

**MANAGEMENT INFORMATION CIRCULAR**  
**June 22, 2020**

**This management information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Pinedale Energy Limited (the “Company” or “Pinedale”) for use at the annual general meeting (the “Meeting”) of shareholders of the Company (“Shareholders”) to be held on July 20, 2020 and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Annual General Meeting. Except where otherwise indicated, the information contained herein is stated as of June 22, 2020.**

In this Information Circular, references to the “**Company**” and “**we**” refer to Pinedale Energy Limited. “**Common Shares**” or “**Class A Shares**” means the Class A common shares without par value in the capital of the Company. “**Class B Shares**” means the Class B common shares without par value in the capital of the Company. “**Registered Shareholders**” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “**Non-Registered Shareholders**” means Shareholders who do not hold Common Shares in their own name. “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners) under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. As a result, objecting beneficial owners will not receive the Information Circular and associated Meeting materials unless their Intermediary assumes the costs of delivery.

**Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers or directors of the Company. **If you are a Registered Shareholder, you have the right to attend the Meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy.**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed Proxy and returning it to the Company’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”), in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment or postponement thereof at which the Proxy is to be used.

Every Proxy may be revoked by an instrument in writing which is:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and

- (ii) delivered either to the registered office of the Company 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 to the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

#### **Exercise of Discretion by Proxyholder**

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the Meeting.

#### **Voting by Non-Registered Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. as nominee for The Canadian Depository for Securities Limited (which acts as depository for many Canadian brokerage firms and custodian banks), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting.

The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company's proxy to represent you at the Meeting. Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as proxyholder for your Intermediary and vote your Common Shares in that capacity. To exercise this right to attend the meeting or appoint a proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

**If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.**

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

No person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and as set out herein. For the purpose of this paragraph, "person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's last financial year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

#### **RECORD DATE AND QUORUM**

The board of directors (the "**Board**") of the Company has fixed the record date for the Meeting as the close of business on June 12, 2020 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting.

Under the Company's articles (the "**Articles**"), the quorum for the transaction of business at a meeting of Shareholders is one person who is a shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of shareholders, present in person or by proxy.

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

On the Record Date, there were 112,472,114 Common Shares issued and outstanding, with each Common Share carrying the right to one vote.

To the knowledge of the directors and executive officers of the Company, as of the Record Date, no Shareholders beneficially own, or exercise control or direction over, directly or indirectly, Common Shares carrying 10% or more of the votes attached to the issued and outstanding Common Shares.

#### **PARTICULARS OF MATTERS TO BE ACTED UPON**

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

#### **Presentation of Financial Statements**

The annual audited consolidated financial statements of the Company for the financial year ended December 31, 2019, together with the auditor's report thereon, will be placed before the Meeting. The Company's financial

statements are available on the System of Electronic Document Analysis and Retrieval (“**SEDAR**”) website at www.sedar.com.

**Election of Directors**

The Company proposes to fix the number of directors of the Company at three and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the director nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares that each beneficially owns or over which control or direction is exercised.

<b>Name, Residence and Present Position within the Company</b>	<b>Director Since</b>	<b>Number of Class A Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised<sup>(1)</sup></b>	<b>Principal Occupation<sup>(1)</sup></b>
<b>Gordon Nielsen</b> <sup>(2)</sup> West Vancouver, British Columbia <i>Director</i>	<b>August 30, 2018</b>	<b>250,000</b>	President of Geologistics Management Corp., a consulting company engaged in providing management services to public and private companies focused in the natural resource sector. A Director of the Company since August 2018.
<b>Scott Young</b> <sup>(2)</sup> Vancouver, British Columbia <i>Director</i>	<b>May 20, 2020</b>	<b>Nil</b>	Independent Consultant providing Investor Relations and Corporate Governance advise to private and public companies.
<b>Claus Andrup</b> <sup>(2)</sup> Vancouver, British Columbia <i>Director</i>	<b>May 20, 2020</b>	<b>Nil</b>	Independent consultant providing CEO and CFO services for over 25 years.

**Notes:**

<sup>(1)</sup> The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above have held the principal occupation or employment indicated for at least the five preceding years.

<sup>(2)</sup> Member of the audit committee of the Company.

Other than as set out below, to the knowledge of the Company, no proposed director of the Company is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

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

For the purposes of subsection (a) above, “**order**” means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 consecutive days.

Scott Young was a director of Sonoma Resources Inc. when it received a cease trade order from the British Columbia Securities Commission on August 6, 2014 (the “**BC Order**”) and from the Alberta Securities Commission on November 5, 2014 (the “**AB Order**”) for failure to file the required financial information. The BC Order was partially revoked on June 12, 2015 and fully revoked on July 24, 2015. The AB Order was fully revoked on July 27, 2015.

Gordon Nielsen was a director of Bucking Horse Energy Inc. when it received a cease trade order was issued to the Company by the British Columbia Securities Commission on April 10, 2013 (the “**Cease Trade Order**”), for failing to file the following documents within the required time period: Comparative Financial Statement December 31, 2012; Management’s Discussion and Analysis December 31, 2012; and Annual Information Form December 31, 2012. The Cease Trade Order was never rescinded and the company is being wound down and dissolved.

To the knowledge of the Company, no proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within ten years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in the 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;
- (b) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or executive officer;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **Appointment of Auditor**

Management is proposing that MNP LLP of Suite 2200, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3, hold office as auditors of the Company until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration. The Board appointed MNP LLP as auditors of the Company effective February 26, 2016.

### **Approval of the Stock Option Plan**

At the Meeting, Shareholders of the Company will be asked to approve the continuation of the Company's stock option plan (the "**Plan**"). The purpose of the Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

The TSX Venture Exchange (the "**TSXV**") requires all listed companies with a "rolling" stock option plan to obtain shareholder approval of such plan on an annual basis. The Board is of the opinion that it is in the best interests of the Company to approve and ratify the existing Plan.

The following summary of the Plan does not purport to be complete and is qualified in its entirety by reference to the Plan. A full copy of the Plan will be available at the Meeting for review by Shareholders. Shareholders may also obtain copies of the Plan from the Company prior to the Meeting on written request

#### *Eligible Participants*

Options may be granted under the Plan to directors and senior officers of the Company or its subsidiaries, management company employees (collectively, the "**Directors**"), employees of the Company or its subsidiaries (collectively, the "**Employees**") or consultants of the Company or its subsidiaries (collectively, the "**Consultants**"). The Board, in its discretion, determines which of the Directors, Employees or Consultants will be awarded options under the Plan.

#### *Number of Shares Reserved*

The number of Common Shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding Common Shares at the date of granting of options. Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Plan.

#### *Limitations*

Under the Plan, the aggregate number of options granted to any one individual in a 12-month period must not exceed 5% of the issued and outstanding Common Shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding Common Shares of the Company in any 12-month period, calculated at the date an option is granted to any such person.

#### *Term of Options*

Subject to the termination and change of control provisions noted below, the term of any options granted under the Plan is determined by the Board and may not exceed ten years from the date of grant.

#### *Exercise Price*

The exercise price of options granted under the Plan is determined by the Board, provided that it is not less than the discounted market price, as that term is defined in the policy manual or such other minimum price as is permitted by

the TSXV in accordance with the policies in effect at the time of the grant, or, if the Common Shares are no longer listed on the TSXV, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of stock options granted to insiders may not be decreased without disinterested Shareholder approval at the time of the proposed amendment.

#### *Vesting*

All options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the TSXV, if applicable, or as may be imposed by the Board

#### *Termination.*

Any options granted pursuant to the Plan will terminate upon the earliest of:

- (a) the end of the term of the stock option;
- (b) on the date the holder ceases to be eligible to hold the option (the “**Cessation Date**”), if the Cessation Date is as a result of dismissal for cause or regulatory sanction;
- (c) one year from the date of death or disability, if the Cessation Date is as a result of death or disability;
- (d) on such other date as fixed by the Board, provided that the date is no more than one year from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause; or
- (e) if no date is set by the Board under (d), 90 days from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause.

Disinterested Shareholder approval will be sought in respect of any material amendment to the Plan. Shareholders will be asked at the Meeting to approve, with or without variation, an ordinary resolution (the “**Option Plan Resolution**”) in respect of the continuation of the Plan.

**The Board unanimously recommends that Shareholders vote IN FAVOUR of the Option Plan Resolution.**

#### **The Share Capital Amendment**

The Company intends to amend its Articles as to: (a) remove the existing Class B Shares from the Company’s authorized capital, of which none are issued and outstanding; (b) create a new class of shares, to be issuable in series, and to be designated as the “**Preferred Shares**”; (c) amend the special rights and restrictions of the Company’s Class A Shares as to (i) delete references to the Class B Shares therein, (ii) provide that the Preferred Shares have a priority over the Class A Shares with respect to payment of dividends and distributions upon liquidation, dissolution or winding-up, whether voluntary or involuntary, of the Company, and (iii) re-designate the Class A Shares as the “Common Shares”.

The Company has a “dual class” structure that was created in connection with the acquisition by the Company of the shares of outstanding shares of 0970831 B.C. Ltd. (“**Subco**”), and was intended to resolve issues under policies of the TSXV with listing requirements related to maintaining a satisfactory “Public Float” (as defined under applicable TSXV policies). At present, there are no Class B Shares outstanding, and the directors do not anticipate any need to maintain the Class B Shares.

The elimination of the Class B Shares will simplify the Company’s capital structure. Further, the creation of the Preferred Shares will provide the Board with flexibility with respect to potential financings in the future, as the Board will be able to cause the Company to create and issue a series of Preferred Shares without having to obtain shareholder approval.

The special rights and restrictions that will attach to the Common Shares and the Preferred Shares have been appended hereto as Schedule C-1.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, a special resolution, the text of which is set forth in Schedule “C” of this Information Circular (the “**Share Capital Resolution**”), to approve the amendment to the Articles of the Company as described above.

**The Board unanimously recommends that Shareholders vote IN FAVOUR of the Share Capital Resolution.**

### **Approval of the Disposition of Assets**

#### *Background*

At a special meeting of shareholders of the Company held in May, 2017, shareholders approved certain transactions, including the acquisition of the outstanding shares of Subco (the “**Transaction**”). The Transaction was a “Reverse Take-over” of Pinedale (which was then named Outrider Energy Corp.) and resulted in a “Change of Control” of Pinedale (as defined under applicable TSXV policies). At the time of the Transaction, Pinedale had no active business. Subco’s principal business activity was upstream oil and gas operations focused upon its assets in the Pinedale field in the Greater Green River Basin of Wyoming (the “**Assets**”).

The Transaction closed on June 1, 2017. Pursuant to the Transaction, the Company issued to Mr. J. Bradley Windt 3,805,763 Class A Shares and 86,184,237 Class B Shares at a price of \$0.195 per share, representing an aggregate value of \$17,548,050, and issued to LeBoeuf Farms Ltd., a corporation controlled by Donald Sharpe, 423,333 Class A Shares and 9,686,667 Class B Shares, also at a price of \$0.195 per share, representing an aggregate value of \$1,951,950. The Company therefore issued shares with an aggregate value of approximately \$19.5 million in connection with the Transaction. The value of Subco’s oil and gas assets was supported by an independent engineering report prepared for Subco.

In connection with the Transaction, Messrs. Windt, Sharpe and John Proust became directors of the Company, and Mr. Windt became the Chief Executive Officer and President and Barry Loughlin became the Chief Financial Officer and the Secretary.

As indicated, upon completion of the Transaction, the Company’s principal business activity was focused upon developing Subco’s interests in the Pinedale field in Wyoming. Natural gas from the Pinedale field is produced from the Lance Pool, a tight sandstone gas reservoir developed primarily between depths of 10,000 to 14,000 feet, and is developed by over 3,000 vertical and directionally drilled in-fill wells within a 110-square mile area.

#### *Value of the Assets and Liabilities of Subco on a Consolidated Basis*

In September 2017, funding was required for the Company’s operations, and the Company issued an interest bearing promissory note (the “**Promissory Note**”) dated September 1, 2017 in favour of Mr. Windt, for the principal amount of \$3,500,000 and Mr. Sharpe for the principal amount of \$500,000 representing an aggregate principal amount of \$4,000,000. These funds were secured by a general security agreement granted by the Company in favour of Messrs. Windt and Sharpe. The Company on-lent the proceeds of the Promissory Note to Subco’s direct wholly-owned subsidiary, Pinedale Energy Inc. (“**US Subco**”).

At the time that the Promissory Note was entered into, US Subco renewed into a secured revolving credit agreement with a US based bank. Indebtedness under this facility was outstanding as of May 20, 2020 in the amount of approximately US \$4.65 million (the “**Operating Loan**”).

From time to time, the Company advanced funds to US Subco as required as non-interest bearing demand inter-company balances. As of May 20, 2020, an aggregate of approximately US \$4.1 million was owing by US Subco to the Company. This amount includes indebtedness pursuant to the loan by the Company of the proceeds of the Promissory Note to US Subco, which was the subject of security in favour of Messrs. Windt and Sharpe (as US Subco had guaranteed the Promissory Note and granted security for that guarantee).

Subsequent to December 31, 2019, the World Health Organization declared COVID-19 a global pandemic, prompting many countries around the world to close international borders and order the closure of institutions and businesses. This has resulted in a swift and significant reduction in economic activity in Canada and internationally and has resulted in a sudden drop in demand for natural gas and crude oil. COVID-19 has caused an unprecedented global health crisis, and, coupled with an oversupply of crude oil has contributed to an economic crisis as well. The effect of low commodity prices as a result of reduced demand associated with the impact of COVID-19 has had, and, is likely to continue to have a negative impact on Pinedale's operational results and financial condition. Low prices for natural gas and crude oil have reduced Pinedale's cash flow, and impacted Pinedale's ability to participate in any future well development program and also resulted in a significant decrease in the value of the Company's oil and gas reserves.

Based upon an independent oil and gas reserves report obtained by the Company, as of the Company's December 31, 2019 year end, the estimated net present value of future revenues attributable the proved and probable reserves of the Company, before tax and discounted at 15%, using constant pricing, was approximately US \$5.9 million. At the request of the TSXV, the Company has obtained an independent mechanical update (the "**Mechanical Update**") report to the December 31, 2019 year end reserves report. The scope of the Mechanical Update was to roll forward, verify and update where necessary, production curves and operating costs and update product pricing and regional price differentials. The Mechanical Update has an effective date of April 1, 2020 and was prepared by a different independent qualified reserves evaluator. Based upon the Mechanical Update the net present value of future revenues attributable to the proved and probable reserves of the Company, before tax and discounted at 15%, using constant pricing as of April 1, 2020 was estimated at approximately US \$2.8 million.

The Mechanical Update was completed in compliance with the definitions and guidelines set forth in Canadian National Instrument 51-101 - *Standards for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook. The Mechanical Update assumed that development of each property in respect of which the estimate was made will occur, without regard to the likely availability of the funding required for that development. It should not be assumed that the estimates of future net revenues presented in the Mechanical Update represent the fair market value of the reserves. There is also no assurance that the prices and costs assumptions used in the Mechanical Update will be attained and variances could be material. Product pricing and the change in the effective date from December 31, 2019 to April 1, 2020 have resulted in the drastic reduction in future revenue estimates attributable to the Company's oil and gas assets.

As of May 20, 2020, Subco and US Subco also had cash balances in the amount of approximately US \$210,000, such that the consolidated assets of Subco had an estimated value of approximately US \$3.0 million (using the estimated net present value of future reserves from the Mechanical Update).

As of May 20, 2020, the secured indebtedness owing by US Subco totalled approximately US \$6.7 million, and consisted of the current balance owing on the Promissory Note to Messrs. Windt and Sharpe (which as indicated, was on-lent by the Company to US Subco) in the amount of approximately US 2.0 million and the current balance of US Subco's Operating Loan of US \$4.7 million. Before consideration of the unsecured indebtedness forming part of the Intercompany Loan owing by US Subco to the Company, the value of the Company's liabilities exceeded its assets, and there was a shortfall of approximately US \$3.7 million. The unsecured portion of the Intercompany Loan (approximately US \$2.1 million of the US \$4.1 million as at May 20, 2020) was considered to have nominal value as it ranks behind US Subco's secured indebtedness indicated above.

#### *Summary of the Disposition Agreement*

As a consequence of the net deficit position in relation to the Company's investment in Subco and US Subco, the Company has determined that it is in the Company's best interests to sell (the "**Disposition**") of all of the issued and outstanding shares of SubCo (which results in the sale of US Subco as well as a wholly owned subsidiary of Subco). The Company has entered into a share transfer and assignment agreement dated May 20, 2020 with Messrs. Windt and Sharpe (the "**Purchasers**"), Subco and US Subco (the "**Disposition Agreement**"), a copy of which is set forth in Schedule "E" of this Information Circular. The description of the Disposition Agreement provided below is a summary and is qualified in its entirety by the terms of the Disposition Agreement.

Pursuant to the terms of the Disposition Agreement,

- (a) the Company will sell the outstanding shares of Subco to Messrs. Windt and Sharpe for nominal consideration; and
- (b) the Company will assign the Intercompany Loan to Subco in exchange for Subco assuming its obligations to the Purchasers under the Promissory Note, and at closing of the disposition, the Company will obtain a release by Messrs. Windt and Sharpe of the Company's obligations under the Promissory Note and security granted by the Company thereunder.

The Disposition Agreement contemplates that closing will occur on the business day after the receipt of approval by the Shareholders at the Meeting. In the Disposition Agreement, the Company and the Purchasers have provided certain representations and warranties, and Subco and US Subco have provided certain covenants with respect to the conduct of business pending closing. There are also certain customary conditions to closing for the benefit of the Company and the Purchasers.

It is intended that from and after the execution of the Disposition Agreement, the Subco and US Subco will essentially be operated for the benefit of the Purchasers, and it is intended that no distributions or payments be made to the Company. Similarly, it is not intended that the Company will advance any further funds to Subco or US Subco.

Pursuant to the Disposition Agreement, the Company will indemnify the Purchasers from any claims or losses or liabilities arising from a breach of any representation, warranty or covenant of the Company in the Purchase Agreement. Further, after closing Subco and US Subco will jointly and severally indemnify the Company and certain related parties thereto in relation to any claims or losses or liabilities arising from facts or circumstances involving Subco and US Subco and relating the time period before closing, including the ownership and operation of the assets before closing.

At closing, the directors and officers of Subco and US Subco (who are representatives of the Company) will resign and provide a release to Subco and US Subco, and will receive a reciprocal release from Subco and US Subco.

#### *Dispositions by Messrs. Windt and Sharpe and Corporate Reorganization*

Immediately prior to the Disposition Agreement being entered into, Messrs. Windt and Sharpe disposed of most of their shares of the Company in private transactions. Based upon Mr. Windt's public filings, the Company understands that Mr. Windt disposed of 85,046,887 Class A Shares and 833,333 warrants to acquire Class A Shares, in each case in a privately negotiated transaction. The Class A Shares represented 75.62% of the Class A Shares on an undiluted basis, and the securities represented 75.5% of the Class A Shares on a fully diluted basis. Further, Mr. Windt and Mr. Chris Schultze, a director and Chief Operating Officer, and Mr. Barry Loughlin, the Chief Financial Officer, all resigned from the Company. Mr. Gordon Nielsen remained as a director of the Company, and two additional directors were appointed, Claus Andrup and Scott Young. Messrs. Nielsen, Andrup and Young are all nominees for election at the Meeting, and information concerning their respective backgrounds is provided herein. Mr. Andrup was also appointed interim Chief Executive Officer and interim Chief Financial Officer.

The replacement directors of the Company approved the Disposition Agreement on behalf of the Company.

#### *Flavocure Biotech Inc.*

Following the Disposition, the Company will have disposed of substantially all of its assets and liabilities. The Company has entered into a letter of intent ("LOI") with Flavocure Biotech Inc. ("Flavocure") pursuant to which Flavocure will complete a reverse take-over of the Company and the current Shareholders of the Company pursuant to a to-be-completed definitive agreement regarding the same. The Company announced the LOI in a news release dated May 25, 2020.

#### *Shareholders' Approval*

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, a special resolution, the

text of which is set forth in Schedule “D” of this Information Circular (the “**Disposition Resolution**”), to approve the Disposition.

The members of the Board have considered the Disposition on the terms and conditions provided in the Disposition Agreement and approved the entering into the Disposition Agreement. The members of the Board have determined that the Disposition is in the best interests of the Company, and authorized submission of the Disposition to the Shareholders for approval.

**The Board unanimously recommends that Shareholders vote IN FAVOUR of the Disposition Resolution.**

The Disposition constitutes all or substantially all of the assets of the Company and requires approval of the Shareholders in accordance with the *Business Corporations Act* (British Columbia) (“**BCBCA**”). In addition the Purchasers are former directors and officers of the Company. While the Purchasers are no longer directors or officers or significant Shareholders of the Company, the TSXV requires that the Disposition Resolution be passed by a majority of the votes cast at the Meeting other than Shareholders who are “interested parties” and thereby excluded for purposes of determining “minority approval” under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The TSXV considers that Messrs. Windt and Sharpe are “interested parties” under MI 61-101. Additionally, under MI 61-101, it is necessary to exclude for purposes of determining minority approval, votes cast by: (a) any Shareholders who are “related parties” of the “interested parties”, unless the “related party” meets that description solely in its capacity as a director or senior officer of one or more persons that are neither interested parties nor “issuer insiders” of the Company; and (b) a “joint actor” with any of the foregoing persons in connection with the transaction. Terms used in this paragraph shall have the meaning ascribed thereto in MI 61-101.

Consequently, the Disposition Resolution must be approved by: (i) 2/3 of the votes cast on the Disposition Resolution; and (ii) a simple majority of the votes cast on the Disposition Resolution by the Shareholders, excluding votes cast by Shareholders that need to be excluded pursuant to MI 61-101 as described above, on the basis that Messrs. Windt and Sharpe are “interested parties”.

As of the date of this Information Circular the Company understands that Mr. Windt may continue to own 4,130,946 Class A Shares, or 3.67% of the issued and outstanding Class A Shares on an undiluted basis and Mr. Sharpe may continue to own 654,075 Class A Shares or 0.58% of the issued and outstanding Class A Shares on an undiluted basis.

*Dissent Rights*

Under the BCBCA, Shareholders have dissent rights with respect to the resolution approving the Disposition. Shareholders who wish to dissent should take note that the procedures for dissenting to the Disposition Resolution requires strict compliance with Sections 237 to 247 of the BCBCA.

**The following description of the rights of Registered Shareholders to dissent from the Disposition Resolution is not a comprehensive statement of the procedures to be followed by a dissenting Shareholder who seeks payment of the fair value of their shares. A Registered Shareholder's failure to follow exactly the procedures set forth in Sections 237 to 247 of the BCBCA will result in the loss of such Registered Shareholder's dissent rights. If you are a Registered Shareholder and wish to dissent in respect of the Disposition Resolution, you should obtain your own legal advice and carefully read the provisions of Sections 237 to 247 of the BCBCA (see Schedule “G” of this Information Circular).**

Any Registered Shareholder is entitled to be paid the fair value of the Shares held in accordance with Section 245 of the BCBCA if such holder duly dissents in respect of the Disposition Resolution and the Disposition becomes effective (the “**Dissent Rights**”). A Shareholder is not entitled to dissent with respect to such holder’s shares if such holder votes any of those shares in favor of the Disposition Resolution.

Anyone who is a beneficial owner of Shares registered in the name of an intermediary and who wishes to dissent should be aware that only Registered Shareholders are entitled to exercise Dissent Rights. A Registered Shareholder who holds Common Shares as an intermediary for one or more beneficial owners, one or more of whom wish to

exercise Dissent Rights, must exercise such Dissent Rights on behalf of such holder(s). In such case, the notice should specify the number of Common Shares held by the intermediary for such beneficial owner. A dissenting Shareholder may dissent only with respect to all of the Common Shares held on behalf of any one beneficial owner and registered in the name of the dissenting Shareholder.

A dissenting Shareholder is required to send a written objection to the Disposition Resolution to the Company, prior to the Meeting, as described below. **A vote against the Disposition Resolution or not voting on the Disposition Resolution does not constitute a written objection for purposes of the right to dissent under Section 242 of the BCBCA.**

Each Shareholder of the Company who intends to exercise Dissent Rights must send a written notice of dissent from the Disposition Resolution pursuant to Section 242 of the BCBCA, to the Company by 4:00 p.m. (Pacific time) on July 17, 2020. The notice of dissent should be delivered by registered mail to the Company at the address for notice described below.

After the Disposition Resolution is approved by Shareholders and within one month after the Company notifies each Shareholder that has validly exercised Dissent Rights (the “**Dissenting Shareholder**”) of the Company’s intention to act upon the Disposition Resolution, the Dissenting Shareholder must send to the Company a further written notice. Such notice must state that the Dissenting Shareholder requires the purchase of all of the Common Shares (the “**Dissenting Shares**”) in respect of which such Dissenting Shareholder has given notice of dissent (the “**Dissent Completion Notice**”), together with the share certificate or certificates representing the Dissenting Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the Shareholder on behalf of a beneficial holder). Upon receipt of the Dissent Completion Notice, the Dissenting Shares will be repurchased by the Company in accordance with the BCBCA. The Dissenting Shareholder will be entitled to receive the fair value that the Dissenting Shares had immediately before the passing of the Disposition Resolution.

A Shareholder who does not strictly comply with the dissent procedures or, for any other reason, is not entitled to be paid fair value for his, her or its Dissenting Shares will participate in the Disposition on the same basis as non-dissenting Shareholders.

#### Address for Notice

All notices of dissent to the Transaction Resolution pursuant to Section 242 of the BCBCA should be sent to the Company at:

Dentons Canada LLP  
850 – 2<sup>nd</sup> Street S.W.  
15<sup>th</sup> Floor, Bankers Court  
Calgary, Alberta T2P 0R8

Attention: James O’Sullivan

#### Strict Compliance with Dissent Provisions Required

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by Shareholders who wish to dissent from the Disposition Resolution and be paid the fair value of their Common Shares and is qualified in its entirety by reference to Sections 237 to 247 of the BCBCA. The dissent procedures must be strictly adhered to and any failure by a Shareholder to do so will result in the loss of that holder’s Dissent Rights. Accordingly, each Shareholder who wishes to exercise Dissent Rights should carefully consider and comply with the Dissent Procedures and consult such holder’s legal advisers.

#### **Name Change**

The Company intends to change its name to “Flavocure Biotech Inc.” (the “**Name Change**”) in anticipation of completing a reverse take-over transaction as described in the Company’s news release dated May 25, 2020.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, a special resolution, the text of which is set forth in Schedule “F” of this Information Circular (the “**Name Change Resolution**”), to approve the Name Change. To be effective, the Name Change Resolution must be approved as a special resolution.

**The Board has determined that the Name Change is in the best interests of the Company and unanimously recommends that Shareholders vote IN FAVOUR of the Name Change Resolution.**

### OTHER BUSINESS

As of the date of this Information Circular, the management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

### EXECUTIVE COMPENSATION

For the purposes set out below a “**Named Executive Officer**” or “**NEO**” means:

- (a) the Company’s chief executive officer (“**CEO**”);
- (b) the Company’s chief financial officer (“**CFO**”);
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, 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 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

As at December 31, 2019, the end of the most recently completed financial period of the Company, the Company had two NEOs, whose names and positions held within the Company are set out in the summary compensation table below.

#### Director and Named Executive Officer Compensation

The following table is a summary of compensation awarded to, earned by, paid to, or payable to each director and NEO of the Company for the two most recently completed financial years ended December 31, 2019 and December 31, 2018.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year Ended</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Brad Windt</b> <sup>(1)</sup> <i>Former Director, Former President &amp; Former CEO</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

Table of compensation excluding compensation securities							
Name and position	Year Ended	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Barry Loughlin</b> <sup>(2)</sup> <i>Former CFO &amp; Former Corporate Secretary</i>	2019	72,000	Nil	Nil	Nil	Nil	72,000
	2018	67,000	Nil	Nil	Nil	Nil	67,000
<b>Chris Schultze</b> <sup>(3)</sup> <i>Former Director &amp; Former COO</i>	2019	72,000	Nil	Nil	Nil	Nil	72,000
	2018	72,000	Nil	Nil	Nil	Nil	72,000
<b>Donald Sharpe</b> <sup>(4)</sup> <i>Former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Gordon Nielsen</b> <sup>(5)</sup> <i>Director</i>	2019	Nil	Nil	12,000	Nil	Nil	12,000
	2018	Nil	Nil	4,000	Nil	Nil	4,000
<b>John G. Proust</b> <sup>(6)</sup> <i>Former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Mr. Windt was appointed as a director, the CEO and the President of the Company effective May 31, 2017 and resigned on May 22, 2020.
- (2) Mr. Loughlin was appointed as the CFO and Corporate Secretary of the Company effective May 31, 2017 and resigned on May 22, 2020. During this time, Mr. Loughlin received compensation for acting as the CFO of the Company.
- (3) Mr. Schultze was appointed as the COO of the Company effective June 2, 2017 and as a director of the Company effective December 18, 2018 and resigned from both positions on May 22, 2020. During this time, Mr. Schultze received compensation for acting as the COO of the Company.
- (4) Mr. Sharpe was appointed as a director of the Company effective May 31, 2017 and resigned on December 18, 2018.
- (5) Mr. Nielsen was appointed as a director of the Company effective August 30, 2018. Mr. Nielsen receives compensation in the form of director fees.
- (6) Mr. Proust was appointed as a director of the Company effective December 17, 2007 and resigned on December 19, 2019.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (C\$)	Closing price of security or underlying security on date of grant (C\$)	Closing price of security or underlying security at year end (C\$)	Expiry Date
<b>Brad Windt</b> <sup>(1)</sup> <i>Former Director, Former President &amp; Former CEO</i>	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Barry Loughlin</b> <sup>(2)</sup> <i>Former CFO &amp; Former Corporate Secretary</i>	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Chris Schultze</b> <sup>(3)</sup> <i>Former Director &amp; Former COO</i>	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Donald Sharpe</b> <sup>(4)</sup> <i>Former Director</i>	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Gordon Nielsen</b> <sup>(5)</sup> <i>Director</i>	N/A	Nil	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Mr. Windt held no compensation securities on the last day of the most recently completed financial year.
- (2) Mr. Loughlin held 438,021 compensation securities on the last day of the most recently completed financial year.
- (3) Mr. Schultze held 438,021 compensation securities on the last day of the most recently completed financial year.
- (4) Mr. Sharpe held no compensation securities on the last day of the most recently completed financial year.
- (5) Mr. Nielsen held no compensation securities on the last day of the most recently completed financial year.

No compensation securities were exercised by the directors or NEOs during the most recently completed financial year.

**Stock option plans and other incentive plans**

The Plan was previously approved by the Shareholders on December 19, 2019. A copy of the Plan is available at the records office of the Company at 11<sup>th</sup> Floor – 1111 Melville Street, V6E 3V6 Vancouver, British

Columbia, Canada until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

### **Employment, consulting and management agreements**

The Company did not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities during the most recently completed financial year.

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

The objective of the Company's compensation program is to compensate the directors and executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its directors and executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company's resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the directors and executive officers with those of the Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in Shareholder value. The Company does not provide medical and dental benefits, pension or other benefits to the directors and executive officers.

The base compensation of the directors and executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and Board from time to time determine the stock option grants to be made pursuant to the Company's Plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

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

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

<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>	<b>Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by Shareholders (the Plan)	1,314,064	\$0.26	9,933,147
Equity compensation plans not approved by	Nil	N/A	N/A

Shareholders			
<b>TOTAL:</b>	1,314,064	\$0.26	9,933,147

**Note: In connection with the execution of the Distribution Agreement and the LOI with Flavocure, the outstanding stock options of the Company were cancelled.**

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

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Information Circular, or has been at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries.

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

Since the commencement of the Company's most recently completed financial year no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries. As disclosed under "Approval of Disposition of Assets" Mr. J. Bradley Windt and Mr. Donald Sharpe, former directors and officers of the Company, are parties to the Disposition Agreement involving the Company.

#### **MANAGEMENT CONTRACTS**

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than by the directors or executive officers of the Company.

#### **STATEMENT OF CORPORATE GOVERNANCE**

##### **Corporate Governance**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day to day management of the Company. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 - *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

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

The Board currently consists of the following three members: Gordon Nielsen, Claus Andrup, and Scott Young. It is proposed that the following individuals will be nominated for election at the Meeting: Gordon Nielsen, Claus Andrup, and Scott Young.

There are three members of the Board, and Gordon Nielsen and Scott Young are considered to be independent for purposes of membership on the Board. For this purpose, a director is independent if he has no direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. Of the proposed nominees, Claus Andrup is considered to be a non-independent directors.

##### **Other Directorships**

The directors of the Company are not directors of any other reporting issuers as at June 22, 2020.

### **Orientation and Continuing Education**

Orientation of new members of the Board is conducted informally by management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

### **Ethical Business Conduct**

The Board has not adopted a formal code of business conduct and ethics. The Board is of the view that the fiduciary duties placed on individual directors by the Company's governing legislation and common law together with corporate statutory restrictions on an individual director's participation in Board decisions in which the director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of the Company and the Shareholders.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual general meeting. The Board takes into account the number of directors required to carry out the Board's duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee; this function is currently performed by the Board as a whole. The Board encourages an objective nomination process through collective communication among the directors.

### **Compensation**

The Board has not established a formal compensation committee. Rather, the independent Board members are responsible for reviewing and determining the adequacy and form of compensation paid to the Company's directors, executives and key employees. The independent Board members evaluate the performance of senior management measured against the Company's business goals and industry compensation levels.

### **Board Committees**

The Board has no committees other than the Audit Committee (as defined herein).

### **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **AUDIT COMMITTEE**

### **Audit Committee Disclosure**

Pursuant to Section 224(1) of the BCBCA and National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators ("NI 52-110") the Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) overseeing the Company's financial reporting processes

generally. In meeting these responsibilities, the Audit Committee monitors the financial reporting process and internal control systems, reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

### **The Audit Committee's Charter**

The Company has adopted a Charter of the Audit Committee of the Board, a copy of which is attached hereto as Schedule "A" of this Information Circular.

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

The Audit Committee is currently comprised of the following members: Gordon Nielsen, Claus Andrup, and Scott Young. Each member of the Audit Committee is considered to be financially literate, as defined by NI 52-110, in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

Messrs. Andrup and Nielsen may be considered to not be "independent" for purposes of NI 52-110 as Mr. Andrup is an executive officer of the Company and Mr. Nielsen is an executive officer of certain direct and indirect wholly-owned subsidiaries of the Company. Mr. Young is considered to be "independent". As a consequence, a majority of the members of the Audit Committee are not independent, and the company is not compliant with NI 52-110. The Company intends to become compliant with the independence requirement of 52-110 in conjunction with the matters discussed in the LOI.

The members of the Audit Committee are elected by the Board at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full Board, the members of the Audit Committee designate a chair by a majority vote of the full Audit Committee membership.

### **Relevant Education and Experience**

Mr. Nielsen holds bachelor of science degrees in Geology and Chemistry and previously held a securities license in Canada. He has been an officer and/or director of multiple public companies and has been a member of numerous of audit committees.

Mr. Young has held a securities license in both Canada and the U.S. He has previously acted as a CFO and sat on the audit committee for other TSXV listed companies.

Mr. Andrup has acted as an officer and director for Canadian companies since 1981. During this time he has served as a member or chairman on the Audit Committees for numerous publicly listed companies.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 6.1.1(4), (5) and (6) provide exemptions in certain circumstances from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the venture issuer. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

### **Pre-approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

### **External Auditor Service Fees**

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in respect of each of the last two fiscal years, by category, are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2019	\$51,949	Nil	Nil	Nil
December 31, 2018	\$40,339	Nil	Nil	Nil

### **Exemption**

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company’s comparative annual audited financial statements and management’s discussion and analysis for its most recently completed financial year, and will be available online at [www.sedar.com](http://www.sedar.com). Shareholders may request additional copies by (i) mail to 11th Floor - 1111 Melville Street, Vancouver, British Columbia V6E 3V6; or (ii) telephone to: (604) 341-4691

### **DIRECTORS’ APPROVAL**

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board.

DATED at Vancouver, British Columbia, this 22<sup>nd</sup> day of June, 2020

### **ON BEHALF OF THE BOARD OF DIRECTORS**

“Claus Andrup”

---

Claus Andrup  
President & Chief Executive Officer

## Schedule “A”

### Charter of the Audit Committee of the Board of Directors of Pinedale Energy Limited (the “Company”)

#### **Mandate**

The primary function of the audit committee (the “**Audit Committee**”) is to assist the board of directors of the Company (the “**Board of Directors**”) in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting; and (c) financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements; (ii) review and appraise the performance of the Company’s external auditors; (iii) provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors; and (iv) to ensure the highest standards of business conduct and ethics.

#### **Composition**

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, each of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee are financially literate. For the purposes of the Company’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a chair is elected by the full Board of Directors, the members of the Audit Committee may designate a chair by a majority vote of the full Audit Committee membership.

#### **Meetings**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Audit Committee members and relevant management personnel along with background information on a timely basis prior to the Audit Committee meetings.

The CEO and CFO or their designate shall be available to attend at all meetings of the Audit Committee upon invitation by the Audit Committee.

Any employees as appropriate shall be available to attend and/or to provide information to the Audit Committee upon invitation by the Audit Committee.

#### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Audit Committee shall:

##### Documents/Reports Review

- a. Review and update this Charter annually.
- b. Review the Company's financial statements, management discussion and analysis', any annual and interim earnings statements and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.
- c. Review changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
- d. Review significant accruals, reserves or other estimates such as any calculations of impairment;
- e. Review adjustments raised by external auditors, whether or not included in the financial statements;
- f. Review disclosure requirements for any commitments and contingencies;
- g. Review expenses incurred by the Chairman of the Board and the CEO of the Company. The Audit Committee is to ensure that the CEO reviews and approves all expenses incurred by direct executive reports of the CEO; and
- h. Review any other matters required by law, regulation or stock exchange that the Audit Committee feels are important or have been delegated by the Board.

#### External Auditors

The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit Committee. With respect to the activities of the external auditors, the Audit Committee shall:

- a. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Company.
- b. Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.
- c. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- d. Take or recommend that the full Board of Directors take appropriate action to oversee the independence of the external auditors.
- e. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- f. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- g. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- h. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

- i. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The preapproval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services;  
  
and
  - iii. such services are promptly brought to the attention of the Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

#### Financial Reporting Processes

- a. In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- b. Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- c. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- d. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- e. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- f. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- g. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- h. Review certification process for certificates.
- i. Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### Other

- a. Review any related party transactions.

- b. Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters (“**Concerns**”) relating to the Company such that:
  - i. an individual may confidentially and anonymously submit their Concerns to the Chairman of the Audit Committee in writing, by telephone, or by e-mail;
  - ii. the Audit Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and
  - iii. the Audit Committee retains all records relating to any Concerns reported by an individual for a period the Audit Committee judges to be appropriate.

**Schedule “B”**

**Option Plan Resolution**

ORDINARY RESOLUTION OF THE SHAREHOLDERS OF PINEDALE ENERGY LIMITED

(the “**Company**”)

“BE IT RESOLVED THAT:

1. the Company’s current 10% rolling stock option plan, be ratified, confirmed and approved, and that in connection therewith a maximum of 10% of the issued and outstanding common shares at the time of each grant be approved for granting as options; and
2. any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.”

## Schedule "C"

### Share Capital Resolution

#### SPECIAL RESOLUTION OF THE SHAREHOLDERS OF PINEDALE ENERGY LIMITED

(the "Company")

"BE IT RESOLVED THAT:

1. the authorized share structure of the Company be altered by (a) eliminating the existing Class B common shares (the "**Class B Shares**") from the Company's authorized share structure, of which none are allotted, issued or outstanding; (b) creating a new class of shares, with no maximum number and, without par value, to be issuable in series, to be designated as the "**Preferred Shares**", having attached thereto the special rights and restrictions as set out in part 29 of Schedule "C-1" attached hereto; (c) amend the special rights and restrictions of the Company's Class A common shares (the "**Class A Shares**") as to (i) delete references to the Class B Shares therein, (ii) provide that the Preferred Shares have a priority over the Class A Shares with respect to payment of dividends and distributions upon liquidation, dissolution or winding-up, whether voluntary or involuntary, of the Company, and (iii) changing the identifying name of the Class A Shares to the "**Common Shares**".
2. the articles of the Company (the "**Articles**") be altered by (i) deleting the special rights and restrictions attached to the Class B Shares and amending the special rights and restrictions to the Class A Shares by deleting part 28 of in its entirety and replacing it with the special rights and restrictions as set out in part 28 of Schedule "C-1" attached hereto, and (ii) attaching special rights and restrictions to the Preferred Shares by adding to the Articles the special rights and restrictions as set out in part 29 of Schedule "C-1" attached hereto, all to give effect to paragraph no. 1 above;
3. the alterations made to the Company's authorized share structure and Articles shall not take effect until the notice of articles of the Company (the "**Notice of Articles**") is altered to reflect such alterations to the authorized share structure and Articles of the Company;
4. the Notice of Articles of the Company be altered to reflect the alterations to the authorized share structure and Articles of the Company authorized herein above by filing a notice of alteration with the Registrar of Companies for British Columbia;
5. the directors of the Company are authorized to revoke this special resolution or any part of it at any time before it is acted upon without further approval of the shareholders; and
6. any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing."

## Schedule “C-1”

### Special Rights and Restrictions

#### Part 28

##### Special Rights and Restrictions Attached to the Common Shares

###### 28.1 Voting.

The holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company (other than a separate meeting of the holders of another class of shares) and shall have one vote for each Common Share held.

###### 28.2 Dissolution.

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall, subject to the rights of holders of any other classes of shares of the Company ranking in priority to the Common Shares with respect to any such event, participate rateably without preference or distinction, in the remaining assets of the Company.

###### 28.3 Dividends.

Subject to the rights of holders of any other classes of shares of the Company ranking in priority to the Common Shares with respect to the payment of dividends, the holders of the Common shares shall be entitled to receive and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine.

#### Part 29

##### Special Rights and Restrictions Attached to the Preferred Shares

The Preferred Shares of the Company shall have attached thereto the following special rights and restrictions:

###### 29.1 Directors’ Authority to Issue in One or More Series.

The Preferred Shares may from time to time be issued in one or more series. The directors may, by resolution passed before the issue of shares of any particular series of Preferred Shares, alter the Notice of Articles and Articles of the Company to fix the number of shares in that series and determine the designation of shares of that series; and to create, define and attach the rights, privileges, restrictions and conditions attaching to the shares of that series.

###### 29.2 Pari Passu Ranking on Dividends and Return of Capital.

In respect of dividends or a return of capital (whether on winding up or on the occurrence of another event that would result in the holders of all series of Preferred Shares being entitled to a return of capital):

- (a) the Preferred Shares shall have priority over the Common Shares in the capital of the Company and over any other shares of the Company ranking junior to the Preferred Shares in respect of such payment;
- (b) the Preferred Shares shall rank junior to any other shares of the Company ranking senior to the Preferred Shares in respect of such payment; and
- (c) no special rights or restrictions attached to a series of Preferred Shares shall confer upon a series priority over any other series of Preferred Shares then outstanding.

### 29.3 Ratable Participation.

If cumulative dividends in respect of a series of Preferred Shares are not paid in full, the shares of all series of Preferred Shares shall participate rateably in respect of accumulated dividends in accordance with the amounts that would be payable on those shares if all the accumulated dividends were paid in full. If amounts payable on a winding up, or on the occurrence of any other event that would result in the holders of all series of Preferred Shares being entitled to a return of capital, are not paid in full, the shares of all series of Preferred Shares shall participate rateably in a return of capital in respect of the class in accordance with the amounts that would be payable on the return of capital if all amounts so payable were paid in full.

## Schedule "D"

### Disposition Resolution

#### SPECIAL RESOLUTION OF THE SHAREHOLDERS OF PINEDALE ENERGY LIMITED

(the "Company")

"BE IT RESOLVED THAT:

1. the execution and delivery by the Company of that share transfer and assignment agreement between the Company, 0970831 B.C. Ltd., Pinedale Energy Inc., Brad Windt and Don Sharpe (the "**Distribution Agreement**") as set forth in Schedule "E" to the management information circular of the Company dated June 22, 2020 is hereby approved, ratified and confirmed;
2. the Company is hereby authorized to perform its obligations under the Disposition Agreement, including, without limitation, (a) the sale of the shares of 0970831 B.C. Ltd. to Messrs. Windt and Sharpe; and (b) the assignment of the Intercompany Loans (as defined in the Disposition Agreement) on the terms and for the consideration provided for in the Disposition Agreement;
3. the completion of the transactions provided for in the Disposition Agreement is hereby authorized and approved as sale of all or substantially all of the undertaking of the Company for purposes of the Section 301 of the *Business Corporations Act* (British Columbia);
4. notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered, at their discretion, without any further notice to or approval of the shareholders of the Company, to amend the Distribution Agreement or any agreement ancillary thereto to the extent permitted by the terms thereof or, subject to the terms of the Distribution Agreement, not to proceed with any or all of the transactions contemplated thereby; and
5. any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

**Schedule “E”**

**Share Transfer and Assignment Agreement**

**[See attached]**

## SHARE TRANSFER AND ASSIGNMENT AGREEMENT

**THIS AGREEMENT** is made effective the 20<sup>th</sup> day of May, 2020.

### **BETWEEN:**

**PINEDALE ENERGY LIMITED**, a corporation incorporated under the laws of the Province of British Columbia  
(the "**Vendor**")

-and-

**0970831 B.C. LTD.**, a wholly owned subsidiary of the Vendor, incorporated under the laws of the Province of British Columbia  
(the "**Subco**")

-and-

**PINEDALE ENERGY INC.**, an indirect wholly owned subsidiary of the Vendor, incorporated under the laws of the State of Wyoming  
(the "**U.S. Subco**")

-and-

**BRAD WINDT**, a businessman residing in the Province of British Columbia  
(the "**Windt**")

-and-

**DON SHARPE**, a businessman residing in the Province of British Columbia  
(the "**Sharpe**" together with Windt, the "**Purchasers**")

### **WHEREAS:**

- A. The Vendor is the registered owner of the Subco Shares (as defined herein);
- B. The Vendor wishes to sell, assign and transfer the Subco Shares to the Purchasers, and the Purchasers wish to purchase and acquire from the Vendor the Subco Shares, on the terms and conditions hereinafter set forth;
- C. The Vendor wishes to assign to Subco the Intercompany Loans (as defined herein), and in exchange therefor, Subco wishes to assume the obligations owing by the Vendor under the Promissory Note; and
- D. Subco and U.S. Subco wish to indemnify the Vendor in relation to the conduct of the Business before Closing.

**NOW THEREFORE** in consideration of the premises, mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby covenant and agree as follows:

## **ARTICLE 1 DEFINITIONS**

### **1.1 Definitions**

In this Agreement, including the Recitals and any Schedules, unless the context otherwise requires, the following words or expressions shall have the following meanings:

- (1) **“Agreement”** means this Share Transfer and Assignment Agreement, including any and all Schedules hereof, as amended, supplemented, restated and replaced from time to time in accordance with its provisions;
- (2) **“Business”** means the business of oil and gas exploration and development conducted by Subco and U.S. Subco;
- (3) **“Business Day”** means any day on which banks are generally open for business in Vancouver, British Columbia, other than a Saturday or Sunday;
- (4) **“Closing”** means the completion of the purchase and sale transaction contemplated hereunder on the Closing Date in accordance with this Agreement;
- (5) **“Closing Date”** means the first Business Day after receipt of Shareholder Approval to the transactions contemplated hereby;
- (6) **“Consent to Assignment”** means the letter agreement to be entered into between the Vendor and the Purchasers at Closing in substantially the form appended hereto as Schedule “A”;
- (7) **“General Security Agreement”** means the general security agreement of the Vendor in favour of the Purchasers dated September 1, 2017, pursuant to which the Promissory Note is secured;
- (8) **“Governmental Authorities”** means any domestic or foreign government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, body, organization or agency, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government;
- (9) **“Intercompany Loans”** means the intercompany loans owing and payable by U.S. Subco to the Vendor, which have been in part evidenced by a promissory note dated as of September 1, 2017 in the amount of US \$3,184,966.96. As at the date of the Agreement, the aggregate amount of the intercompany loans is US\$4,219,144;

- (10) **“Mutual Release”** means an agreement whereby the directors and officers of Subco and U.S. Subco resign at Closing, and are granted a release by Subco and U.S. Subco of matters arising before Closing, subject to customary exceptions, in a form agreed by the Parties, acting reasonably;
- (11) **“Parties”** means the Vendor, Subco, U.S. Subco and the Purchasers, and **“Party”** means either one of them as context requires;
- (12) **“Promissory Note”** means the secured promissory note dated September 1, 2017 of the Vendor, as amended, issued in favour of: (i) Windt, for the principal amount of \$3,500,000; and (ii) Sharpe, for the principal amount of \$500,000, representing an aggregate principal amount of \$4,000,000. As at the date of this Agreement, the remaining principal amount is (i) \$2,499,875 payable to Windt; and (ii) \$357,125 payable to Sharpe, representing an aggregate principal amount of \$2,857,000;
- (13) **“Purchase Price”** has the meaning ascribed to it in Section 2.2 hereof;
- (14) **“Purchasers”** means Windt and Sharpe;
- (15) **“Shareholder Approval”** means the approval of the shareholders of the Vendor of the transactions contemplated by this Agreement, which shall be as follows: (a) approval as a special resolution under the Business Corporations Act (British Columbia); and (b) approval on a “majority of the minority” basis as required by the TSX Venture Exchange (the **“TSXV”**);
- (16) **“Subco”** means 0970831 B.C. Ltd.;
- (17) **“Subco Shares”** means 1,241,228 shares of the Subco registered in the name of the Vendor, representing 100% of the issued and outstanding shares of the Subco;
- (18) **“U.S. Subco”** means Pinedale Energy Inc.;
- (19) **“Tax Act”** means the *Income Tax Act*, RSC 1985, c.1 and regulations thereto, as amended from time to time; and
- (20) **“Vendor”** means Pinedale Energy Limited.

## 1.2 Construction

In this Agreement, unless otherwise expressly stated:

- (1) The terms “this Agreement”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement and any and all schedules hereto, and not to any particular article, section, paragraph, subparagraph, clause or portion hereof, and shall include any agreement or instrument supplementary or ancillary hereto;
- (2) The division of this Agreement into articles, sections, paragraphs, subparagraphs and clauses and the insertion of headings is for convenience of reference only and does not affect the construction or interpretation of this Agreement;

- (3) Words importing the singular include the plural and vice versa, words importing the use of any gender include all genders and references to a “person” or “persons” include individuals, partnerships, associations, bodies politic, trusts, unincorporated organizations, corporations and any other entity and the rest of any sentence in which such words are contained is to be construed as if the necessary grammatical and terminological changes had been made;
- (4) The words “include” or “including” when following any general term or statement are not to be construed as limiting the general term or statement to the specific items or matters set forth, or to similar items or matters, but rather as permitting such general term or statement to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (5) References herein to any agreement or instrument, including this Agreement, are deemed to be references to the agreement or instrument as varied, amended, modified, supplemented or replaced from time to time and any specific references herein to any legislation or enactment are deemed to be references to such legislation or enactment as the same may be amended or replaced from time to time;
- (6) Time is of the essence for the purposes of this Agreement; and
- (7) All dollar amounts referred to in this Agreement are expressed in lawful money of Canada unless otherwise indicated. References to “US\$” in this Agreement refer to United States dollars.

### **1.3 Invalidity of Provisions**

If at any time before or after the Closing Date, any provision of this Agreement is held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision is severable from this Agreement and has no force and effect to the extent of such illegality, voidability or unenforceability, but the illegality, voidability or unenforceability of such provision has no effect upon, and does not impair, the enforceability of any other provision of this Agreement.

## **ARTICLE 2 PURCHASE AND SALE**

### **2.1 Purchase and Sale of Subco Shares**

Subject to the terms and conditions of this Agreement, the Vendor hereby agrees to sell, assign, transfer, convey and set over to the Purchasers, and the Purchasers hereby agree to purchase from the Vendor, all of the Vendor’s right, title and interest in and to the Subco Shares, free and clear of any encumbrances, to have and to hold the same, together with all benefit and advantage to be derived therefrom, for the consideration hereinafter set forth. The Subco Shares shall be transferred to the Purchasers as follows:

- (a) 1,086,075 Subco Shares to Windt, representing approximately 87.5% of the issued and outstanding Subco Shares; and

- (b) 155,153 Subco Shares to Sharpe, representing approximately 12.5% of the issued and outstanding Subco Shares.

## **2.2 Purchase Price**

The aggregate purchase price for the Subco Shares shall be \$10.00 (the “**Purchase Price**”), which shall be payable to the Purchaser as follows:

- (a) \$8.75 payable by Windt; and
- (b) \$1.25 payable by Sharpe.

## **2.3 Transfer of Intercompany Loans**

Subject to the terms and conditions of this Agreement, the Vendor agrees to assign and transfer to Subco, free and clear of any encumbrances, the Intercompany Loans. As consideration therefore, Subco agrees to assume all obligations owing by the Vendor under the Promissory Note.

## **2.4 Closing**

Closing of the transactions contemplated hereby shall occur at the offices of the solicitors of the Vendor at 10 a.m. (Vancouver time) on the Closing Date, or at such other place and time as the Parties may agree.

## **2.5 Securities Law Matters**

It is the intention of the Parties that the transfer of the Subco Shares is made in reliance on prospectus exemptions contained in National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”). In connection with the transfer of the Subco Shares to the Purchasers, each of the Purchasers has represented that he is an “accredited investor” within the meaning of section 2.3 of NI 45-106.

# **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

## **3.1 Vendor’s Representations and Warranties**

The Vendor hereby represents and warrants to the Purchasers as follows, and acknowledges and agrees that each of the Purchasers is relying upon such representations and warranties in entering into this Agreement:

- (1) **Status of the Vendor** – The Vendor is a body corporate duly incorporated, amalgamated or continued, and organized, and is validly subsisting, under the laws of the Province of British Columbia.
- (2) **Authority** – The Vendor has sufficient right, power, authority and capacity to enter into this Agreement and to carry out and perform its obligations pursuant to the terms of this Agreement.

- (3) **Authorization** – Subject to receipt of Shareholder Approval, all necessary actions have been taken by the Vendor or on its part to authorize the execution and delivery of this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it and the performance of its obligations hereunder and thereunder. Other than (a) Shareholder Approval, (b) the approval of the Purchasers in relation to the assignment and assumption of the Promissory Note and the General Security Agreement, (c) the acceptance of the transactions contemplated by this Agreement by the TSXV (the “**Required Approvals**”) there is no requirement on the part of the Vendor or the Subco to obtain any consent, approval or waiver of a third party to complete the transactions contemplated by this Agreement, and there is no requirement on the part of the Vendor or the Subco to make any filing with or give any notice to any Governmental Authority, or obtain any authorization, in connection with the completion of the transactions contemplated by this Agreement.
- (4) **No Conflict** – Subject to the receipt of the Required Approvals, the execution and delivery of and performance by the Vendor of the transactions contemplated by this Agreement will not constitute a default under, or be in contravention of or in breach of, any agreement or instrument to which the Vendor is party, or by which it is bound, or with any of the terms or provisions of its constating documents or any applicable law.
- (5) **Binding Agreement** – This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding agreement of the Vendor enforceable against it in accordance with its terms.
- (6) **Corporate Status of Subco** – Subco is a corporation duly incorporated, organized and validly existing under the laws of the Province of British Columbia.
- (7) **Title to Subco Shares** – The Vendor is the registered owner of the Subco Shares, with good and marketable title thereto, free and clear of any encumbrances (other than the General Security Agreement, which is to be discharged at Closing). Subject to the General Security Agreement, the Vendor has not assigned, mortgaged, hypothecated or pledged any of the Subco Shares, and the Subco Shares are not subject to any contract or restriction which in any way limits or restricts the transfer to the Purchasers of the Subco Shares other than those restrictions on transfer contained in the constating documents of the Subco.
- (8) **Title to Intercompany Loans** - The Vendor is the legal and beneficial owner of the Intercompany Loans, free and clear of any encumbrances (other than the General Security Agreement, which will be discharged at Closing). Subject to the General Security Agreement, the Vendor has not assigned, mortgaged, hypothecated or pledged its interest in the Intercompany Loans, and the Intercompany Loans are not subject to any contract or restriction which in any way limits or restricts the transfer to Subco of the Intercompany Loans.
- (9) **No Other Agreements to Purchase** – No person other than the Purchasers has any contract or any right or privilege capable of becoming a contract for the purchase or acquisition from the Vendor of any of the Subco Shares.
- (10) **Private Issuer** – Subco is a “private issuer” within the meaning of NI 45-106.

### 3.2 Purchasers' Representations and Warranties

Each of the Purchasers hereby represents and warrants to the Vendor as follows, and acknowledges and agrees that the Vendor is relying upon such representations and warranties in entering into this Agreement:

- (1) **Authority** – Each of the Purchasers has sufficient right, power, authority and capacity to enter into this Agreement, and to carry out and perform his obligations pursuant to the terms of this Agreement.
- (2) **No Conflict** – The execution and delivery of and performance by each of the Purchasers of the transactions contemplated by this Agreement will not constitute a default under, or be in contravention or in breach of, any agreement or instrument to which either of the Purchasers is party, or by which either is bound or the terms or provisions of any applicable law.
- (3) **No Assignment** - The Purchasers have not assigned, transferred or encumbered their interest in the Promissory Note or the General Security Agreement.
- (4) **Accuracy of Descriptions** - (a) The descriptions of the Promissory Note, the Intercompany Loan and the U.S. Subco Loan documentation contained herein are accurate in all material respects; and (b) As of the date hereof, no amounts are owing from the Vendor to either Subco or U.S. Subco, and except in respect of the Intercompany Loans, no amounts are owing from either Subco or U.S. Subco to the Vendor;
- (5) **Binding Agreement** – This Agreement has been duly executed and delivered by each of the Purchasers and constitutes a legal, valid and binding agreement of each of the Purchasers enforceable against him in accordance with its terms.
- (6) **Securities Law** – Each of the Purchasers is acquiring the Subco Shares as principal for investment purposes only and not with a view to resale or distribution. Each of the Purchasers is an “accredited investor” within the meaning of section 2.3 of NI 45-106.

### 3.3 Survival

All of the representations, warranties, covenants and agreements made in this Agreement by the Parties shall survive the Closing, and will continue to be in full force and effect.

## ARTICLE 4 COVENANTS

### 4.1 Shareholder Approval

The Vendor shall duly call, give notice of and convene a meeting of the shareholders of the Vendor (the “**Vendor Meeting**”) as soon as practicable after execution of this Agreement, and in any event, the Vendor Meeting shall be held not later than July 20, 2020 in order to seek the Shareholder Approval. Subco and U.S. Subco shall provide all information that is reasonably required by the Vendor in order to prepare a management information circular to be disseminated to the Vendor’s shareholders and other meeting materials.

## 4.2 Conduct of Business

From and after the execution of this Agreement, it is intended that Subco and U.S. Subco shall continue to carry on business in the ordinary course in a manner consistent with past practise until Closing. It is intended that no dividend or distribution shall be made by Subco or U.S. Subco to the Vendor before Closing, such that the operation of the business by Subco and U.S. Subco until Closing shall effectively accrue to the Purchasers. It is also intended that the Vendor not be required to provide any funding or financial assistance to Subco or U.S. Subco. Further, Subco and U.S. Subco covenant that without the consent of the Vendor and the Purchasers, until Closing, each of them will:

- (1) carry on business in the ordinary course;
- (2) not (a) amend their constating documents; (b) pay any dividend or distribution; (c) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Subco or U.S. Subco, or securities convertible into or exchangeable or exercisable for, shares of Subco or U.S. Subco (acknowledging that the shares of U.S. Subco have been pledged by Subco to CrossFirst Bank); (d) split, consolidate, redeem, purchase or otherwise acquire any of the outstanding shares of Subco or U.S. Subco; or (e) adopt any resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Subco or U.S. Subco; or (f) agree to do any of the foregoing;
- (3) not (a) sell, pledge, dispose of their assets, except in the ordinary course of business; (b) acquire any corporation, partnership or other business organization or make any investment, either by purchase of shares or securities; (c) acquire any assets, except in the ordinary course of business; (d) waive or relinquish any contractual right which is material to the business of Subco and U.S. Subco; or (e) agree to do any of the foregoing.

The Vendor agrees that before Closing, to the extent within its control, it will cause Subco or U.S. Subco to comply with its obligations under this Agreement.

## 4.3 General Covenant

Until Closing, no action will be taken by any Party which would reasonably be expected to be inconsistent with the provisions of this Agreement or would reasonably be expected to impede the consummation of the transactions contemplated hereby.

## ARTICLE 5 CONDITIONS

### 5.1 Purchasers Conditions

The obligation of the Purchasers to complete the transactions contemplated hereby is subject to the satisfaction or waiver by the Purchasers, at or prior to Closing, of each of the following conditions:

- (1) **Shareholder Approval** - The Shareholder Approval shall have been obtained at the Vendor Meeting.
- (2) **No Prohibition** - No law or preliminary or permanent injunction or other order, decree or ruling issued by a Governmental Authority having jurisdiction over the Parties which

restrains, enjoins, prohibits or otherwise makes illegal the consummation of the transaction contemplated hereby shall be in effect;

- (3) **Vendor's Representations and Warranties** - The Vendor's representations and warranties shall be true, complete and accurate in all material respects as of Closing.
- (4) **Covenants** - The covenants and agreements contained in this Agreement that are to be performed on or prior to Closing by the Vendor shall have been duly performed by the Vendor in all material respects.
- (5) **Certificate** - The Vendor shall have delivered to the Purchasers a certificate, signed by an officer of the Vendor and dated the Closing Date to the effect that the conditions set forth in Sections 5.1(3) and (4) have been satisfied.

## 5.2 Vendor Conditions

The obligation of the Vendor to complete the transactions contemplated hereby is subject to the satisfaction or waiver by the Vendor, at or prior to Closing, of each of the following Conditions:

- (1) **Shareholder Approval** - The Shareholder Approval shall have been obtained at the Vendor Meeting.
- (2) **No Prohibition** - No law or preliminary or permanent injunction or other order, decree or ruling issued by a Governmental Authority having jurisdiction over the parties which restrains, enjoins, prohibits or otherwise makes illegal the consummation of the transactions contemplated hereby shall be in effect;
- (3) **Purchasers' Representations and Warranties** - The Purchasers' representation and warranties shall be true, complete and accurate in all material respects as of Closing.
- (4) **Covenants** - The covenants and agreements contained in this Agreement that are to be performed on or prior to Closing by the Purchasers shall have been duly performed by the Vendor in all material respects.
- (5) **Certificate** - The Purchasers shall have delivered to the Vendor a certificate, signed by the Purchasers and dated the Closing Date, to the effect that the conditions set forth in Sections 5.2(3) and (4) have been satisfied.

## 5.3 Effect of Closing

If Closing occurs, all conditions shall be deemed to have been satisfied or waived.

# ARTICLE 6 INDEMNIFICATION

## 6.1 Indemnification by Vendor

Subject to Closing occurring, the Vendor will indemnify and save harmless the Purchasers from and against any actions, suits, proceedings, claims or demands (collectively, "**Claims**") and any losses,

liabilities, damages or expenses (including reasonable legal fees)(collectively “**Liabilities**”) in any way caused by or arising directly or indirectly from, or in consequence of, any non-fulfilment of any covenant or agreement on the part of the Vendor under this Agreement or in any incorrectness in, or breach of, any representation or warranty of the Vendor contained herein.

## **6.2 Indemnification by Subco and U.S. Subco**

Subject to Closing occurring, Subco and U.S. Subco will jointly and severally indemnify and save harmless the the Vendor and its affiliates and their respective directors, officers, employees and agents (the “**Vendor Indemnified Parties**”) from and against any Claims or Liabilities in any way caused by or arising directly or indirectly from, or in consequence of, facts or circumstances involving Subco and U.S. Subco and relating to the time period before Closing, including the ownership and operation of the Business prior to Closing.

## **ARTICLE 7 CLOSING**

### **7.1 Vendor’s Deliveries**

On Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (1) share certificates representing the Subco Shares duly endorsed in blank for transfer or accompanied by irrevocable stock transfer form;
- (2) form of assignment of the Intercompany Loans, duly executed by the Vendor and Subco and acknowledged by U.S. Subco;
- (3) copies of (a) resolutions evidencing the Shareholder Approval; and (b) resolutions of the directors of Subco approving this Agreement and the transactions contemplated hereby, including the transfer of the Subco Shares to the Purchasers; and
- (4) the Consent to Assignment, duly executed by the Vendor and Subco;
- (5) the Mutual Release, duly executed by the directors and officers of Subco and U.S. Subco as well as Subco and U.S. Subco;
- (6) all other documents, agreement, instruments, consents or certificates, as may be reasonably requested by the Purchasers to give effect to the terms of this Agreement.

### **7.2 Purchaser’s Deliveries**

On Closing, the Purchasers shall deliver or cause to be delivered to the Vendor the following:

- (1) payment of the Purchase Price in accordance with Section 2.2. of this Agreement;
- (2) the Consent to Assignment, duly executed by the Purchasers;
- (3) all other documents, agreements, instruments, consents or certificates, as may be reasonably requested by the Vendor to give effect to the terms of this Agreement.

**ARTICLE 8  
GENERAL MATTERS**

**8.1 Further Assurance**

The Parties shall execute all other documents and instruments, and do all other things necessary, as may be reasonably required to implement and carry out the terms of this Agreement.

**8.2 Governing Law**

This Agreement shall be governed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in that Province, without regard for conflicts of law principles.

**8.3 Enurement**

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

**8.4 Amendment**

This Agreement may be supplemented, amended, restated or replaced only by written instrument specifically referring to, and executed in the same manner as, this Agreement.

**8.5 Entire Agreement**

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter herein and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

**8.6 Notices**

- (1) All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or transmitted by email as follows:

- (a) if to the Vendor and Subco and U.S. Subco, before Closing:

Pinedale Energy Limited  
701 West Georgia Street, Suite 1500  
Vancouver, British Columbia V7Y 1C6

Attention: President  
Email: [admin@pinedaleenergy.com](mailto:admin@pinedaleenergy.com)

- (b) if to the Purchasers and Subco and U.S. Subco, after Closing:

Brad Windt

Email: [bradwindt@shaw.ca](mailto:bradwindt@shaw.ca)

Don Sharpe

Email: [don@dsmi.ca](mailto:don@dsmi.ca)

- (2) Any notice will be deemed to have been given and received: (i) if sent by personal delivery, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, or (ii) if sent by email and successfully transmitted prior to 4:00 p.m. on a Business Day (recipient Party time), then on that Business Day, and if transmitted after 4:00 p.m. on that day then on the first Business Day following the date of transmission.
- (3) Any Party may at any time change its address for service from time to time by providing a notice in accordance with the foregoing.

### **8.7 No Waiver**

No amendment or waiver of any provision of this Agreement shall be binding on either Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver, unless otherwise specifically provided.

### **8.8 Counterparts**

This Agreement may be executed in separate counterparts and all such executed counterparts when taken together shall constitute one Agreement. The Parties shall be entitled to rely on the delivery of a facsimile or electronically transmitted copy (including by digital signature technology) of the executed Agreement and such facsimile or electronically transmitted copy shall be legally effective to create a valid and binding Agreement.

*[Remainder of page intentionally left blank – signatures follow]*

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the day and year first above written.

**PINEDALE ENERGY LIMITED**

Per: Signed "Claus Andrup"  
Name: Claus Andrup  
Title: Director and Chief Executive Officer

**0970831 B.C. LTD.**

Per: Signed "Gordon Nielsen"  
Name: Gordon Nielsen  
Title: President

**PINEDALE ENERGY INC.**

Per: Signed "Gordon Nielsen"  
Name: Gordon Nielsen  
Title: President

SIGNED, SEALED and DELIVERED by **BRAD** )  
**WINDT** in the presence of: )  
 )  
[Witnessed] )  
Name )  
 )  
[Redacted] )  
Address )  
 )  
 )  
 )  
 )  
 )  
Occupation )

Signed "Brad Windt"  
**BRAD WINDT**

SIGNED, SEALED and DELIVERED by **DON** )  
**SHARPE** in the presence of: )  
 )  
[Witnessed] )  
Name )  
 )  
[Redacted] )  
Address )  
 )  
 )  
 )  
Occupation )

*Signed "Don Sharpe"*  
\_\_\_\_\_  
**DON SHARPE**

**This agreement was prepared by Morton Law LLP, legal counsel for Pinedale Energy Limited. It is recommended that each of the parties hereto obtain independent legal advice with respect to the provisions contained herein.**



SCHEDULE "A" TO SHARE TRANSFER AGREEMENT

May 20, 2020

Brad Windt  
Email: [redacted]

Don Sharpe  
Email: [redacted]

Dear Sirs:

**Re: Assignment of Secured Promissory Note dated September 1, 2017 (as amended, the "Promissory Note")**

As you are aware, the Promissory Note was issued by Pinedale Energy Limited (the "**Borrower**") in favour of (i) J. Bradley Windt ("**Brad**") for the principal amount of C\$3,500,000; and (ii) Donald Sharpe ("**Don**") and, together with Brad, the "**Lenders**") for the principal amount of C\$500,000, representing an aggregate principal amount of C\$4,000,000 (collectively, the "**Principal**"), bearing interest at a rate of 10% per annum and payable on demand by the Lenders, or no later than September 1, 2021 (as extended pursuant to the Note Extension Acknowledgement dated December 4, 2019), or such other date as agreed to by the Lenders and the Borrower in writing. As of the date hereof, the remaining Principal is comprised of: (i) C\$2,499,875 payable to Brad; and (ii) C\$357,125 payable to Don, representing an aggregate Principal of C\$2,857,000.

The Promissory Note is secured pursuant to a General Security Agreement dated September 1, 2017 (as amended, the "**GSA**") granted by the Borrower in favour of the Lenders.

For good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Lenders hereby confirm, acknowledge and agree as follows:

The Lenders hereby consent to the assignment of the Promissory Note from the Borrower to 0970831 B.C. Ltd. ("**Subco**") and assumption by Subco of all obligations owing to the Lenders thereunder.

The Lenders hereby:

fully and unconditionally release and discharge the Borrower from and against any and all further obligations whatsoever pursuant to the Promissory Note;

fully and unconditionally release and discharge the Borrower from and against all further obligations pursuant to the GSA, including the grant of security pursuant thereto in the Collateral (as defined in the GSA) and hereby re-convey the Collateral to the Borrower, as applicable, if the same were conveyed to the Lenders;



represent and warrant in favour of the Borrower that neither of them have sold, assigned, encumbered or parted with possession or granted any interest in the Promissory Note, the GSA or the Collateral secured thereby;

covenant and agree that each of them will remove and discharge the any and all filings, security notices, financing statements, financing change statements and registrations that have been made in respect of the GSA in all jurisdictions where such registrations have been made (collectively, the "**Registrations**"). The Lenders hereby irrevocably further authorize the Borrower and any of its agents including, without limitation, Fasken DuMoulin Martineau LLP, to do all things necessary in order to remove and discharge the Registrations;

each agree to promptly execute and deliver all such further documents and instruments as the Borrower may reasonably request to give effect to the provisions of this Agreement; and

unconditionally release and discharge the Borrower from and against any and all actions, proceedings, claims, demands, losses, damages, costs, expenses or liabilities of any kind whatsoever which the Lenders or either of them now or at any time hereafter can, shall, or may have by reason of or in any way connected with the Promissory Note or the GSA or the assignment of the Promissory Note to Subco.

The Lender hereby confirm that this agreement constitutes valid and sufficient notice and consent to the assignment and transfer of the Promissory Note from the Borrower to the Subco, as required pursuant to Section 4 of the Promissory Note.

This agreement shall be governed by, construed and enforced in accordance with the laws in force in the Province of British Columbia and the federal laws of Canada applicable therein.

This agreement, together with the Share Transfer and Assignment Agreement dated May 20, 2020 between the Lenders, the Borrower, Subco and Pinedale Energy Inc., contain the entire agreement among the parties with respect to the subject matter hereof.

This agreement (i) shall enure to the benefit of the Borrower and its successors and assigns, (ii) shall be binding upon each of the Lenders and their respective successors and assigns, (iii) may be executed and delivered electronically, and when so executed and delivered shall be deemed to be an original; and (iv) may be executed in counterpart, and all counterparts shall be considered to be one document.



Please indicate your agreement to the above by signing this letter where indicated below, which shall form a binding agreement on the terms herein.

Sincerely,

**Pinedale Energy Limited**

Per: Signed "Claus Andrup"  
Name: Claus Andrup  
Title: Director and Chief Executive Officer

Agreed to this 20<sup>th</sup> day of May, 2020.

SIGNED, SEALED and DELIVERED by )  
**BRAD WINDT** in the presence of: )

[Witnessed] \_\_\_\_\_ )  
Name )

[Redacted] \_\_\_\_\_ )  
Address )

\_\_\_\_\_ )

\_\_\_\_\_ )  
Occupation )

Signed "Brad Windt"  
**BRAD WINDT**

SIGNED, SEALED and DELIVERED by )  
**DON SHARPE** in the presence of: )

[Witnessed] \_\_\_\_\_ )  
Name )

[Redacted] \_\_\_\_\_ )  
Address )

\_\_\_\_\_ )

\_\_\_\_\_ )  
Occupation )

Signed "Don Sharpe"  
**DON SHARPE**

**This agreement was prepared by Morton Law LLP, legal counsel for Pinedale Energy Limited. It is recommended that each of the parties hereto obtain independent legal advice with respect to the provisions contained herein.**

**Schedule “F”**

**Name Change Resolution**

SPECIAL RESOLUTION OF THE SHAREHOLDERS OF PINEDALE ENERGY LIMITED

(the “**Company**”)

“BE IT RESOLVED THAT:

1. pursuant to Section 259 of the *Business Corporations Act* (British Columbia), the amendment of the notice of articles of the Company to change the Company’s name to “Flavocure Biotech Inc.”, or such other name as may be determined by the board of directors (the “**Board of Directors**”) of the Company in its sole discretion and without further approval of the shareholders of the Company (the “**Shareholders**”), is hereby authorized and approved;
2. the Board of Directors of the Company be and it is hereby authorized to revoke, without further approval of the Shareholders, this special resolution at any time prior to the completion thereof, notwithstanding the approval by the Shareholders of same, if determined, in the Board of Directors’ sole discretion to be in the best interest of the Company; and
3. any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.”

## Schedule “G”

### Dissent Rights Under Division 2 of Part 8 of the BCBCA

#### Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

#### Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company’s community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
  - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

**239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
  - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

- (b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

#### **Notice of resolution**

**240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

## Notice of court orders

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

## Notice of dissent

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1)(g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2) (b) or (3)(b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

#### **Notice of intention to proceed**

**243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,

- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
  - (i) the date on which the company forms the intention to proceed, and
  - (ii) the date on which the notice of dissent was received, or
- (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1)(a) or (b) of this section must

- (a) be dated not earlier than the date on which the notice is sent,
- (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
- (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

#### **Completion of dissent**

**244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,

- (b) the certificates, if any, representing the notice shares, and
- (c) if section 242(4)(c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1)(c) must

- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
- (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the company the notice shares, and
- (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

**245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value

of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and
- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)(a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1)(b) or (3)(b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

**Shareholders entitled to return of shares and rights**

**247** If, under section 244(4) or (5), 245(4)(a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.