



**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**To Be Held On May 16, 2024**

**NOTICE OF MEETING AND  
INFORMATION CIRCULAR**

**April 11, 2024**

**PINE CLIFF ENERGY LTD.**

850, 1015 – 4<sup>th</sup> Street S.W.

Calgary, Alberta

T2R 1J4

**NOTICE OF ANNUAL AND SPECIAL MEETING OF THE  
SHAREHOLDERS OF PINE CLIFF ENERGY LTD.**

**TAKE NOTICE** that the Annual and Special Meeting (the "**Meeting**") of the shareholders of **PINE CLIFF ENERGY LTD.** (the "**Company**") will be held at the offices of Bennett Jones LLP, 4500 Bankers Hall East, 855 2nd Street SW, Calgary, Alberta T2P 4K7 on Thursday, May 16, 2024, at 11:00 a.m. (Calgary time) for the purposes of:

1. receiving and considering the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2023 and the related report of the auditor thereon;
2. electing the Company's board of directors for the ensuing year;
3. appointing Deloitte LLP, Chartered Accountants, Calgary, Alberta as the auditors of the Company for the ensuing year and authorizing the Company's board of directors to fix their remuneration;
4. considering an ordinary resolution to approve the Company's unallocated options under its Amended and Restated Stock Option Plan; and
5. transacting such other business as may properly come before the Meeting or any adjournment or postponement of the Meeting.

The specific details of the matters proposed to be put before the Meeting are set forth in the management information circular dated April 11, 2024 (the "**Information Circular**"), accompanying, and forming part of, this notice. Only holders of common shares of the Company ("**Shareholders**") of record at the close of business on April 11, 2024 are entitled to notice of and to attend and vote at the Meeting or any adjournment thereof.

Registered Shareholders who are unable to attend the Meeting in person are requested to transmit their voting instructions online at <https://login.odysseytrust.com/pxlogin> or to date and sign the enclosed form of proxy and return it, in the envelope provided, to Odyssey Trust Company, Trader's Bank Building, 702, 67 Yonge Street, Toronto, Ontario M5E 1J8. In order to be valid and acted upon at the Meeting, voting instructions must be transmitted online or forms of proxy must be returned to the aforesaid address not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment or postponement thereof. Shareholders who do not hold common shares of the Company in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon as possible and to follow the instructions set out under "Notice to Non-Registered Holders of Shares" in the accompanying Information Circular. Please monitor the 'Company's website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com) for Meeting updates if necessary.

DATED at Calgary, Alberta, this 11th day of April, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) "Philip B. Hodge"

Philip B. Hodge

President and Chief Executive Officer

**PINE CLIFF ENERGY LTD.  
INFORMATION CIRCULAR**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
May 16, 2024**

**SOLICITATION OF PROXIES BY MANAGEMENT**

This management information circular dated April 11, 2024 (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Pine Cliff Energy Ltd. ("**Pine Cliff**", the "**Company**" or the "**Corporation**") for use at the annual and special meeting of the holders ("**Shareholders**") of common shares of the Company ("**Common Shares**") to be held on Thursday, May 16, 2024, at 11:00 a.m., Calgary time (the "**Meeting**") or at any adjournment or postponement thereof, for the purposes set forth in the notice of the Meeting (the "**Notice of Meeting**") accompanying this Information Circular.

Enclosed with this Information Circular is a form of proxy (the "**Proxy Form**") for use at the Meeting. A copy of the annual report, which includes the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2023, has previously been distributed to the Shareholders. The Shareholders are entitled to vote and are encouraged to participate in the Meeting.

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

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

**APPOINTMENT AND REVOCATION OF PROXIES**

**A Shareholder has the right to appoint a nominee, other than the persons designated in the Proxy Form (who does not need to be a Shareholder), to represent them at the Meeting, by inserting the name of their chosen nominee in the space provided for that purpose on the Proxy Form or by completing another proper Proxy Form.** Such a Shareholder should notify the nominee of their appointment, obtain their consent to act as proxy and instruct them on how the Shareholder's shares are to be voted. In any case, the Proxy Form should be dated and executed by the Shareholder or their attorney authorized in writing. Registered shareholders may also cast their vote online (<https://login.odysseytrust.com/pxlogin>) by following the instructions provided on the Proxy Form.

A Proxy Form will not be valid for the Meeting or any adjournment or postponement of the Meeting unless it is completed and received by **Odyssey Trust Company, Trader's Bank Building, 702, 67 Yonge Street, Toronto, Ontario M5E 1J8** not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the date of the Meeting, or any adjournment or postponement thereof.

In addition to revocation by any other manner permitted by law, a Shareholder who has given a proxy may revoke it, by instrument in writing executed by the Shareholder or by their attorney authorized in writing

or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney of the Company duly authorized and deposited at the registered office of the Company at Suite 850, 1015 – 4<sup>th</sup> Street S.W., Calgary, Alberta, T2R 1J4, Attention: Corporate Secretary, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the chairman of such Meeting on the date of the Meeting or any adjournment or postponement thereof.

### NOTICE TO NON-REGISTERED HOLDERS OF SHARES

Only registered Shareholders ("**Registered Shareholders**") or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Shareholder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans) that the Non-Registered Shareholder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which an Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Company will distribute copies of the Notice of Meeting, this Information Circular, and the Proxy Form to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. The Proxy Form supplied to a Non-Registered Shareholder by its broker (or the agent of the broker) is substantially similar to the Proxy Form provided directly to Registered Shareholders by the Company. However, its purpose is limited to instructing the Registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-Registered Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails the form to Non-Registered Shareholders and asks Non-Registered Shareholders to return the form to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Non-Registered Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.** Pine Cliff is sending proxy-related materials directly to non-objecting beneficial owners, pursuant to NI 54-101.

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

## VOTING OF PROXIES

The persons named in the Proxy Form are directors and/or officers of the Company and have indicated their willingness to represent as proxy the Shareholders who appoint them. Each Shareholder may instruct their proxy how to vote their Common Shares by completing the blanks on the Proxy Form.

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

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

## VOTING SHARES AND PRINCIPAL HOLDERS OF SHARES

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of Class B preferred shares, issuable in series ("**Preferred Shares**"). As of March 31, 2024, 356,397,330 Common Shares and zero Preferred Shares were issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of Common Shares are entitled to one vote for each Common Share held.

The Company's board of directors (the "**Board**") has fixed April 11, 2024 as the record date (the "**Record Date**") for determining which Shareholders are entitled to receive the Notice of Meeting. A Shareholder of record at the close of business on the Record Date shall be entitled to vote the Common Shares registered in such Shareholder's name on that date, except to the extent that: (a) such person transfers their Common Shares after the Record Date; and (b) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes their ownership to the Common Shares, and makes a demand to the registrar and transfer agent of the Company, not later than ten (10) days before the Meeting, that their name be included on the Shareholders' list.

To the knowledge of the directors and officers of the Company, as at April 11, 2024, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the votes which may be cast at the Meeting except as set out in the table below:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares</u>	<u>Percent</u>
Alberta Investment Management Corporation Edmonton, Alberta	36,056,954	10.1%

## QUORUM FOR MEETING

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the outstanding Common Shares. Generally, if a quorum is not present at a Shareholders' meeting within one half hour after the time fixed for the holding of such meeting, it shall stand adjourned to the same day of the following week. At such adjourned meeting, provided there are at least two Shareholders present, such Shareholders shall form a quorum.

## MATTERS TO BE ACTED UPON AT THE MEETING

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

### 1. Consolidated Financial Statements

The audited consolidated financial statements of the Company for the year ended December 31, 2023 and the related report of the auditor will be placed before the Meeting. These financial statements and the auditor's report are contained in the Company's annual report which has previously been distributed to Shareholders.

### 2. Election of Directors

Pine Cliff's Articles of Amalgamation ("**Articles**") provide for the Board to consist of a minimum of one and a maximum of 15 directors. The Articles permit the Board to appoint additional directors between annual meetings of Shareholders, provided that the total number of directors so appointed does not exceed, at any time, one-third of the number of directors who hold office immediately after the preceding annual meeting of Shareholders.

At the present time, Pine Cliff has six directors, being Ms. Hilary A. Foulkes, Messrs. Robert B. Fryk, Philip B. Hodge, Calvin B. Jacober, William S. Rice and Ms. Jacqueline R. Ricci. Pursuant to the *Business Corporations Act* (Alberta) ("**ABCA**"), the current directors of the Company cease to hold office at the close of the Meeting. The Board currently considers six directors to be an appropriate size for effective oversight and decision-making in discharging its responsibilities.

At the Meeting, it is proposed that six persons be elected as directors of the Company, to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed. The Board is pleased to nominate Ms. Hilary A. Foulkes, Messrs. Robert B. Fryk, Philip B. Hodge, Calvin B. Jacober, William S. Rice, K.C. and Ms. Jacqueline R. Ricci for re-election.

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

The names and municipalities of residence of the six proposed directors of the Company, the number of Common Shares beneficially owned or controlled or directed at the date hereof, directly or indirectly, by each proposed director, the offices held by each proposed director in the Company, the period served as director of the Company and the present principal occupation of each proposed director for the past five years are as follows:

Name and Municipality of Residence	Number Of Common Shares Beneficially Owned, Controlled or Directed <sup>(1)</sup>	Time As Director	Principal Occupation
CALVIN B. JACOB <sup>(2)</sup> Calgary, Alberta Canada	80,000	Director since 2022	Vice Chair Western Canada PricewaterhouseCoopers LLP from 2018 to 2022 and Calgary office Managing Partner from 2012 to 2017.
HILARY A. FOULKES <sup>(2)</sup> Calgary, Alberta Canada	10,000	Director since 2023	Director of Enerplus Corporation since 2014 and Board Chair since May 2020
ROBERT B. FRYK <sup>(2)</sup> Calgary, Alberta Canada	224,061	Director since 2021	Private investor. President and Chief Executive Officer of Gain Energy from February 2017 until March 2021.
PHILIP B. HODGE Calgary, Alberta Canada	10,321,473	Director since 2011	President and Chief Executive Officer of Pine Cliff since January 2012.
WILLIAM S. RICE, K.C. Calgary, Alberta Canada	1,185,970	Director since 2016	Private investor. Chairman of the Board of Pine Cliff since May 2023
JACQUELINE R. RICCI <sup>(2)</sup> Toronto, Ontario Canada	304,106	Director since 2020	Vice President and Director of J. Zechner & Associates from 1997 to present.

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned or controlled by directors as at April 11, 2024, not being within the knowledge of the Company, has been furnished to the Company by the individual nominees.
- (2) Members of Pine Cliff's Audit Committee, Reserves Committee and Governance, Nomination and Compensation Committee.
- (3) Each of the Board Committees will be reconstituted following the Meeting.

*Advance Notice Provisions*

The Company has adopted by-laws (the "**By-laws**") which contain advance notice provisions regarding advance notice of nominations of directors of the Company (the "**Advance Notice Provisions**"). The Advance Notice Provisions provide that advance notice to the Company must be made in circumstances where nominations of persons for election to the Board are made by Shareholders other than pursuant to: (a) a "proposal" made in accordance with the ABCA; or (b) a requisition of a meeting made pursuant to the ABCA.

The Advance Notice Provisions fix a deadline by which Shareholders must submit director nominations to the Corporate Secretary of the Company prior to any annual or special meeting of shareholders and outline the specific information that a nominating shareholder must include in the written notice to the Corporate Secretary of the Company for an effective nomination to occur. No person nominated by a Shareholder will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions.

In the case of an annual meeting of Shareholders, notice to the Corporate Secretary of the Company must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporate Secretary of the Company must

be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

In the event of an adjournment or postponement of an annual meeting or special meeting of Shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Provisions of the By-laws.

*Corporate Cease Trade Order or Bankruptcies*

Other than as set forth below, none of those persons who are proposed directors of the Company is, or has been within the past ten years:

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

Mr. Fryk was the President and Chief Executive Officer of Gain Energy Ltd., a private oil and natural gas company, which filed a voluntary assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) on March 8, 2021.

Ms. Foulkes was a director of Parallel Energy Trust (“**Parallel**”), a Canadian-based oil and gas trust, which commenced proceedings in the Court of Queen’s Bench of Alberta under the Companies’ Creditors Arrangement Act (Canada) (“**CCAA**”) on November 9, 2015. Ms. Foulkes ceased to be a director of Parallel on March 1, 2016. Parallel filed an assignment in bankruptcy and proceedings under the CCAA were terminated in March 2016.

None of those persons who are proposed directors of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### 3. Appointment of Auditors

At the Meeting, it is the intention of the persons named in the Proxy Form to vote in favour of a resolution to appoint Deloitte LLP, Chartered Accountants, Calgary, Alberta, to serve as auditors of the Company until the next annual meeting of Shareholders and to authorize the Board to fix the remuneration of the auditors.

### 4. Approval of Unallocated Options under the Stock Option Plan

At the Meeting, Shareholders will be asked to pass an ordinary resolution approving all unallocated options under the Corporation's Amended and Restated Stock Option Plan (the "**Stock Option Plan**"). The approval is being sought in accordance with policies of the Toronto Stock Exchange ("**TSX**").

**Unallocated Options under the Stock Option Plan** – Unallocated options under a stock option plan that does not have a fixed maximum number of securities issuable must be ratified by Shareholders every three years. The number of Common Shares issuable pursuant to the Stock Option Plan is limited to 10% of the issued and outstanding Common Shares, rather than a fixed number, and the Stock Option Plan has not been ratified by Shareholders since 2021. Accordingly, at the Meeting, Shareholders will be asked to pass an ordinary resolution approving the unallocated options available under the Stock Option Plan. The terms and conditions of the Stock Option Plan are summarized under the heading "Executive Compensation – Compensation Discussion and Analysis – Compensation Elements – Stock Option Plan".

A copy of the Stock Option Plan is attached hereto as Schedule "B".

As at March 31, 2024, 20,885,822 options to acquire Common Shares ("**Options**") were outstanding, representing 5.9% of the 356,397,330 Common Shares issued and outstanding, leaving 14,753,911 Common Shares representing 4.1% of the issued and outstanding Common Shares available to be reserved for future Option allocations. At the Meeting, Shareholders will be asked to consider and, if thought appropriate, approve, an ordinary resolution approving the unallocated Options under the Stock Option Plan. The ordinary resolution must be approved by a majority vote of the Shareholders. Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form in favour of this ordinary resolution.

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated Options until 2027. If the resolution approving the unallocated Options under the Stock Option Plan is not approved, previously granted Options will continue and not be affected; however, in such circumstances, additional Options may not be granted and previously granted Options will not be available for re-allocation if they are exercised or cancelled.

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

**“BE IT RESOLVED** as an ordinary resolution that:

1. all unallocated Options, rights or other entitlements under the Stock Option Plan be and are hereby approved;
2. the Corporation is hereby authorized to continue granting Options under the Stock Option Plan until May 16, 2027, being the date that is three years from the date of this resolution; and
3. any director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this resolution.”

**5. Other Matters to be Acted Upon**

The Company knows of no other matters to be brought before the Meeting. If any amendment, variation or other business is properly brought before the Meeting, the enclosed Proxy Form and voting instruction confers discretion on the persons named on the Proxy Form to vote on such matters.

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

Management of the Company is not aware of any material interest of any person who has been a director or executive officer of the Company since the beginning of its last financial year, any nominee for election as a director of the Company or of any associate or affiliate of any of those persons in respect of any matter to be acted on at the Meeting, except as specifically provided herein.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management of the Company is not aware of any material interests, direct or indirect, of any "informed person" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company, any proposed nominee for election as a director of the Company or any associate or affiliate of any such person or proposed nominee in any transaction since the beginning of the most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Company.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No current or proposed director, executive officer or employee of the Company, or any former director, executive officer or employee of the Company, or any associate of any of the foregoing, is, or has been at any time during the most recently completed financial year, indebted to the Company, either in connection with the purchase of the Company's securities or otherwise.

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officers

Set out below are the particulars of compensation paid to the following persons (the "Named Executive Officers"):

- a) the Company's chief executive officer ("CEO")
- b) the Company's chief financial officer ("CFO");
- c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity or other management role, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation*, for that financial year; and
- d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2023, the Company had four Named Executive Officers, being Philip Hodge, President and Chief Executive Officer, Terry McNeill, Chief Operating Officer, Alan MacDonald, Chief Financial Officer and Corporate Secretary and Kristopher Zack, Vice President Finance.

### Compensation Discussion and Analysis

#### *Compensation Governance*

The Board is responsible for setting the overall compensation strategy of the Company and overseeing and reviewing the Company's executive compensation program. As part of its mandate, the Board approves the appointment of the Company's executive officers and the remuneration of the Company's CEO. In addition, the Board will review and approve recommendations of the CEO relating to the general compensation structure and policies and programs for the Company and the salary and benefit levels for the Company's executive officers.

All of the members of the Board have direct experience that is relevant to their responsibilities in executive compensation, as they have each managed executives and/or business leaders in their current and/or past roles. In these roles, they have participated in compensation planning sessions, made compensation decisions and participated in compensation discussions with and without the use of external consultants.

No consultants have been hired by the Board for setting compensation levels in 2023; however, comparatives to peers in similar positions and similar roles have been considered. Base salaries for officers, including the CEO, are established at levels comparable to base salaries paid by the Company's industry peer group. In assessing comparability, the Company relies upon a review of base salary amounts as disclosed by industry peers in their public disclosure documents. The peer group for benchmarking considered by the Board consists of other oil and gas exploration and development companies with similar size, financial capacity and business complexity, including Bonterra Energy Corp., Cardinal Energy Ltd., Coelacanth Energy Inc., Crew Energy Inc., Gear Energy Ltd., InPlay Oil Corp., Journey Energy Inc., Kelt Exploration Ltd., Lucero Energy Corp., Perpetual Energy Inc., Petrus Resources Ltd., Pieridae Energy

Limited, Spartan Delta Corp., Surge Energy Inc. and Yangarra Resources Ltd. Consideration is given to the time period evaluated in industry surveys and public data and to the business climate applicable at the time with respect to industry demand for experienced personnel. Salaries of officers, including that of the CEO, are reviewed annually.

### *Compensation Elements*

The objective of the Company's executive compensation program is to attract, motivate, reward and retain talent that is needed to achieve the Company's business objectives. The compensation program is designed to ensure that compensation is competitive with companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Company.

The Pine Cliff executive compensation program is comprised of the following principal components:

- a) base salary;
- b) short-term incentive compensation comprised of discretionary cash bonuses based on both corporate and individual performance; and
- c) long-term incentive compensation comprised of Options.

### Base Salaries

Executive officers are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. These base salaries are reviewed annually by Pine Cliff's Governance, Nomination and Compensation Committee ("GNCC") and consideration is given to, among other things, level of responsibility, experience and expertise of the individuals being reviewed. Salaries of the executive officers are not determined based on benchmarks or a specific formula, although comparable salaries at similar sized companies in the oil and gas industry are considered. The Board, upon the recommendation of the GNCC, determines the salary of the CEO and considers, and if thought appropriate, approves, salaries recommended by the CEO for the other executive officers of the Company. The CEO approves the salaries for the employees of the Company and these are also reviewed by the GNCC.

### Bonus Plan

The Board, upon recommendation of the GNCC, approves cash bonus payments to reward executive officers for their contribution to the achievement of corporate accomplishments in carrying out the strategy and vision of Pine Cliff. The bonus pool currently available for distribution to the Company's employees consists of a range from 1.00% to 5.50% of adjusted funds flow (cash flow from operating activities before adjusting for changes in non-cash working capital and decommissioning obligations settled). The Board, upon recommendation of the GNCC, will determine for each bonus period the percentage of the bonus pool to be set within that range. Typically, Pine Cliff has historically paid a cash bonus to its executive officers twice a year, generally in November for the first three quarters of the year and in March for the previous years' fourth quarter. The Board, upon recommendation of the GNCC, determines the bonus of the CEO. The Board considers, and if thought appropriate, approves the bonuses recommended by the CEO for the other executive officers of the Company. The CEO approves the bonuses for the employees of the Company and these are also reviewed by the GNCC.

### Stock Option Plan

The Company has adopted an equity settled stock option plan (the "**Stock Option Plan**") pursuant to which the Company may grant Options to eligible directors, executive officers, employees and consultants of the

Company (each of which are eligible participants under the Stock Option Plan). The Stock Option Plan is an integral component of the Company's total compensation program in terms of attracting and retaining key employees and enhances Shareholder value by aligning the interests of executives and employees with the growth and profitability of the Company. The longer-term focus of the Stock Option Plan complements and balances the other shorter-term elements of the compensation program of the Company.

In determining the number of Options to be granted to individuals, the Board, on the recommendation of the GNCC, considers the amount, terms and vesting levels of existing Options held by the individuals and also the number of Options remaining available for grant by the Company in the future to attract and retain other management, technical and administrative staff. Generally, the number of Options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made, and is anticipated to be made, by the optionee to the business and affairs of the Company, the number of Options that have already been granted to the optionee and such other factors as the GNCC may consider relevant. The Board, upon recommendation of the GNCC, determines the number of Options to be granted to the CEO and considers, and if thought appropriate, approves Option grants recommended by the CEO for the other executive officers, employees and consultants of the Company.

Directors, management, employees and consultants of the Company who, in the judgment of the Board, the GNCC and the CEO, will contribute to its future growth and success, are eligible to participate in the Stock Option Plan. The exercise price per Common Share shall not be lower than the closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") on the last trading day preceding the date of grant. In the event that the Common Shares are listed for trading on the TSX and no trades of the Common Shares have taken place on the TSX on any trading day within a five-day period immediately preceding the date of grant, the GNCC may, in its sole discretion subject to TSX approval, select as the exercise price per Common Share the weighted average trading price of the Common Shares on the TSX over the last ten (10) trading days on which the Common Shares traded on the TSX immediately preceding the date of the grant. The term of an Option shall not be less than one (1) year and not more than five (5) years from the date of grant. Unless otherwise specified, Options vest as to one-third of the entitlement each year following the date of grant.

Options are exercisable only during the term of employment or service of an employee, consultant, director or officer when the optionee is considered to be an "Eligible Participant" under the Stock Option Plan. In the event of termination of employment with cause, no Option may be exercised following the date on which the optionee ceases to be an Eligible Participant. In the event of death of an optionee, any vested Option held by the optionee shall be exercisable, if the Option was issued ten days or more prior to the date of death, to the person or persons the rights under the Option shall pass to by law for a period of 60 days after the date of death or prior to the expiration of the Option, whichever is sooner. If an optionee ceases to be an Eligible Participant for any other reason than the above, including termination without cause, any vested Option may be exercised for a period of 10 days after the date the optionee ceases to be an Eligible Participant. All benefits, rights and Options accruing to any Eligible Participant shall not be assignable or transferable, other than in the event of death.

The issuance of Common Shares under the Stock Option Plan to any one Eligible Participant in any 12-month period shall not exceed 5% for employees, directors and officers and 2% for consultants, respectively, of the issued Common Shares (on a non-diluted basis) at the time of grant of any Option (including the Common Shares that are subject to such Option). In addition, the issuance of Common Shares under the Stock Option Plan to all Eligible Participants conducting Investor Relations Activities (as defined in the Stock Option Plan), in any 12-month period shall not exceed 2% of the issued Common Shares (on a non-diluted basis) at the time of grant of any Option (including the Common Shares that are subject to such Option). The aggregate number of Common Shares (i) issued to Insiders (as defined in the Stock Option Plan) within any one year period, or (ii) issuable to Insiders at any time, under the Stock Option

Plan or under any other security based compensation arrangements cannot exceed 10% of the Company's total issued and outstanding securities, respectively.

The Board reserves the right to amend, modify or terminate the Stock Option Plan at any time without shareholder approval subject to the rules of the TSX. Any amendment to any provision of the Stock Option Plan shall be subject to approval, if required, by the TSX or any regulatory body having jurisdiction over the securities of the Company, and, if required, by the Shareholders in the manner prescribed by the TSX or any regulatory body having jurisdiction over the Company from time to time.

As of December 31, 2023, 20,704,822 Options were outstanding which represented 5.8% of the 356,298,069 Common Shares then issued and outstanding. As of December 31, 2023, 14,924,984 Options remained available for future issuance.

In 2023, there were 11,603,180 Options granted with a weighted average number of Common Shares issued and outstanding of 355,795,072, which resulted in a burn rate of 3.3%; in 2022, there were 7,161,600 Options granted, which resulted in a burn rate of 2.1%; and in 2021, there were 11,386,600 Options granted, which resulted in a burn rate of 3.4%. The burn rate measures the potential dilutive effect of Options granted on the Company's Common Shares issued and outstanding.

#### *Risks Associated with Compensation Policies and Practices*

The oversight and administration of the Company's executive compensation program require the Board and the GNCC to consider risks associated with the Company's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the GNCC.

Key considerations regarding compensation risk management include the following:

- design of the compensation program to ensure all executives are compensated equally based on the same or, depending on the mandate and term of appointment of that particular executive, substantially equivalent performance goals;
- balance of short-term performance initiatives with equity based awards that vest over time;
- ensuring overall expense to the Company of the compensation program does not represent a disproportionate percentage of the Company's revenues, after giving consideration to the development stage of the Company; and
- utilizing compensation policies that do not rely solely on the specific accomplishment of specific tasks without consideration to longer term risks and objectives.

For the reasons set forth below, the GNCC believes that the Company's current executive compensation policies and practices achieve an appropriate balance in relation to the Company's overall business strategy and do not encourage executives to expose the Company to inappropriate or excessive risks. The base salaries set for the Company's executives are intended to provide a steady income regardless of Common Share price performance, allowing executives to focus on both near-term and long-term goals and objectives without undue reliance on short-term Common Share price performance or market fluctuations.

While a significant feature of the Company's current executive compensation practice is the awarding of Options under the Stock Option Plan, and while such compensation is "at risk" (i.e. not guaranteed), the Company's long-term incentive plans are designed such that Options vest over a three-year period and therefore encourage sustainable Common Share price appreciation and reduce the risk of actions which may have short-term advantages.

Compensation payable in the form of cash bonuses is overseen by the GNCC and the Board. The Board does not consider the applicable periods set for bonus purposes to be heavily weighted to the short-term and believes it has struck an appropriate balance between short-term performance incentives and long-term awards that vest over time.

Group Registered Retirement Savings Plan ("RRSP")

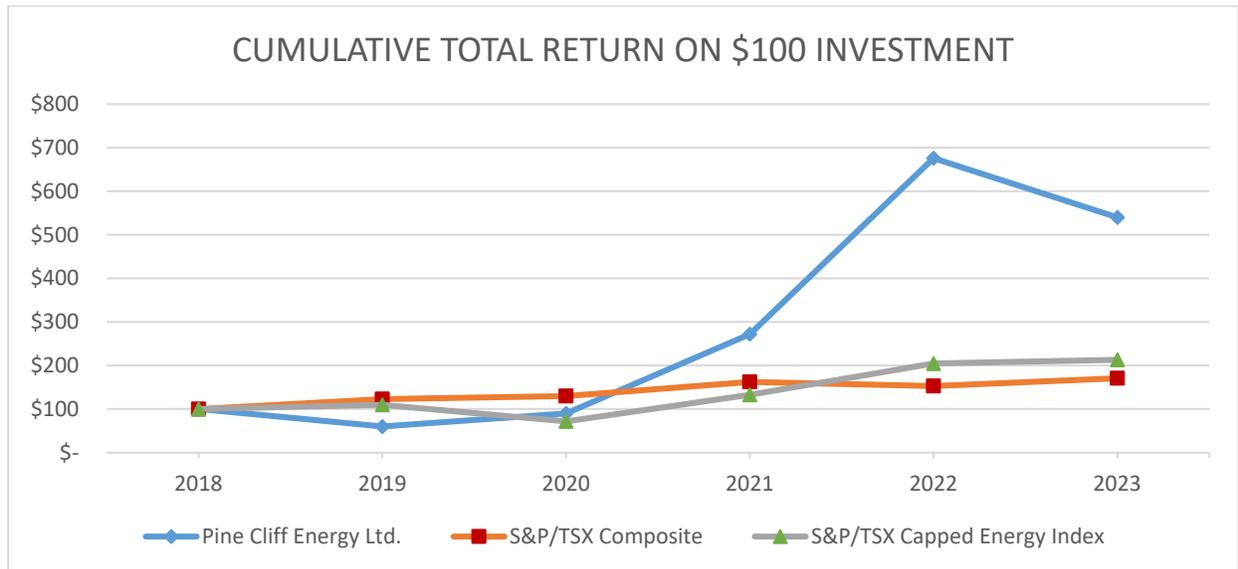
Effective January 1, 2022, the Company introduced a matching group RRSP, whereby the Company matched employees' contributions to a group RRSP, up to a maximum of 4.0% of each employee's annual salary. This was increased to a maximum of 5.0% of each employee's annual salary effective January 1, 2023.

*Financial Instruments*

The Company does not have a policy that would prohibit a Named Executive Officer or director from personally purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. Such investments will be at the sole risk of the Named Executive Officer or director and the Company will not be at any risk. Management is not aware of any Named Executive Officer or director purchasing any such instruments related to the Common Shares.

*Performance Graph*

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five (5) years of the Common Shares (assuming a \$100 investment was made on December 31, 2018) and the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index.



	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Pine Cliff Energy Ltd.	\$ 100.00	\$ 60.00	\$ 90.00	\$ 272.00	\$ 676.00	\$ 540.00
TSX Composite Index	\$ 100.00	\$ 122.88	\$ 129.76	\$ 162.32	\$ 152.83	\$ 170.79
TSX Capped Energy Index	\$ 100.00	\$ 109.75	\$ 71.73	\$ 132.82	\$ 204.58	\$ 213.05

*Total Shareholder Return ("TSR") and its Relationship with Executive Compensation*

Executive compensation is defined as the aggregate of base salary, annual cash bonuses (if any), Options, and any other miscellaneous types of benefits that may periodically be granted to an executive. When the Board determines overall compensation, it considers a number of factors and performance measures. Although TSR is one performance measure that is reviewed, it is not the only consideration. As a result, a direct correlation between TSR over a given period and executive compensation levels is not anticipated.

**Summary Compensation Table**

The following table sets forth a summary of the annual and long-term compensation for services paid for the three most recently completed financial years for individuals who were Named Executive Officers during the year ended December 31, 2023.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) <sup>(7)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(6)</sup>	Long term incentive plans			
Philip B. Hodge, President and Chief Executive Officer <sup>(4)</sup>	2023	355,000	nil	503,019 <sup>(1)</sup>	420,971	nil	nil	15,390	1,294,380
	2022	350,000	nil	662,112 <sup>(2)</sup>	595,862	nil	nil	14,000	1,621,974
	2021	345,000	nil	271,212 <sup>(3)</sup>	307,192	nil	nil	nil	923,404
Terry L. McNeill, Chief Operating Officer	2023	280,000	nil	301,811 <sup>(1)</sup>	231,764	nil	nil	14,000	827,575
	2022	275,000	nil	397,267 <sup>(2)</sup>	328,504	nil	nil	11,000	1,011,771
	2021	270,000	nil	162,727 <sup>(3)</sup>	170,672	nil	nil	nil	603,399
Alan MacDonald, Chief Financial Officer and Corporate Secretary	2023	235,000	nil	241,449 <sup>(1)</sup>	165,216	nil	nil	11,750	653,415
	2022	225,000	nil	317,814 <sup>(2)</sup>	229,156	nil	nil	9,000	780,970
	2021	220,000	nil	130,181 <sup>(3)</sup>	117,005	nil	nil	nil	467,186
Kristopher B. Zack, Vice President Finance <sup>(5)</sup>	2023	71,587	nil	233,179 <sup>(6)</sup>	9,944	nil	nil	3,544	318,254

**Notes:**

- (1) The value of the option-based awards granted on May 16, 2023 is based on an exercise price of \$1.30 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 62.0%, expected life of 3.0 years, risk-free rate of 3.7%, forfeiture rate of 7.5%, and expected dividend yield of 10.0%.
- (2) The value of the option-based awards granted on May 19, 2022 is based on an exercise price of \$1.92 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 73.3%, expected life of 3.0 years, risk-free rate of 2.7%, forfeiture rate of 7.7%, and expected dividend yield of 5.2%.
- (3) The value of the option-based awards granted on May 21, 2021 are based on an exercise price of \$0.33, and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 78.4%, expected life of 3.0 years for both, risk-free rate of 0.30%, forfeiture rate of 3.9%, and expected dividend yield of 0%.
- (4) Mr. Hodge did not receive any compensation as a director of the Company because he is an employee.
- (5) Mr. Zack was appointed Vice President Finance on September 5, 2023.
- (6) Payments consist solely of amounts awarded under the Company's discretionary bonus plan.

- (7) Compensation reflected here represents the RRSP matching program for all employees as described above.
- (8) The value of the option-based awards granted on September 5, 2023 is based on an exercise price of \$1.46 and is calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 59.4%, expected life of 3.0 years, risk-free rate of 4.4%, forfeiture rate of 7.5%, and expected dividend yield of 8.9%.

## **Incentive Plan Awards**

### *Outstanding Option-Based Awards*

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2023 to the Named Executive Officers of the Company.

The process that the Company uses to grant Options to the Named Executive Officers, and the factors that are taken into account when considering new grants under the Stock Option Plan, is based upon a number of criteria, including the responsibility level of the Named Executive Officers, the number of Options available for grant under the Stock Option Plan, the number of Options anticipated to be required to meet the future needs of the Company, as well as the number of Options previously granted to each of the Named Executive Officers.

The Board, upon recommendation of the GNCC, determines the Options granted to the CEO. The Board considers, and if thought appropriate, approves the bonuses recommended by the CEO for the other Named Officers. The CEO approves the grants of Options to the other employees of the Company, and these are also reviewed by the GNCC.

It is the full Board, as opposed to only the GNCC, which determines the need for any amendments to the Stock Option Plan. The grant of option-based awards is not determined based on benchmarks, performance goals or a specific formula.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Philip B. Hodge	550,000	0.33	May 19, 2025	561,000
	300,000	1.92	May 19, 2024	nil
	300,000	1.92	May 19, 2025	nil
	300,000	1.92	May 19, 2026	nil
	500,000	1.30	May 16, 2025	25,000
	500,000	1.30	May 16, 2026	25,000
	500,000	1.30	May 16, 2027	25,000
Terry L. McNeill	330,000	0.33	May 19, 2025	336,600
	180,000	1.92	May 19, 2024	nil
	180,000	1.92	May 19, 2025	nil
	180,000	1.92	May 19, 2026	nil
	300,000	1.30	May 16, 2025	15,000
	300,000	1.30	May 16, 2026	15,000
	300,000	1.30	May 16, 2027	15,000
Alan MacDonald	264,000	0.33	May 19, 2024	269,280
	264,000	0.33	May 19, 2025	269,280
	144,000	1.92	May 19, 2024	nil
	144,000	1.92	May 19, 2025	nil
	144,000	1.92	May 19, 2026	nil
	240,000	1.30	May 16, 2025	12,000
	240,000	1.30	May 16, 2026	12,000
	240,000	1.30	May 16, 2027	12,000
Kristopher B. Zack	200,000	1.46	Sep 5, 2025	nil
	200,000	1.46	Sep 5, 2026	nil
	200,000	1.46	Sep 5, 2027	nil

**Notes:**

- (1) Value is calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on the TSX on the last trading day on the TSX prior to December 31, 2023, being December 29, 2023, of \$1.35.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth information relating to the value vested or earned during the Company's financial year ended December 31, 2023 in respect of option-based awards and non-equity incentive plan compensation for Named Executive Officers of the Company.

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Philip B. Hodge	1,109,500	nil	420,971
Terry L. McNeill	665,700	nil	231,764
Alan MacDonald	402,510	nil	165,216
Kristopher B. Zack	nil	nil	9,944

**Notes:**

- (1) Value is calculated based on dollar value that would have been realized if the Options had been exercised on the vesting date, being the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the Options.

## Pension Plan Benefits

Pine Cliff does not have a pension plan or similar benefit program.

## Termination and Change of Control Benefits

The Company has no written contract, agreement, plan or arrangement that provides for payments or benefits to Named Executive Officers in connection with any termination, resignation, retirement, change of control of the Company or change in the responsibilities of the Named Executive Officer, except for provisions of the Stock Option Plan which provide for the exercise of unvested Options in the event of a change of control of the Company. The value of unvested Options held by Named Executive Officers at December 31, 2023 (based on the closing price of the Common Shares on the TSX on the last trading day on the TSX prior to December 31, 2023, being December 29, 2023 of \$1.35) was \$1,322,880.

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

### *Director Compensation Table*

The following table sets forth information in respect of all amounts of compensation provided to the directors who were not Named Executive Officers during the Company's financial year ended December 31, 2023.

Each non-executive director is paid an annual retainer of \$50,000. Executive officers of the Company, who also act as directors of the Company, do not receive any additional compensation for services rendered in their capacity as directors, other than as paid by the Company to such executive officers in their capacity as executive officers. There is no formal policy for the granting of Options to directors. Options may be granted from time to time as approved by the Board, as recommended by the GNCC.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
William S. Rice	50,000	nil	50,302 <sup>(1)</sup>	nil	n/a	nil	100,302
George F. Fink <sup>(2)</sup>	18,819	nil	nil	nil	n/a	nil	18,819
Hilary A. Foulkes <sup>(3)</sup>	19,837	nil	61,288 <sup>(3)</sup>	nil	n/a	nil	81,125
Robert B. Fryk	50,000	nil	50,302 <sup>(1)</sup>	nil	n/a	nil	100,302
Calvin B. Jacober	50,000	nil	50,302 <sup>(1)</sup>	nil	n/a	nil	100,302
Jacqueline R. Ricci	50,000	nil	50,302 <sup>(1)</sup>	nil	n/a	nil	100,302

### Notes:

- (1) The value of the option-based awards granted on May 19, 2023 are based on an exercise price of \$1.30, and calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 62.0%, expected life of 3.0 years, risk-free rate of 3.7%, forfeiture rate of 7.5%, and expected dividend yield of 10.0%.
- (2) Mr. Fink served as a director of the Company until the close of the annual meeting of Shareholders of Pine Cliff on May 16, 2023, at which he did not stand for re-election due to personal reasons.
- (3) Ms. Foulkes was appointed a director of the Company on August 6, 2023. The value of the option-based awards granted on August 6, 2023 are based on an exercise price of \$1.49, and calculated using the Black-Scholes option pricing methodology using the following weighted average key assumptions: estimated volatility of underlying Common Shares of 60.6%, expected life of 3.0 years, risk-free rate of 4.3%, forfeiture rate of 7.5%, and expected dividend yield of 8.7%.

*Outstanding Option-Based Awards*

The following table sets forth information in respect of all option-based awards outstanding at the end of the financial year ended December 31, 2023 to the directors of the Company who were not Named Executive Officers.

<b>Option-based Awards</b>				
<b>Name</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options (\$)<sup>(1)</sup></b>
William S. Rice, K.C.	114,400	0.145	May 21, 2024	137,852
	114,400	0.33	May 19, 2024	116,688
	114,400	0.33	May 19, 2025	116,688
	50,000	1.92	May 19, 2024	nil
	50,000	1.92	May 19, 2025	nil
	50,000	1.92	May 19, 2026	nil
	50,000	1.30	May 16, 2025	2,500
	50,000	1.30	May 16, 2026	2,500
	50,000	1.30	May 16, 2027	2,500
Robert B. Fryk	114,400	0.33	May 19, 2024	116,688
	114,400	0.33	May 19, 2025	116,688
	50,000	1.92	May 19, 2024	nil
	50,000	1.92	May 19, 2025	nil
	50,000	1.92	May 19, 2026	nil
	50,000	1.30	May 16, 2025	2,500
	50,000	1.30	May 16, 2026	2,500
50,000	1.30	May 16, 2027	2,500	
Hilary A. Foulkes	50,000	1.49	Aug 6, 2025	nil
	50,000	1.49	Aug 6, 2026	nil
	50,000	1.49	Aug 6, 2027	nil
Calvin B. Jacober	50,000	1.90	Aug 10, 2024	nil
	50,000	1.90	Aug 10, 2025	nil
	50,000	1.90	Aug 10, 2026	nil
	50,000	1.30	May 16, 2025	2,500
	50,000	1.30	May 16, 2026	2,500
	50,000	1.30	May 16, 2027	2,500
Jacqueline R. Ricci	114,400	0.145	May 21, 2024	137,852
	114,400	0.33	May 19, 2024	116,688
	114,400	0.33	May 19, 2025	116,688
	50,000	1.92	May 19, 2024	nil
	50,000	1.92	May 19, 2025	nil
	50,000	1.92	May 19, 2026	nil
	50,000	1.30	May 16, 2025	2,500
	50,000	1.30	May 16, 2026	2,500
	50,000	1.30	May 16, 2027	2,500

**Notes:**

- (1) Value is calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on the TSX on the last trading day on the TSX prior to December 31, 2023, being December 31, 2023, of \$1.35.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth information in respect of the value vested or earned during the Company's financial year ended December 31, 2023 of option-based awards, share-based awards and non-equity incentive plan compensation for non-executive directors of the Company.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
William S. Rice	270,556	nil	nil
Hilary A. Foulkes	nil	nil	nil
Robert B. Fryk	124,696	nil	nil
Calvin B. Jacober	nil	nil	nil
Jacqueline R. Ricci	270,556	nil	nil

**Notes:**

- (1) Value is calculated based on dollar value that would have been realized if the Options had been exercised on the vesting date, being the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the Options.

**EQUITY COMPENSATION PLAN INFORMATION**

As of December 31, 2023, equity securities are authorized for issuance as follows:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders - Stock Option Plan	20,704,822	1.28	14,924,984
Equity compensation plans not approved by security holders	nil	nil	nil
Total	20,704,822	1.28	14,924,984

**Notes:**

- (1) Represents the maximum number of Common Shares reserved for issuance under the Stock Option Plan, being 10% of the 356,298,069 Common Shares outstanding at December 31, 2023, less the 20,704,822 Common Shares issuable pursuant to outstanding Options granted under the Stock Option Plan.

**DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

Under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Company is required to include in this Information Circular the disclosure required under Form 58-101F1 with respect to the corporate governance guidelines set out under National Policy 58-201 – *Corporate Governance Guidelines*.

## Board of Directors

The Board is responsible for supervising the management of the business and affairs of the Company and is presently comprised of six directors, of which five are independent, within the meaning of NI 58-101. The independent directors are Ms. Foulkes, Messrs. Fryk, Jacober and Rice and Ms. Ricci. Mr. Rice is currently the Chairman of the Board (the "**Chairman**") and he does not currently serve on any of the Board's committees. The President and CEO of the Company, Mr. Hodge, is not independent as he is an executive officer of the Company.

The Board facilitates its exercise of independent supervision over management by having the option to hold *in camera* sessions at the end or during meetings of the Board or its committees, whereby the members of management of the Company and the non-independent directors of the Company who are present at such meeting are asked to leave the meeting in order for the independent directors to meet. Whether such *in camera* sessions occur is at the sole discretion of the independent directors.

During the most recently completed financial year, the independent directors of the Company were given the opportunity to hold *in camera* meetings at all six scheduled meetings of the Board without the non-independent director and members of management present. Such independent directors chose to have *in camera* meetings at all six scheduled meetings of the Board. In order to provide leadership for the independent directors, the Board encourages communication among the independent directors both inside and outside of the scheduled Board and its committee meetings.

Certain of the Company's directors serve as directors of other reporting issuers as indicated in the table below.

<u>Director</u>	<u>Directorships Held</u>
Jacqueline R. Ricci	Bonterra Energy Corp. (TSX)
Calvin B. Jacober	Superior Plus Corp. (TSX)
Philip B. Hodge	Westport Fuel Systems Inc. (TSX, Nasdaq)
Hilary A. Foulkes	Enerplus Corporation (TSX, NYSE)

Directors and officers of the Company are required to immediately report any event that may give rise to a conflict of interest situation to the CEO. Any potential conflict of interest must be reported and documented at the next meeting of the Board. A director of the Company may not vote on any matter where a conflict of interest exists. If a conflict exists that cannot be effectively managed, the Board may require the director to resign from any specific position giving rise to the conflict of interest, or alternatively, may require the director to resign from the Board.

The following is a summary of the attendance of the directors at meetings of the Board and its committees for 2023:

Name	Board of Directors	Audit Committee	Reserves Committee	GNCC
Calvin B. Jacober	6/6	4/4	1/1	4/4
Hilary A. Foulkes	2/2	1/1	0/0	1/1
George F. Fink <sup>(2)</sup>	0/2	-	-	-
Philip B. Hodge	6/6	-	-	-
Robert B. Fryk	6/6	4/4	1/1	4/4
William S. Rice <sup>(3)</sup>	6/6	2/2	1/1	1/1
Jacqueline R. Ricci	6/6	4/4	1/1	4/4

**Notes:**

- (1) Ms. Foulkes was appointed a director on August 6, 2023, after which, the Board held two meetings, each of the Audit Committee and the GNCC held one meeting and the Reserves Committee did not hold a meeting following Ms. Foulkes appointment in 2023.
- (2) Mr. Fink served as a director of the Company until the close of the annual meeting of Shareholders of Pine Cliff on May 16, 2023, at which time he did not stand for re-election due to personal reasons.
- (3) Mr. Rice was appointed Chairman of the Board following the annual meeting of Shareholders of Pine Cliff on May 16, 2023, at which time he was not reappointed to the Audit Committee, the Reserves Committee or the GNCC.

**Board and Board Committees**

The Board is responsible for supervising the management of the business and affairs of the Company. The Board meets or has conference call meetings at least four times per year. The Board performance is evaluated annually by all of the Board members and indirectly by all of the Shareholders in that the Company's directors are required to be elected each year by the Shareholders.

The Board's mandate is attached as Schedule "A" to this Information Circular.

The Board's committees are the Audit Committee, the Reserves Committee and the GNCC (collectively, the "**Committees**"). Each of the Committees meets a minimum number of times per year as required to conduct its respective duties. Agendas are provided to all directors in advance of all meetings and are generally prepared by the Company's management and the respective Chair (the "**Chair**") of the Committee after discussion with Board members who are responsible for particular items with regard to the agenda. Minutes of each Board and Committee meeting are provided for review and approval to the relevant members before execution.

The Board and each Committee can meet independently of management at any time and are encouraged to do so whenever a member deems it is warranted. The Board and each Committee also have the authority to engage independent advisors, paid for by the Company, to provide it with expert advice if required. The Committees are comprised of the members set out in the following table:

<b>Committee</b>	<b>Members</b>	<b>Independent</b>
Audit Committee	Calvin B. Jacober – Chair	Yes
	Hilary A. Foulkes	Yes
	Robert B. Fryk	Yes
	Jacqueline R. Ricci	Yes
Reserves Committee	Robert B. Fryk – Chair	Yes
	Calvin B. Jacober	Yes
	Jacqueline R. Ricci	Yes
	Hilary A. Foulkes	Yes
Governance, Nomination and Compensation Committee	Jacqueline R. Ricci – Chair	Yes
	Calvin B. Jacober	Yes
	Robert B. Fryk	Yes
	Hilary A. Foulkes	Yes

For details about the composition of the Audit Committee, including a copy of the mandate of the Audit Committee, please refer to the Company's annual information form for the year ended December 31, 2023 under the heading "Audit Committee Information", available under the Company's SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com) and on the Company's website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com) (the "Website").

The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review and approve the expected fees of the reserves evaluator, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually assess the work of the reserves evaluator and approve the Company's annual reserve report and consent forms of management and the reserves evaluator. The Reserves Committee charter is available on the Website.

The function of the GNCC is to evaluate, set and approve the level and form of compensation of the Company, particularly for the CEO and Board, the nomination of new Board members and developing and monitoring the Company's general approach to corporate governance issues and applicable corporate governance guidelines. The GNCC charter is available on the Website.

The Board, with the assistance of the GNCC, retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the Board functions independently of management. The Board establishes and maintains such corporate governance policies and procedures as are necessary to ensure that Pine Cliff remains fully compliant with applicable securities laws and prevailing governance standards. The Board is also responsible for the identification of principal risks of the business and to ensure that all reasonable steps are taken to ensure the implementation of appropriate systems and procedures to manage such risk. The Board oversees the development and execution by management of both a longer-range business plan and a shorter-range business plan for Pine Cliff which are designed to achieve the Company's principal objectives and identify the principal strategic and operational opportunities and risks of Pine Cliff's business. Given the extensive oil and gas business experience of each Board member, there is a clear alignment and understanding by the Board of Pine Cliff's business plan, and conversations among the Board and senior management, both inside and outside the boardroom, occur frequently and openly. All executive officers are invited to, and regularly attend, the Board and Committee meetings to provide necessary information to facilitate decision-making activities and Board oversight. This also provides additional opportunity for the independent directors to interact with all members of senior management in order to ensure clear understanding of the Company's business plan initiatives and objectives.

## **Environmental, Social & Governance ("ESG") Commitment**

Pine Cliff is committed to upholding standards of environmental excellence, responsible extraction techniques, stringent regulatory protocols and innovative approaches aimed at reducing greenhouse gas emissions while being a positive contributor to a cleaner global energy future. Pine Cliff takes steps to ensure the health, safety and security of its employees, contractors and the stakeholders and residents in communities in which the Company operates. The Company is proud of its safety performance. Safeguarding the environment and the integrity of its infrastructure is inherent in Pine Cliff's day-to-day operations. Management regularly reviews actual performance in these areas relative to corporate objectives, regulatory requirements and industry peers. Pine Cliff believes in the principles of strong corporate governance, trust and integrity and the commitment to ensure a strong alignment between the Board, management and shareholders. Pine Cliff's GNCC is responsible for assisting the Board with the development and implementation of the Company's ESG practices, policies and targets and monitors the Company's compliance with ESG reporting obligations. On a quarterly basis, management reports to the Committee regarding Pine Cliff's health, safety and environmental performance and collaborates with the Board on areas for continuous improvement.

## **Position Descriptions**

The Board has adopted position descriptions for each of the Chairman of the Board, the Committee Chairs and the CEO. Summaries of such position descriptions are as follows:

### **Chairman of the Board**

The main responsibility of the Chairman of the Board is to provide effective Board leadership, overseeing all aspects of the Board's direction and administration in fulfilling the terms of the mandate of the Board, fostering ethical and responsible decision making by the Board and its individual members and overseeing the structure, composition, membership and activities delegated to the Board and its Committees.

### **Committee Chairs**

The Chair of each Committee is responsible for ensuring the Committee fulfils the terms of the mandates of such Committee. The Chairs of the Committees are responsible for setting the agenda for each of their respective Committee meetings. The Chair of each Committee reports to the Board following each Committee meeting.

### **CEO**

The CEO is ultimately responsible for directing and monitoring the activities and resources of the Company consistent with the strategic direction, financial limits and operating objectives adopted by the Board.

## **Orientation and Continuing Education**

The Board has not developed a formal orientation and education program for new directors. Directors are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, to attend related industry seminars and to visit the Company's operations. Members of the Board have full access to the Company's records and to any of the Company's employees or consultants. The Board receives regular management reports and presentations with respect to the Company's operations and activities to ensure the directors stay updated and informed with respect to the Company's ongoing operations.

## **Ethical Business Conduct**

The Company has adopted a written Code of Business Conduct and Ethics (the "**Code**"). The Board takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of their employment, annually and when directed by management, to sign a copy of the Code acknowledging that they have read, understood and will comply with the Code. The Code applies to the Company's directors, executive officers, management, employees and consultants, each of whom is expected to ensure that their behaviour accords with the letter and the spirit of the Code. The Code also encourages all parties who engage in business with the Company to report any perceived and all actual breaches of the Code in accordance with the Company's whistle blower policy (the "**Whistle Blower Policy**"). The Chairman is responsible for investigating complaints, presenting complaints to the Board and developing a plan for promptly and fairly resolving complaints. Upon conclusion of the investigation and resolution of a complaint, the Chairman will advise the complainant of the corrective measures that have been taken or advise the complainant that the complaint has been investigated no corrective measures have been deemed warranted. The Code prohibits retaliation by the Company, its directors, executive officers and management against complainants who raise concerns in good faith and requires the Company to maintain the confidentiality of complainants to the greatest extent practicable. Complainants may also submit their concerns anonymously in writing. However, complaints that in the future are determined to be inaccurate or untruthful could result in suspension or dismissal. The Code is available on the Website and under the Company's profile at [www.sedarplus.com](http://www.sedarplus.com).

In addition to the Code, the Company has an Audit Committee charter regarding the collection and dissemination of accounting information, and a Whistle Blower Policy with respect to reporting accounting and auditing irregularities, as well as other corporate misconduct and breaches of the Code. The Whistle Blower Policy is available on the Website.

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

## **Nomination**

Responsibility for identifying candidates to join the Board belongs to the GNCC. The criteria that GNCC members are asked to consider in identifying candidates include the independence of the individual, their financial and industry acumen and skills, and their availability to devote sufficient time to the duties of the Board. GNCC members who have identified new candidates present information regarding the candidate at a meeting of the GNCC, the GNCC makes an assessment to determine whether the candidate meets the criteria established by the GNCC, and then makes a decision whether to interview the candidate. If the Board members who interviewed the candidate are in favour of having the candidate stand for election, the GNCC will recommend to the Board to take a vote and if the candidate is approved, the candidate can either be appointed immediately in concurrence with the Company's By-laws or can become a nominee for election by Shareholders at the next Shareholder meeting. The GNCC ensures objectivity in the nomination process by ensuring that the independent directors play an active role in the nomination process.

## **Compensation**

Responsibility for determining the compensation of the directors and the CEO belongs to the GNCC, which then will make any recommendations to the Board. The criteria that GNCC members are asked to consider in determining compensation includes the objectives set by the Company for the directors and the CEO as against the performance, shareholder returns and other achievements of the Company. The GNCC may engage the services of a compensation advisor to advise the Company regarding the form and amount of

compensation awarded by corporations similar in size and industry to the Company, including competitors. The GNCC also considers publicly available information regarding compensation of other listed oil and gas issuers of similar size to Pine Cliff. The GNCC holds meetings each year to discuss compensation, review any proposals of the CEO (without the CEO being present in the case of their compensation), and then votes on the proposed compensation.

With respect to directors' compensation, the GNCC reviews the level and form of compensation received by the members and chairs of the Board and Committees, considering the duties and responsibilities of each member, their past service and continuing duties in service to the Company. For further information on the Company's executive compensation see "*Statement of Executive Compensation*" in this Information Circular.

### **Term Limits**

The Board has not adopted term limits for Board members. However, the Board has a process in place for the annual review of the performance of the Board as a whole and the individual Committees and directors. Through this annual review process, the Board determines whether there are any performance issues to be dealt with and therefore whether the directors both collectively and individually, are able to continue to make an effective contribution to the governance of the Company and recommend changes when appropriate. The Board is of the view that a regular review process is more effective than arbitrary term limits or a mandatory retirement age.

### **Women on the Board and in Executive Officer Positions**

The GNCC oversees the evaluation and assesses and considers the effectiveness of the Board as a whole, the Committees and the contribution of individual members on a periodic basis. The GNCC, in conjunction with the Board, also reviews the diversity, experience, qualifications and skills of Pine Cliff's incumbent directors to ensure that the composition of the Board and committees and the competencies of the members are in line with those that the GNCC considers that the Board and its respective committees should possess.

The Board evaluates potential nominees to the Board by reviewing the qualifications of prospective nominees relative to the skills and experience that it anticipates are needed to enhance the capabilities of the Board. Similarly, the Board evaluates candidates for executive officer positions primarily based on whether a particular candidate has the skills and experience that are necessary to be successful in the particular position.

In considering suitable candidates for appointment, election or re-election to the Board, or whether to accept the deemed resignation of a director pursuant to the Board Renewal Policy, the GNCC shall: (i) consider all aspects of diversity to enable the GNCC to discharge its duties and responsibilities effectively; (ii) assess the skills and backgrounds collectively represented on the Board to ensure that they reflect the diverse nature of the business environment in which Pine Cliff operates; (iii) consider candidates on merit against objective criteria having due regard to the benefits of diversity on the Board; and (iv) engage, as deemed necessary, qualified independent external advisors to identify and assess candidates that meet the Board's skills and diversity criteria.

In addition, the GNCC will review the number of women considered or brought forward as potential nominees for board positions when the Board is looking to add additional members or replace existing members and will evaluate the skills, knowledge, experience and character of any such female candidates relative to other candidates to ensure that female candidates are being fairly considered relative to other candidates.

The Company has not adopted written policies or targets relating to the appointment of women as directors and executive officers. While the emphasis in any search to fill vacancies has been on finding the best qualified candidate, the Company recognizes the benefit of incorporating different perspectives into management and Board decisions and, accordingly, an individual's diversity with respect to gender, race, nationality, age and other attributes are considered favourably in the assessment of candidates for director or officer positions. The Company is committed to meritocracy and the importance of having the flexibility to appoint or nominate qualified candidates when available; therefore, while gender is not a determinative factor in nominating candidates for executive officer positions or appointment, election or re-election to the Board, gender diversity on the Board is considered a priority when the GNCC is seeking to replace or add a Board member. Ms. Hilary A. Foulkes joined the Board in August 2023.

The Board supports the objectives of increasing diversity and, in particular, the number of diverse directors and executive officers. The GNCC reviews the number of women appointed and serving on the Board or as executive officers to evaluate whether it is desirable to adopt additional requirements or policies with respect to the diversity of the Board and management in the future on an ongoing basis.

Two of the current members of the Board are women (33.3%). None of the Named Executive Officers in 2023 was a woman (0%).

### **Assessment**

The Board takes steps to satisfy itself that the Board and the Committees and individual directors are performing effectively by conducting an annual evaluation and assessment of the performance, contribution and effectiveness of the Board, the committees and individual directors.

### **Majority Voting Policy**

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

## **AUDIT COMMITTEE INFORMATION**

Under National Instrument 52-110 *Audit Committees*, the Company is required to include in its Annual Information Form ("**AIF**") the disclosure required under Form 52-110F1 with respect to its Audit Committee, including the text of its Audit Committee charter, the composition of the Audit Committee and the fees paid to the external auditor. The Company's disclosure with respect to the foregoing is contained in the section in its AIF dated March 4, 2024 entitled "Audit Committee Information". A copy of the AIF has been filed in SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Copies of the AIF are also available free of charge by making a written request to the Company at Suite 850, 1015 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2R 1J4, Attention: Chief Financial Officer.

### **ADDITIONAL INFORMATION**

Financial information is provided in the Company's audited consolidated comparative financial statements and management's discussion and analysis for the year ended December 31, 2023, copies of which are available by making a written request to the Company at Suite 850, 1015 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2R 1J4. **Additional information relating to the Company is available on SEDAR at [www.sedarplus.com](http://www.sedarplus.com) and on the Website.**

**SCHEDULE "A"**  
**MANDATE OF THE BOARD OF DIRECTORS OF PINE CLIFF ENERGY LTD.**

**MANDATE OF THE BOARD OF DIRECTORS OF  
PINE CLIFF ENERGY LTD. (THE "CORPORATION")**

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

**COMPOSITION**

The Board shall consist of such number of Directors as is fixed by the Articles of Incorporation (the "**Articles**"), or where the Articles specify a variable number, such number of Directors as may be determined from time to time by the Corporation's shareholders by ordinary resolution. At least 25 % of the Directors shall be resident Canadians. Except as set out in the By-Laws of the Corporation, Board members will be elected at the annual meeting of the shareholders and will serve until their successors are duly appointed. All members of the Board shall have the skills and abilities required to carry out their duties and responsibilities in the most effective manner. The Board shall endeavour to always have the right mix of experience and competencies to discharge its responsibilities.

**MEETINGS**

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

**DUTIES AND RESPONSIBILITIES**

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

**1. Management Selection, Retention and Succession**

- Select, appoint and if necessary terminate the Chief Executive Officer ("**CEO**")
- Approve the list of directors standing for election
- Review this mandate annually and recommend changes to the Board when necessary
- Annually appoint directors to Board committees and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board
- At the Board's discretion, appoint any other Board committees that the Board decides are needed and delegate to such committees specific responsibilities, pursuant to their respective mandate, as approved by the Board
- Approve compensation and compensation programs for senior management, as recommended by the CEO
- Assess the CEO against corporate objectives approved by the Board
- Assess, annually, the effectiveness and the performance of the Board, committees and directors in fulfilling their responsibilities
- Approve directors' compensation

**2. Strategy**

- Review and approve the corporate objectives developed by the CEO
- Review, adopt and monitor the Corporation's strategic planning process
- Monitor the Corporation's performance in light of the approved strategic planning process

**3. Corporate Ethics and Integrity**

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

**4. Financial Responsibilities**

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

**TIMETABLE**

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

**SCHEDULE “B”****AMENDED AND RESTATED STOCK OPTION PLAN (“2018 PLAN”)  
PINE CLIFF ENERGY LTD.****PART 1 - INTRODUCTION****1.1 Purpose**

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentives inherent in share ownership by the directors, management, employees and consultants of the Corporation who, in the judgment of the Board, will contribute to its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids the Corporation in retaining and encouraging directors, management, employees and consultants who are considered as potential key contributors to the success of the Corporation, by providing to them the opportunity to acquire a proprietary interest in the Corporation.

**1.2 Definitions**

Whenever used herein, the following words and expressions shall have the following meanings, namely:

- 1.2.1 “**Affiliate**” has the meaning ascribed thereto in the *Business Corporations Act* (Alberta);
- 1.2.2 “**Blackout Period**” means a period of time during which the Optionee cannot exercise an Option, or sell Optioned Shares, due to applicable policies of the Corporation in respect of insider trading;
- 1.2.3 “**Board**” means the board of directors of the Corporation as it may be constituted from time to time;
- 1.2.4 “**Change of Control**” means:
  - (a) a *bona fide* offer for Shares is made to all shareholders of the Corporation or for 100 percent of a class of shareholders which includes the Optionee, which offer, if accepted in whole or in part, would result in the offeror exercising control over the Corporation within the meaning of the *Securities Act* (Alberta);
  - (b) the sale, lease or transfer of all or substantially all of the Corporation’s assets to any other person or persons or a merger, amalgamation or arrangement; or
  - (c) any other form of transaction which the majority of the Board determines is reasonably likely to have similar effect as either of the transactions referred to in subparagraphs (a) or (b) of this Section;

- 1.2.5 “**Consultant Company**” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- 1.2.6 “**Company**” means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;
- 1.2.7 “**Corporation**” means Pine Cliff Energy Ltd., a corporation incorporated under the laws of the Province of Alberta and any successor or continuing corporation resulting from the amalgamation of the Corporation and any other Company, or resulting from any other corporate reorganization;
- 1.2.8 “**Eligible Consultant**” means, in relation to the Corporation, an individual or Consultant Company, other than an Eligible Employee or an Eligible Director of the Corporation that:
- (a) is engaged to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution (as defined in the *Securities Act* (Alberta));
  - (b) provides the services under a written contract between the Corporation or an Affiliate of the Corporation, and the individual or the Consulting Company;
  - (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation; and
  - (d) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;
- 1.2.9 “**Eligible Director**” means a director of the Corporation or a director of the Corporation’s subsidiaries’ to whom stock Options can be granted in reliance on a prospectus exemption under applicable securities laws;
- 1.2.10 “**Eligible Employee**” means:
- (a) an individual who is considered an employee of the Corporation or of a Subsidiary of the Corporation under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at the source);
  - (b) an individual who works full-time for the Corporation or for a Subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over

the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at the source; or

- (c) an individual who works for the Corporation or for a Subsidiary of the Corporation 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 Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at the source;

1.2.11 **“Eligible Management Company Employee”** means a Management Company Employee of the Corporation or a Management Company Employee of one of the Corporation’s Subsidiaries to whom stock Options can be granted in reliance on a prospectus exemption under applicable securities laws;

1.2.12 **“Eligible Member of Management”** means any Officer of the Corporation or an Officer of a Subsidiary of the Corporation to whom stock Options can be granted in reliance on a prospectus exemption under applicable securities laws;

1.2.13 **“Eligible Participant”** means Eligible Consultants, Eligible Directors, Eligible Employees, Eligible Management Company Employees and Eligible Members of Management;

1.2.14 **“Exchange”** means any exchange upon which the Shares may be listed from time to time;

1.2.15 **“Exercise Price”** means the price at which particular Optioned Shares may be subscribed for pursuant to an Option, as determined under Section 2.3;

1.2.16 **“Insider”** has the same meaning as found in the Securities Act (Alberta), as amended, and also includes associates and affiliates of the insider; and "issuances to insiders" includes direct and indirect issuances to insiders ;

1.2.17 **“Investor Relations Activities”** means any activities by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
  - (i) to promote the sale of products and services of the Corporation; or
  - (ii) to raise public awareness of the issuer;
- (b) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;

- (c) activities or communications necessary to comply with the requirements of:
  - (i) applicable securities laws; or
  - (ii) the by-laws, rules, policies, or other regulatory instruments of any self-regulatory body or exchange having jurisdiction over the Corporation;
- (d) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
  - (i) the communication is only through the newspaper, magazine or publication; and
  - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (e) activities or communications that may be otherwise specified by any stock exchange having jurisdiction over the Corporation;

1.2.18 “**Management Company Employee**” means an individual employed by a Person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities;

1.2.19 “**Officer**” means: (a) the chair or vice chair of the Board, the chief executive officer, the chief operating officer, the chief financial officer, the president, the vice-president, the secretary, the assistant secretary, the treasurer, the assistant treasurer or the general manager of the Corporation or a Subsidiary; or (b) any other individual who performs functions for the Corporation or a Subsidiary similar to those normally performed by an individual referred to in (a);

1.2.20 “**Option**” means an option granted under the terms of the Plan;

1.2.21 “**Option Agreement**” means the form of option agreement attached hereto as Schedule “B”;

1.2.22 “**Option Period**” means the period during which an Option may be exercised;

1.2.23 “**Optioned Shares**” means the Shares issuable on exercise of an Option or Options as the case may be;

1.2.24 “**Optionee**” means an Eligible Participant to whom an Option has been granted under the terms of the Plan;

- 1.2.25 “**Person**” means a Company or an individual;
- 1.2.26 “**Plan**” means the stock option plan established and operated pursuant to the terms hereof and as amended from time to time in accordance with the terms hereof;
- 1.2.27 “**Shares**” means the common shares of the Corporation from time to time authorized by the constating documents of the Corporation;
- 1.2.28 “**Subsidiary**” has the meaning ascribed thereto in the *Business Corporations Act* (Alberta);
- 1.2.29 “**TSX**” means the Toronto Stock Exchange; and
- 1.2.30 “**Voting Share**” means a security of the Corporation that:
- (a) is not a debt security, and
  - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

## **PART 2 - STOCK OPTION PLAN**

### **2.1 Participation**

Options shall be granted only to *bona fide* Eligible Participants.

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.

### **2.2 Determination of Option Recipients**

The Board, or the President, if duly authorized by the Board, shall make all necessary or desirable determinations regarding the granting of Options to Eligible Participants and may take into consideration the present and potential contributions of a particular Eligible Participant to the success of the Corporation and any other factors which it may deem proper and relevant.

### **2.3 Price**

- 2.3.1 The Exercise Price per Share shall be determined from time to time by the Board but, in any event, shall not be lower than the closing price of the Shares on the Exchange on the last trading day preceding the date of grant, if the Shares are then listed for trading on the Exchange. In the event that the Shares are listed for trading on the Exchange and no trades of the Shares have taken place on the Exchange on any trading day within a five-day period immediately preceding the date of grant, the Board may, in its sole discretion subject to Exchange Approval, select as the exercise price per Share the weighted average trading price of the Shares on the

Exchange over the last ten trading days on which the Shares traded on the Exchange immediately preceding the date of the grant.

- 2.3.2 Subject to Sections 3.5 and 3.9, if the Shares become listed for trading on an Exchange or the Corporation has made application to an Exchange for the listing of the Shares thereon, the Board may amend the Exercise Price for any particular Shares and any other terms of all unexercised Options by increasing such Exercise Price, or amending such other terms, in each case to the extent (but only to the extent) necessary to ensure compliance with the requirements of the Exchange.

## **2.4 Grant of Options**

2.4.1 The Board, or the President, if duly authorized by the Board, may at any time authorize the granting of Options to Eligible Participants as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The Board, or the President, if duly authorized by the Board, at its or his discretion, may grant options on such terms and conditions as it or he considers appropriate provided that such terms and conditions are not inconsistent with the Plan and the policies of the Exchange, if applicable.

2.4.2 Each Option granted to an Eligible Participant shall be evidenced by an Option Agreement with terms and conditions consistent with the Plan and as approved by the Board or the President if duly authorized (which terms and conditions need not be the same in each case and may be changed from time to time).

## **2.5 Term of Options**

2.5.1 The Option Period shall not be greater than a period of five (5) years after the date such Option is granted. The Option Period may be reduced with respect to any such Option as provided in Section 2.8 hereof.

2.5.2 Unless otherwise determined at the time of grant by the Board, and subject to the other terms and conditions of this Plan (including Section 2.9 hereof), Options may be exercised as follows:

- (a) no Option may be exercised within one (1) year following the date of grant of the Option;
- (b) after the date that is one (1) year following the date of grant of an Option the Optionee may exercise his rights as to 1/3 of the Shares under option or any lesser part thereof; and
- (c) after each of the first and second anniversaries of the date determined in Section (b) above, the Optionee may exercise his rights as to an additional 1/3 of the Shares under option or any lesser part thereof.

2.5.3 Any Options remaining unexercised after they became eligible for exercise may be exercised in whole or in part at any time during the remainder of the Option Period.

- 2.5.4 Except as set forth in Section 2.8 hereof, no Option may be exercised unless the Options have been vested and the Optionee is at the time of such exercise an Eligible Participant and shall have been an Eligible Participant continuously since the grant of his Option, but absence on leave, subject to any extension to the vesting period required by the Board, shall not be considered an interruption of eligibility for any purpose of the Plan.
- 2.5.5 No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him or them under the terms of the Plan.
- 2.5.6 Notwithstanding anything else contained herein, if the expiration date for an Option occurs during a Blackout Period applicable to the relevant Optionee, or within 10 business days after the expiry of a Blackout Period applicable to the relevant Optionee, then the expiration date for that Option shall be the date that is the 10<sup>th</sup> business day after the expiry date of the Blackout Period (the “**Blackout Expiry Term**”). This subparagraph 2.5.6 applies to all Options outstanding under this Plan. The Blackout Expiry Term for an Option may not be amended by the Board of Directors without the approval of the shareholders in accordance with subparagraph 3.9 of the Plan.

## **2.6 Exercise of Options**

- 2.6.1 To exercise the Option, the Optionee or the Optionee’s personal legal representative shall, no later than the close of business (Calgary time) on the expiry date for such Option as set out in the agreement between the Corporation and the Optionee with respect thereto, give written notice to the Corporation of the Optionee’s intention to exercise the Option in whole or in part, accompanied by cash, certified cheque, bank draft or money order payable to the Corporation for the full amount of the purchase price of the Shares being purchased.
- 2.6.2 Upon any such exercise of an Option, the Corporation shall deliver, or shall cause the registrar and transfer agent of the Corporation to deliver, to the Optionee or the Optionee’s personal representative (or as the Optionee or the Optionee’s personal representative may otherwise lawfully direct in the written notice of exercise) a certificate or certificates in the name of the Optionee or the Optionee’s personal representative (or as otherwise lawfully directed in the written notice of exercise) representing in the aggregate the number of Shares in respect of which full payment of the purchase price thereof has been paid by the Optionee or the Optionee’s personal representative.
- 2.6.3 All Shares subscribed for on exercise of an Option shall be paid for in full at the time of subscription.
- 2.6.4 Except as provided in Section 2.8, no Option may be exercised in whole or in part at any time unless at the time of such exercise the Optionee is an Eligible Participant.

## 2.7 Lapsed Option

If Options are surrendered, terminated or expire without being exercised in whole or in part, the Board, or the President, if duly authorized by the Board, may grant new Options covering the Shares not purchased under such surrendered, terminated or expired Options to the extent permitted by the Exchange, if applicable.

## 2.8 Effect of Termination of Employment or Death

- 2.8.1 If an Optionee shall die while an Eligible Employee, Eligible Director, Eligible Consultant (if an individual), Eligible Member of Management or Eligible Management Company Employee, any vested Option held by him at the date of death shall be exercisable if the Option was issued ten (10) days or more prior to the date of death, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution. All such Options shall be exercisable only for a period of sixty (60) days after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner.
- 2.8.2 If an Optionee ceased to be an Eligible Participant due to termination for cause, no Option held by such Optionee may be exercised following the date on which such Optionee ceases to be an Eligible Participant.
- 2.8.3 If an Optionee ceased to be an Eligible Participant for any reason other than termination for cause or death (which includes, for an Eligible Director, the event the Optionee's term of appointment or election as a director (where such director is not reappointed or re-elected) ends), any vested Option held by such Optionee may be exercised only for a period of ten (10) days after the date on which such Optionee ceases to be an Eligible Participant or prior to the expiration of the Option Period in respect thereof, whichever is sooner.
- 2.8.4 If an Optionee who is an Eligible Consultant ceased to be retained by the Corporation by virtue of a breach of the consulting agreement, termination thereof or the expiry thereof, or such retainer is otherwise terminated (other than for reasons set forth in Sections 2.8.1, 2.8.2 or 2.8.3 above), no Option held by such Eligible Consultant may be exercised following such breach, expiry or termination, as the case may be.

## 2.9 Effect of Change of Control

- 2.9.1 Notwithstanding any other provision of this Plan, the Board may at any time, by notice in writing to the Optionee, in connection with a transaction which, if completed, would constitute a Change of Control (in any such case, a "**Proposed Transaction**"), require the Optionee to accept termination of the Option by electing within the period prescribed by the Board (being at least thirty (30) days in duration or such lesser period as may be approved by the Board (the "**Prescribed Period**"))

to subscribe for all of the Shares issuable on exercise of the Option in accordance with Section 2.9.2.

- 2.9.2 Upon receipt of notice from the Board under Section 2.9.1, the Optionee shall, within the Prescribed Period, elect by notice in writing to the Corporation to accept termination of the Option by subscribing and paying for all of the Shares then remaining issuable on exercise of the Option, regardless of whether such Shares may not be fully vested at such time in accordance with Section 2.5 hereof.
- 2.9.3 In no event shall the Optionee be entitled to sell the Optioned Shares that are subject to a vesting restriction set forth in Section 2.5 hereof otherwise than pursuant to the Proposed Transaction.
- 2.9.4 In any notice of election given by the Optionee under Section 2.9.2, the Optionee shall be deemed to have included a direction to the Corporation that:
- (a) the Corporation only complete the issuance of any Shares subscribed for by the Optionee immediately prior to or contemporaneously with the completion of the Proposed Transaction; and
  - (b) in the event that the Board in good faith determines that the Proposed Transaction will not be completed, the notice of election of the Optionee given under Section 2.9.2 be terminated, and in such event any payment made by the Optionee to the Corporation will be returned to the Optionee and the Option shall thereafter continue to be exercisable by the Optionee in accordance with its terms.
- 2.9.5 If the Optionee has not elected within the Prescribed Period to subscribe for Shares in accordance with Section 2.9.2, the Option will be deemed to have terminated at the end of the Prescribed Period, and the Corporation shall have no further obligations to the Optionee with respect thereto.
- 2.9.6 The provisions of Section 2.9.2 requiring the Optionee to make an election to exercise the Option shall only be invoked with respect to all Optionees generally and not with respect to one or more of the Optionees and not other Optionees. Upon the subscription and payment for Shares by the Optionee or the deemed termination of the Option under Section 2.9.5, all rights of the Optionee under the Option will terminate.
- 2.9.7 Notwithstanding any other provision of this Plan, if the Optionee has elected within the Prescribed Period to subscribe for Shares in accordance with Section 2.9.2, the Board may at any time thereafter, by notice in writing to the Optionee, elect to terminate the Option upon payment to the Optionee of the Termination Amount. For the purpose of this Section 2.9.7, the “**Termination Amount**” shall equal the amount (if any) by which the consideration paid or payable per share pursuant to the Proposed Transaction exceeds the applicable Exercise Price. Upon payment of the Termination Amount, the Corporation shall have no further obligations to the Optionee with respect to the Option.

## 2.10 Effect of Amalgamation, Consolidation or Merger

2.10.1 Subject to Section 2.9, if the Corporation amalgamates, consolidates or merges with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Eligible Participant would have received upon such amalgamation, consolidation or merger if the Eligible Participant had exercised his Option immediately prior to the record date applicable to such amalgamation, consolidation or merger (whether or not such Option would otherwise then have been fully exercisable at such time), and the Exercise Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

2.10.2 Except as expressly provided herein, the grant of any Option shall not in any way limit or affect the rights or powers of the Board, the Corporation or its shareholders to make any changes or deal in any manner with the authorized, issued or unissued Shares or any other securities of the Corporation and no such change or dealing shall give any right or entitlement to the holder of any Option in respect or as a result thereof.

## 2.11 Cashless Exercise

Any Optionee may elect to effect a cashless exercise of any or all of such Optionee's vested and exercisable rights under an Option. In connection with any such cashless exercise, the Optionee shall be entitled to receive, without any cash payment (other than taxes required to be paid in connection with the exercise which must be paid by the Optionee to the Corporation in cash at the time of exercise in accordance with Section 3.8 hereof), such number of whole Shares (rounded down to the nearest whole number) obtained pursuant to the following formula:

$$X = \frac{[A \times (B - C)]}{B}$$

Where:

X	=	the number of whole shares to be issued
A	=	the number of vested Options being exercised
B	=	the closing price of the Shares on the Exchange on the last day preceding the day that written notice of the request for cashless exercise is received by the Corporation at its head office
C	=	the exercise price of the Option

In connection with any such cashless exercise, the full number of Options being exercised (item "A" in the formula) shall be considered to have been issued for the purposes of determining the number of Shares which may be issued under the Plan.

## 2.12 Adjustment in Shares Subject to the Plan

Subject to the approval of the TSX, if there is any change in the Shares through a consolidation, subdivision or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject

to any Option, and the purchase price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.

### **2.13 Approval**

The term of the Options granted from time to time hereunder, and the Optionees to whom Options are granted, are subject, if applicable, to the Exchange accepting notice of such terms and proposed Optionees.

## **PART 3- GENERAL**

### **3.1 Number of Shares**

- 3.1.1 The aggregate number of Shares that may be available for issuance under the Plan shall not exceed ten (10%) percent of the total number of Shares outstanding (on a non-diluted basis) at the time of grant.
- 3.1.2 The aggregate number of Shares so available for issuance under the Plan or under any other security based compensation arrangements:
- (a) to any one Optionee in any twelve (12) month period shall not exceed five (5%) percent of the issued Shares (on a non-diluted basis) at the time of grant of any Option (including the Shares that are subject to such Option);
  - (b) to any one Eligible Consultant in any twelve (12) month period shall not exceed two (2%) percent of the issued Shares (on a non-diluted basis) at the time of the grant of any Option (including the Shares that are subject to such Option);
  - (c) to all Eligible Employees conducting Investor Relations Activities in any twelve (12) month period shall not exceed two (2%) percent of the issued Shares (on a non-diluted basis) at the time of the grant of any Option (including the Shares that are subject to such Option); and
  - (d) to any Insiders:
    - (i) issued to Insiders, within any one year period; and
    - (ii) issuable to Insiders, at any time,
    - (iii) under the arrangement or when combined with all of the Corporation's other security based compensation arrangements, which cannot exceed 10% of the Corporation's total issued and outstanding securities, respectively.

### **3.2 Transferability**

- 3.2.1 All benefits, rights and Options accruing to any Eligible Participant in accordance with the terms and conditions of the Plan shall not be assignable or transferable, other than as provided in Section 2.8.1 upon death of an Optionee. During the lifetime of an Eligible Participant all benefits, rights and Options may only be exercised by the Eligible Participant.
- 3.2.2 Participation in the Plan shall not affect an Eligible Participant's eligibility to participate in any other benefit or incentive plan of the Corporation or a Subsidiary.
- 3.2.3 Any Option granted pursuant to this Plan shall not obligate the Corporation to make any benefit available to an Eligible Participant under any other plan of the Corporation unless otherwise specifically provided for in such plan.
- 3.2.4 Nothing contained in this Plan shall prevent the Corporation or any Subsidiary from adopting other or additional compensation arrangements for the benefit of any Eligible Participant, subject to any required shareholder or regulatory approval.
- 3.2.5 Under no circumstances shall the Corporation be obliged to issue any fractional Shares upon the exercise of an Option. To the extent that an Optionee would otherwise have been entitled to receive, on the exercise or partial exercise of an Option, a fraction of a Share, the Option shall be cancelled with respect to such fraction.

### **3.3 Employment**

Nothing contained in the Plan shall confer upon any Eligible Participant any right with respect to employment or continuance of employment or any retainer with the Corporation or interfere in any way with the right of the Corporation to terminate the Eligible Participant's employment or retainer at any time. Participation in the Plan by an Eligible Participant is voluntary.

### **3.4 Record Keeping**

The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Eligible Participant; and
- (b) the number of Options granted to an Eligible Participant and the number of Options outstanding.

### **3.5 Necessary Approvals**

- 3.5.1 The Plan shall be effective only upon the approval of the Exchange, and, if required by such Exchange, by the shareholders of the Corporation.
- 3.5.2 The obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to the approval of any governmental, securities regulatory

authority or Exchange having jurisdiction which may be required in connection with the authorization or issuance of such Shares by the Corporation. If any Shares cannot be issued to any Eligible Participant for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Exercise Price paid to the Corporation shall be returned to the Eligible Participant.

- 3.5.3 Each grant of an Option under the Plan shall be subject to the requirement that if at any time the Board shall determine that any agreement, undertaking or other action or co-operation on the part of an Optionee, including in respect to a disposition of the Shares, is necessary or desirable as a condition of, or in connection with (a) the listing, registration or qualification of the Shares subject to the Plan upon any Exchange or under the laws of any applicable jurisdiction or (b) obtaining a consent or approval of any governmental or other regulatory body, the exercise of such Option and the issue of Shares thereon may be deferred in whole or in part by the Board until such time as the agreement, undertaking or other action or co-operation shall have been obtained in a form and on terms acceptable to the Board.

### **3.6 Administration of the Plan**

- 3.6.1 The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive.
- 3.6.2 Administration of the Plan shall be the responsibility of the appropriate directors and/or officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.
- 3.6.3 The Officers of the Corporation are authorized and directed to do all things and execute and deliver all agreements, instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Plan and of the rules and regulations established for administering the Plan.

### **3.7 Right to Options**

Nothing contained herein or in any resolution previously or hereafter adopted by the Board shall vest the right in any person to receive any Option. No person shall acquire any of the rights of any Optionee unless and until a written Option agreement in accordance with Section 2.4.2 shall have been duly executed on behalf of the Corporation and delivered to the Optionee and executed and delivered by the Optionee to the Corporation. Any agreement purporting to be an Option agreement shall, to the extent it may be contrary to the express provisions of the Plan, be unenforceable by the Optionee against the Corporation.

### **3.8 Income Taxes**

- 3.8.1 The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal,

provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right (and the Optionee shall consent to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares otherwise issuable pursuant to the Option as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Optionee shall consent to such sale and grant to the Corporation an irrevocable power of attorney to affect the sale of such Shares and shall acknowledge and agree that the Corporation does not accept responsibility for the price obtained on the sale of such Shares.

- 3.8.2 Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation makes no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of the Corporation, or any of its officers, directors, employees or other representatives shall have any liability to an Optionee with respect thereto.

### **3.9 Amendments or Termination of the Plan**

- 3.9.1 The Board reserves the right to amend, modify or terminate the Plan at any time without shareholder approval subject to the rules of the TSX. Any amendment to any provision of the Plan shall be subject to approval, if applicable and if required, by the Exchange or any regulatory body having jurisdiction over the securities of the Corporation, and, if required, by the shareholders of the Corporation in the manner prescribed by the Exchange or any regulatory body having jurisdiction over the Corporation from time to time.
- 3.9.2 If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board shall remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.

### **3.10 Reduction in Exercise Price**

Any reduction to the Exercise Price of an Option must be approved by the Board and shall require such approvals as may be required by any regulatory body having jurisdiction, including disinterested shareholder approval if required by the Exchange.

### **3.11 Representation or Warranty**

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

### **3.12 Liability**

Neither the Corporation, nor any of its directors, officers or employees are liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the purchase or sale of Shares hereunder, with respect to any fluctuations in the market price of Shares or in any other manner related to the Plan.

### **3.13 Governing Law**

The Plan shall be governed by the laws of the Province of Alberta excluding any conflicts of law, rule or principle which might refer such construction to the laws of another jurisdiction.

### **3.14 Interpretation**

Words used herein importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

### **3.15 Compliance with Applicable Laws**

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of the Exchange, if applicable, or any regulatory body having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.