further Vesting shall occur.
 - (ii) If employment of a Grantee is terminated for cause or retirement which is not Eligible Retirement or is otherwise voluntarily terminated by the Grantee, any non-Vested Award granted pursuant to the RSU/DSU Plan outstanding at the time of such termination and all rights thereunder shall wholly and completely terminate and no further Vesting shall occur.

- (b) **Discretion of the Granting Authority.** Notwithstanding any other provision hereof and without limiting the discretion of the Granting Authority, the Granting Authority may (whether by terms of the Award or by its election notwithstanding the terms of an Award):
- (i) allow non-Vested Awards to be treated as Vested upon termination of employment or service of a Participant, as to any or all of termination, death or total Disability;
 - (ii) provide that the Awards with respect to certain classes, types or groups of Participants will have different acceleration, forfeiture, termination, continuation or other terms than other classes, types or groups of Participants;
 - (iii) provide for the continuation of any Award for such period which is not longer than 12 months and upon such terms and conditions as are determined by the Granting Authority in the event that a Participant ceases to be an Eligible Person; or
 - (iv) set any other terms for the exercise or termination of Awards upon termination of employment or service.

Notwithstanding the foregoing, all Awards granted to Participants who are subject to the ITA shall be on terms that will be designed to prevent them from being considered a “salary deferral arrangement” as defined in subsection 248(1) of the ITA.

- (c) **Leave of Absence.** If an Employee is on sick leave or other bona fide leave of absence, such Person shall be considered an “Employee” for purposes of an outstanding Award during the period of such leave, provided that it does not exceed 90 days (or such longer period as may be determined by the Granting Authority in its sole discretion), or, if longer, so long as the Person’s right to reemployment is guaranteed either by statute or by contract. If the period of leave exceeds 90 days (or such longer period as may be determined by the Granting Authority in its sole discretion), the employment relationship shall be deemed to have been terminated on the 91st day (or the first day immediately following any period of leave in excess of 90 days as approved by the Granting Authority) of such leave, unless the Person’s right to reemployment is guaranteed by statute or contract.

8. Transferability

- (a) **Transfer Restrictions.** No Award, and no rights or interests therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession. No such interest shall be subject to execution, attachment or similar legal process including without limitation seizure for payment of the Participant’s debts, judgments, alimony or separate maintenance.
- (b) **Transfer upon Death of Participant.** In the case where transfer is made following the death of a Participant to the Participant’s legal personal representative, such legal personal representative may only receive the entitlement under the Award provided that it is exercised (if exercisable) at any time up to and including, but not after, 5:00 p.m. (Calgary time) on the date which is one year following the date of death of the Participant or up to 5:00 p.m. (Calgary time) on the date on which the Award granted to such participant

expires, whichever is the earlier; such entitlement shall only occur in cases where the Award has Vested in accordance with the provisions of the RSU/DSU Plan and where it is found that the Participant is legally entitled to the Award.

9. Adjustments

- (a) **No Restriction on Action.** The existence of the RSU/DSU Plan and/or the Awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Issuer to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the capital structure or business of the Issuer, (ii) any merger, consolidation, amalgamation or change in ownership of the Issuer, (iii) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the capital Share of the Issuer or the rights thereof, (iv) any dissolution or liquidation of the Issuer, (v) any sale or transfer of all or any part of the assets or business of the Issuer, (vi) any declaration or payment of a dividend in cash or in shares, or (vii) any other corporate act or proceeding with respect to the Issuer. No Participant or any other Person shall have any claim against any member of the Board or the Granting Authority, or the Issuer or any employees, officers or agents of the Issuer as a result of any such action.
- (b) **Recapitalization Adjustment**
- (i) In the event that (A) the outstanding Shares shall be changed into or exchanged for a different number or kind of shares or securities of the Issuer or of another corporation or entity, whether through an arrangement, plan of arrangement, amalgamation, or other similar statutory procedure or a share recapitalization, subdivision, consolidation or otherwise, (B) there shall be any change, other than those specified in (A) above, in the number or kind of outstanding Shares or of any securities into which such Shares shall have been changed or for which they shall have been exchanged, or (C) there shall be a distribution of assets or shares to shareholders of the Issuer out of the ordinary course of business then, the Granting Authority shall determine whether an adjustment in the number or kind of Shares theretofore authorized but not yet covered by Awards, in the number or kind of Shares theretofore subject to outstanding Awards, in the number or kind of Shares generally available for Awards or available in any calendar year under the RSU/DSU Plan and/or such other adjustment as may be appropriate should be made, in order to ensure that, after any such event, the Shares subject to the RSU/DSU Plan and each Participant's proportionate interest shall be maintained substantially as before the occurrence of the event, and if the Granting Authority determines that an adjustment should be made, such adjustment shall be made and be effective and binding for all purposes. Any such adjustment other than a Share consolidation or Share split shall be subject to approval of the TSXV.
- (ii) Any adjustment to any Award granted to a Participant which has been designed to fall within a specific exemption to the definition of "salary deferral arrangement" in subsection 248(1) of the ITA shall be such as to ensure the continued availability of such exemption.

10. Amendment and Termination

- (a) **General.** Subject to the provisions of subsection 10(c) hereof, the Board may amend, suspend or terminate this RSU/DSU Plan, or any portion thereof, at any time, subject to those provisions of applicable law and the rules of the Exchange, if any, that require the approval of shareholders or any governmental regulatory body.
- (b) **Amendments Specifically Permitted.** Without limiting the generality of the foregoing, the Board may make the following types of amendments to the RSU/DSU Plan without seeking shareholder approval (unless and to the extent prohibited by applicable law or rule of an Exchange):
- (i) amendments of a technical, clerical or “housekeeping” nature including, without limiting the generality of the foregoing, any amendments for the purpose of curing any ambiguity, error or omission in the RSU/DSU Plan or to correct or supplement any provision of the RSU/DSU Plan that is inconsistent with any other provision of the RSU/DSU Plan;
 - (ii) amendments necessary to comply with the provisions of applicable law and the applicable rules of the Exchange;
 - (iii) amendments necessary in order for Awards to qualify for favourable treatment under the ITA or under the United States Internal Revenue Code;
 - (iv) amendments respecting administration of the RSU/DSU Plan; and
 - (v) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules of the Exchange.
- (c) **Shareholder Approval.** To the extent required by applicable law or by the rules of the Exchange, shareholder approval will be required for the following types of amendments:
- (i) any amendment extending the term of an Award beyond its original expiry date except as otherwise permitted by the RSU/DSU Plan;
 - (ii) any amendment extending eligibility to participate in the RSU/DSU Plan to persons other than Eligible Persons;
 - (iii) any amendment permitting the transfer of Awards, other than for normal estate settlement purposes or to a trust governed by a registered retirement savings plan, registered retirement income fund, tax free savings account, or similar plan;
 - (iv) any amendment increasing the maximum aggregate number of Shares that may be subject to issue at any given time in connection with Awards granted under the RSU/DSU Plan;
 - (v) any amendment to these amendment provisions;
 - (vi) any amendments to the vesting provision of the RSU/DSU Plan or any Award; and

- (vii) any other amendment required to be approved by shareholder under applicable law or rules of an Exchange.

To the extent of any conflict between subsection 10(b) and subsection 10(c) hereof, subsection 10(c) shall prevail.

11. Regulatory Approval

Notwithstanding anything herein to the contrary, the Issuer shall not be obligated to cause to be issued any Shares or cause to be issued and delivered any certificates evidencing Shares pursuant to the RSU/DSU Plan, unless and until the Issuer is advised by its legal counsel that the issue and delivery of the Shares and such Share certificates is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities in Canada, the United States and any other applicable jurisdiction, and the requirements of the Exchange. The Issuer shall in no event be obligated to take any action in order to cause the issue or delivery of Shares or such certificates to comply with any such laws, regulations, and delivery of such Shares or certificates and in order to ensure compliance with such laws, regulations, rules, orders and requirements, that the Participant, or any permitted transferee of the Participant under section 7 hereof or, after his or her death, the Participant's estate, as described in section 7 hereof, make such covenants, agreements and representations as the Granting Authority deems necessary or desirable.

12. No Additional Rights

No Person shall have any claim or right to be granted Awards under the RSU/DSU Plan, and the grant of any Awards under the RSU/DSU Plan shall not be construed as giving a Participant any right to continue in the employment of the Issuer or affect the right of the Issuer to terminate the employment of a Participant. Unless otherwise determined by the Granting Authority, neither any period of notice, if any, nor any payment in lieu thereof, upon Termination shall be considered as extending the period of employment for the purposes of the RSU/DSU Plan.

13. Miscellaneous Provision

- (a) **Shareholder Rights.** A Participant entitled to Shares as result of the settlement of a Restricted Share Unit or Deferred Share Unit shall not be deemed for any purpose to be, or have any such rights as a shareholder of the Issuer by virtue of such settlement, except to the extent a Share certificate is issued therefor and then only from the date such certificate is issued. Other than as provided for herein, no adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such Share certificate is issued.
- (b) **Withholding.** The Issuer or any Affiliate may withhold from any amount payable to a Participant, either under this RSU/DSU Plan or otherwise, such amount as may be necessary so as to ensure that the Issuer or any Affiliate will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or that any other required deductions are paid or otherwise satisfied, at the minimum statutory rate. Subject to the other provisions of the RSU/DSU Plan, the Issuer shall also have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Shares, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to a Participant hereunder. The Issuer may require a Participant, as a condition to the settlement of a Restricted Share

Unit or a Deferred Share Unit, to pay or reimburse the Issuer for any such withholding (at the minimum statutory rate) or other required deduction amounts related to the settlement of Restricted Share Units or Deferred Share Units.

- (c) **Governing Law.** The RSU/DSU Plan, all instruments of grant evidencing Awards granted hereunder and any other agreements or other documents relating to the RSU/DSU Plan shall be interpreted and construed in accordance with the laws of Alberta (and the federal laws having application therein), except to the extent the terms of the RSU/DSU Plan, any supplement to the RSU/DSU Plan, or the Award in question expressly provides for application of the laws of another jurisdiction. The Granting Authority may provide that any dispute as to any Award shall be presented and determined in such forum as the Granting Authority may specify, including through binding arbitration. Any reference in the RSU/DSU Plan, in any instruments of grant evidencing Awards granted hereunder or in any other agreement or document relating to the RSU/DSU Plan to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.
- (d) **Compliance with Securities Laws.** The obligation of the Issuer to issue and deliver Shares in accordance with the RSU/DSU Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Issuer.
- (e) **Compliance with Laws of Other Jurisdictions.** Awards may be granted to Participants who are citizens or residents of a jurisdiction other than Canada or the United States on such terms and conditions different from those under the RSU/DSU Plan as may be determined by the Granting Authority to be necessary or advisable to achieve the purposes of the RSU/DSU Plan while also complying with applicable local laws, customs and tax practices, including any such terms and conditions as may be set forth in any supplement to the RSU/DSU Plan intended to govern the terms of any such Award. In no event shall the eligibility, grant, exercise or settlement of an Award constitute a term of employment, or entitlement with respect to employment, of any employee.
- (f) **Funding.** Except as would not result in adverse tax consequences to a Participant, no provision of the RSU/DSU Plan shall require or permit the Issuer, for the purpose of satisfying any obligations under the RSU/DSU Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Issuer maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the RSU/DSU Plan other than as unsecured general creditors of the Issuer, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other Eligible Persons under general law.
- (g) **No Guarantee of Tax Consequences.** Neither the Board, nor the Issuer nor the Granting Authority makes any commitment or guarantee that any specific tax treatment will apply or be available to any Person participating or eligible to participate hereunder.

14. Effective Date and Term of RSU/DSU Plan

- (a) **Effective Date of the Plan.** The RSU/DSU Plan shall initially become effective on the Shareholder Approval Date. Any subsequent amendments to the RSU/DSU Plan, shall become effective upon their adoption by the Board, subject to approval by the shareholders of the Issuer at the next annual meeting of shareholders of the Issuer or any adjournment thereof, to the extent required. If the shareholders do not approve any amendments to the RSU/DSU Plan requiring shareholder approval, such amendments and any and all actions taken prior thereto pursuant to the amendments effected thereby, including the making of any Awards subject to such approval being obtained, shall be null and void or shall, if necessary, be deemed to have been fully rescinded.
- (b) **Effect on Stock Option Plan.** The Stock Option Plan shall remain in effect. All Options granted under the Stock Option Plan shall continue to be governed by the terms of the Stock Option Plan and the terms of their individual option agreements as in effect from time to time, including provisions concerning change of control or other related events.
- (c) **Termination.** The Board may suspend or terminate the RSU/DSU Plan at any time, provided that such suspension or termination shall not affect any Awards that became effective pursuant to the RSU/DSU Plan prior to such termination or suspension.