



**NOTICE OF MEETING AND  
MANAGEMENT PROXY CIRCULAR**

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SPECIAL MEETING OF SHAREHOLDERS  
January 7, 2020

November 27, 2019



## **CGX ENERGY INC.**

333 Bay Street, Suite 1100  
Toronto, Ontario  
M5H 2R2

### **NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**To be held Tuesday January 7, 2020 at 10:00 a.m. (Toronto time)**

**NOTICE IS HEREBY GIVEN** that an Special Meeting (the "**Meeting**") of Shareholders of CGX ENERGY INC. (the "**Corporation**") will be held at the office of Fasken Martineau DuMoulin LLP at 333 Bay Street, Suite 2400, Toronto, Ontario, on Tuesday January 7, 2020 at 10:00 a.m. (Toronto time). At the Meeting, Shareholders will be asked:

- (a) **TO ELECT** Gabriel de Alba, Duncan Nightingale and Hermann Tribukait as directors of the Corporation to hold office until the close of the next annual meeting of the shareholders of the Corporation; and
- (b) **TO TRANSACT** such further or other business as may properly come before the Meeting or any adjournment or postponement thereof.

The details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular dated November 27, 2019, accompanying this Notice of Meeting, which is supplemental to and expressly made a part of this Notice of Meeting.

Shareholders of record as of the close of business on November 25, 2019 will be entitled to vote at the Meeting. Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it in the envelope provided for that purpose no later than 10:00 a.m. (Toronto time) on Friday January 3, 2020.

DATED this 27<sup>th</sup> day of November, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Suresh Narine*"

Suresh Narine  
Executive Chairman

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## SOLICITATION OF PROXIES

This management information circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of CGX Energy Inc. (the “Corporation” or “CGX”) for use at the Special Meeting of Shareholders (the “Meeting”) of the Corporation to be held at the office of Fasken Martineau DuMoulin LLP at 333 Bay Street, Suite 2400, Toronto, Ontario, on Tuesday January 7, 2020, at 10:00 a.m. (Toronto time), for the purposes set out in the Notice of Meeting, and at any adjournment or adjournments thereof. Except to the extent otherwise stated herein, all information set forth herein is given as of November 27, 2019.

Shareholders of the Corporation (“Shareholders”) who are unable to be present at the Meeting in person are requested to fill in, sign, date and return the enclosed proxy instrument to the Corporation’s transfer agent and registrar, TSX Trust Company (the “Transfer Agent”), 100 Adelaide St. W., Suite 301, Toronto, Ontario, M5H 4H1 or to the head office of the Corporation at 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2, not later than 10:00 a.m. (Toronto time) on Friday January 3, 2020 or if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date at which the Meeting is reconvened. The Chair of the Meeting may waive or extend the proxy cut-off without notice. An addressed envelope accompanies this Circular and may be used for such purpose. The solicitation will be primarily by mail; however, proxies may be solicited by telephone or in writing by employees or designated agents of the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the Shareholders in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares in the capital of the Corporation (“Common Shares”) in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The Corporation will bear the cost of solicitation on behalf of management of proxies in the form furnished herewith.

All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars (“\$”).

### Appointment and Revocation of Proxies

The persons named in the enclosed proxy instrument shall represent management of the Corporation at the Meeting. A Shareholder desiring to appoint another person (who need not be a Shareholder) to represent them at the Meeting may do so either by inserting such person’s name in the blank space provided in the proxy instrument and striking out the names of the two specified persons or by completing another proxy instrument and in either case delivering the completed proxy instrument by facsimile to 416-595-9593 or by mail to the Corporation’s registrar and the Transfer Agent, c/o TSX Trust Company, 100 Adelaide St. W., Suite 301, Toronto, Ontario, M5H 4H1 or to the head office of the Corporation, 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2, not later than 10:00 a.m. (Toronto time) on Friday January 4, 2020 or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date at which the Meeting is reconvened.

A Shareholder who has given a proxy instrument may revoke it:

- (a) by signing a proxy instrument bearing a later date and depositing it with the Secretary of the Corporation; or

- (b) as to any matter on which a vote shall not have already been cast pursuant to the authority conferred by such proxy instrument, by signing a written notice of revocation and delivering it to the Secretary or the Chair of the Meeting; or
- (c) by attending the Meeting in person and personally voting the Common Shares represented by the proxy instrument; or
- (d) in addition to the revocation in any other manner permitted by law, a proxy may be revoked under subsection 110(4) of the *Business Corporations Act* (Ontario) (the “**OBCA**”) by an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing (or if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof authorized in writing), deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy instrument is to be used, or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof and upon either of such deposits the proxy shall be revoked.

### **Exercise of Discretion by Proxies**

The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions of the Shareholder executing the proxy and, if such Shareholder has specified a choice with respect to any matter to be acted on at the Meeting, the Common Shares will be voted accordingly. **IN THE ABSENCE OF SUCH INSTRUCTIONS SUCH COMMON SHARES WILL BE VOTED FOR OF EACH MATTER IDENTIFIED IN THE FORM OF PROXY TO BE VOTED UPON AT THE MEETING.**

The enclosed proxy instrument confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting. As of the date of this Circular, management knows of no such amendments or other matters to come before the Meeting other than matters referred to in the Notice of Meeting. However, if other matters not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the judgement of the person voting the proxy.

### **Non-Registered Shareholders**

**The information set forth in this section is of significant importance to those Shareholders who do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Circular as “**Beneficial Owners**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Common Shares will likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Owner. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common

Shares for the broker's clients. **Therefore, Beneficial Owners should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Owners in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Owners in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Owner by its broker (or the agent of the broker) is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Owner. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada (formerly ADP Investor Communications) ("**Broadridge**"). Broadridge typically applies a special sticker to proxy forms, mails those forms to the Beneficial Owner and asks the Beneficial Owner to return the proxy forms to Broadridge. Voting instructions may also be given by telephone or online at [www.proxyvotecanada.com](http://www.proxyvotecanada.com) by following the instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Owner receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

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

Beneficial owners who have objected to an intermediary providing ownership information are Objecting Beneficial Owners ("**OBOs**"). The Corporation has also distributed copies of the Meeting materials to intermediaries for distribution to the OBOs. However, the Company does not intend to pay for proximate intermediaries to send the Meeting materials to OBOs. Accordingly, OBOs will not receive the Meeting materials unless the intermediary assumes the costs of delivery.

In addition, the Corporation has decided to take advantage of certain provisions of applicable securities regulatory requirements that permit it to deliver Meeting materials directly to non-objecting Beneficial Owners. These materials are being sent to both registered and non-registered owners of Common Shares. If you are a Beneficial Owner, and the Corporation or its Transfer Agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. As a result, you can expect to receive a voting instruction form ("**VIF**") from our Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided. In addition, the Transfer Agent provides for Internet voting as described on the VIF. The Transfer Agent will tabulate the results of the VIFs received and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

### Share Capital

As of November 27, 2019, CGX has 272,319,636 fully paid and non-assessable Common Shares outstanding. Each Common Share carries the right to one (1) vote per share. Each holder of record of Common Shares at the time of the close of business on November 25, 2019 (the “**record date**”) will be given notice of the Meeting and will be entitled to vote at the Meeting the number of Common Shares of record held by them on the record date.

The board of directors of the Corporation (the “**Board**”) has fixed November 25, 2019 as the record date for the determination of the Shareholders entitled to receive Notice of the Meeting. Shareholders as of the close of business on the record date will be entitled to vote at the Meeting and all adjournments thereof.

### Ownership of Securities of the Corporation

As of the record date, to the knowledge of the directors and officers of the Corporation, other than Frontera Energy Corporation (“**Frontera**”) (TSX:FEC), which owns 197,383,129 Common Shares, representing approximately 72.48% of the outstanding Common Shares, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

The directors and officers of the Corporation collectively own or control directly or indirectly, in the aggregate, 305,718 Common Shares representing approximately 0.11% of the issued and outstanding Common Shares as at November 27, 2019.

## COMPENSATION OF EXECUTIVE OFFICERS

For the purposes of this section on Compensation, a “**Named Executive Officer**” (or “**NEO**”) of the Corporation means each of the following:

- (a) the chief executive officer (“**CEO**”) of the Corporation;
- (b) the chief financial officer (“**CFO**”) of the Corporation;
- (c) each of the Corporation’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, as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation*, for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

In the fiscal year ended December 31, 2018, the Corporation had the following four Named Executive Officers: Suresh Narine, Executive Chairman; Tralisa Maraj, CFO; Tarachandra Khelawan, Country Manager – The Cooperative Republic of Guyana (“**Guyana**”); and Dewi Jones, the former CEO.

## Compensation Discussion and Analysis

The compensation committee (the “**Compensation Committee**”) of the Board is responsible for ensuring that the Corporation has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of the Corporation’s executive officers. The Compensation Committee ensures that total compensation paid to all Named Executive Officers is fair and reasonable and is consistent with the Corporation’s compensation philosophy.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Corporation’s compensation philosophy is to foster entrepreneurship at all levels of the organization through, among other things, the granting of Options (as defined below), which is a significant component of executive compensation. This approach is based on the assumption that the performance of the Corporation’s Common Share price over the long term is an important indicator of long-term performance.

The Corporation’s compensation philosophy is based on the following fundamental principles:

- (a) *Compensation programs align with Shareholder interests* – the Corporation aligns the goals of executives with maximizing long term Shareholder value;
- (b) *Performance sensitive* – compensation for executive officers should be linked to operating and market performance of the Corporation and fluctuate with that performance; and
- (c) *Offer market-competitive compensation to attract and retain talent* – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest caliber.

The objectives of the compensation program in compensating all Named Executive Officers were developed based on the above-mentioned compensation philosophy and are as follows:

- (a) to attract and retain highly qualified executive officers;
- (b) to align the interests of executive officers with Shareholders’ interests and with the execution of the Corporation’s business strategy;
- (c) to evaluate executive performance on the basis of key measurements that correlate to long-term Shareholder value; and
- (d) to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

### **Compensation Program**

The Corporation’s policies on executive compensation are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Corporation. The overriding principles in establishing executive compensation provide that compensation should reflect:

- fair and competitive compensation commensurate with an individual’s experience and

expertise in order to attract and retain highly qualified executives;

- recognition and encouragement of leadership, entrepreneurial spirit and team work;
- an alignment of the financial interests of the executives with the financial interests of the Shareholders;
- Options and annual bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives; and
- contribution to enhancement of Shareholder value.

The base salaries and benefits of the executive officers are set within guidelines developed by the Compensation Committee and are consistent with the principles set out above. No specific quantitative targets are set by the Compensation Committee with respect to compensation of Named Executive Officers. In addition, although performance of the Corporation is a factor that the Compensation Committee considers when determining or approving compensation of executive officers of the Corporation, it is primarily the factors described herein that determine the compensation of the Named Executive Officers of the Corporation.

There are four elements to the Corporation's executive compensation program:

- **Base salary;**
- **Short-term compensation incentives** (primarily bonuses) for annual and personal performance;
- **Long-term compensation incentives** (primarily Options) related to long-term increase in Shareholder value; and
- **Benefits and perquisites.**

The Corporation does not have any formal or informal policy or target for allocating compensation between short-term and long-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Although the Compensation Committee has no specific pre-established policy or target for the allocation between cash and non-cash or short-term and long-term compensation, the pay mix is largely dictated by competitive market practice combined with a philosophy of calibrating incentive levels to performance results. The Compensation Committee determines on a case-by-case basis the appropriate level and mix of the various compensation components based on their judgment and experience, compensation information compiled by management and recommendations of management to provide a total compensation structure that is designed to motivate senior officers to achieve the business goals set by the Corporation and reward the Corporation's executives when they achieve these goals.

### ***Base Salary***

Base salary represents a key component of a Named Executive Officer's compensation package as it is the first step in ensuring a competitive structure based on a number of factors, including peer group comparison.

The base salary for each of the Named Executive Officer of the Corporation is reviewed and established annually. Base salaries are determined according to the particular executive officer's personal performance and seniority, contribution to the business of the Corporation and the size and stage of development of the Corporation. Base salaries are also reviewed from time to time to ensure comparability with industry practices. The Corporation hires qualified management from around the world and therefore looks to compensation paid by Canadian and international competitors, as well as compensation paid within South America.

### ***Short-Term Compensation Incentives***

Bonuses paid to executive officers of the Corporation are determined based on the general results of each business unit, the contribution of each senior officer to such results and the achievement of performance targets primarily linked to production and revenues. As detailed above, management provides input on executive compensation, including bonuses, but the final determination is made by the Compensation Committee. No bonuses were awarded by the Corporation in 2018 to the NEOs of the Corporation.

### ***Long-Term Compensation Incentives***

Long-term incentive compensation for executive officers has historically been provided through grants of Options pursuant to the Plan (as defined below). Option grants to executive officers are made periodically as the Compensation Committee determines appropriate. The number of Options granted is based on each individual's salary level, responsibility and performance and takes into account the number and terms of Options that have been previously granted to that individual. The Compensation Committee believes that the grant of Options to the executive officers and Common Share ownership by such executive officers serves to motivate achievement of the Corporation's long-term strategic objectives and helps to align the financial interests of the executive officers with the financial interest of the Shareholders.

## **SUMMARY OF STOCK OPTION PLAN**

The Corporation maintains a stock option plan (the "**Plan**") for the benefit of directors, officers, employees, consultants and other service providers of the Corporation and its subsidiaries in order to assist the Corporation in attracting, retaining and motivating such persons by providing them with the opportunity, through options to acquire Common Shares ("**Options**"), to acquire an increased proprietary interest in the Corporation.

At the last annual and special meeting of Shareholders held on June 27, 2019, Shareholders approved the Plan, which provided that the maximum number of Common Shares issuable pursuant to Options under the Plan be set at a number which is equal to 10% of the issued and outstanding Common Shares. The policies of the TSX Venture Exchange ("**TSXV**") require the Corporation approve the Plan at each annual meeting of its Shareholders.

Options may be granted under the Plan to directors, senior officers, employees and consultants of the Corporation and its subsidiaries and other persons as designated from time to time by the Board. The number of Common Shares which may be reserved for issuance under the current Plan, as amended, is limited to 10% of the issued and outstanding Common Shares as at the date of the grant of Options. The maximum number of Common Shares which may be reserved for issuance to any one director, senior officer or employee under the Plan is 5% of the Common Shares outstanding at the time of the grant (calculated on a non-diluted basis) and 2% with respect to any one consultant of the Corporation. Any Common Shares subject to an Option which for any reason is cancelled or terminated

prior to exercise will be available for a subsequent grant under the Plan. The exercise price of any Option cannot be less than the closing price of the Common Shares on the day immediately preceding the day upon which the Option is granted, less any discount permitted by the policies of the TSXV. Options granted under the current Plan may be exercised during a period not exceeding ten years, (subject to a right of the directors to extend the expiry date of an Option if the expiry date of such Option should occur during a period pursuant to which a holder of the Option is subject to a trading blackout, in which case the expiry date of the Option may be extended to allow for the term of the Option to expire on the date which is five days after the end of such blackout period) and also subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to have a designated relationship with the Corporation, as applicable, or upon the retirement, permanent disability or death of the optionee. The Options under the current Plan are non-transferable. The Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization.

Subject to Shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Plan or may terminate the Plan at any time. The Plan does not contain any provision for financial assistance by the Corporation in respect of options granted under the Plan.

Please see the heading entitled "Summary Compensation Table for Named Executive Officers" below for a description of the Options granted to Named Executive Officers in 2018, 2017 and 2016.

### ***Benefits and Perquisites***

Some of the Named Executive Officers (mainly the CFO) are eligible to participate in the same benefits as offered to all full-time employees. This includes participation in a traditional employee benefit plan including health and dental care and various forms of life and disability insurances.

In addition, some of the Named Executive Officers are eligible to receive (but may opt not to take) the following enhanced perquisites and benefits, which are not otherwise available to other employees:

- the Corporation makes contributions equal to 7% of the Named Executive Officer's base salary to a defined contribution retirement plan;
- membership in a social club agreed to in advance by the Corporation;
- participation in the Corporation's health benefit plan and coverage for the Named Executive Officer and their family is paid by the Corporation. The Corporation deposits an amount of up to \$3,000 per year in a flexible savings account for the Named Executive Officer's supplemental expenses not covered by the health benefit plan;
- dental coverage is 50% to a maximum of \$3,000 annually for major interventions and unlimited reimbursement for minor procedures;
- coverage for vision care under the Corporation's vision plan for the Named Executive Officer and their family;
- life insurance coverage equal to two times base salary up to a maximum of \$1,000,000;
- transportation allowance of up to \$1,000 per month; and

- per diem payment of \$1,000 for every day spent in Guyana on the Corporation's business, including the payment of all reasonable expenses.

### ***Compensation Risk Management***

The Compensation Committee evaluates the risks, if any, associated with the Corporation's compensation policies and practices. The Corporation's policies and practices respecting compensation are consistent for all Named Executive Officers, employees and consultants and have been designed in a manner which is in the best interests of the Corporation providing a balanced compensation approach including fixed and variable compensation and short and long term incentives. The Option component of the compensation provided by the Corporation to its executive officers is both "longer term" and "at risk" and, accordingly, is directly linked to the achievement of longer term value creation. Since the benefits of such compensation, if any, are generally not realized until a significant period of time has passed, the incentive to take inappropriate or excessive risks with regard to their compensation that are financially beneficial to them at the expense of the Corporation and its Shareholders is limited. The Compensation Committee believes that it is unlikely that an executive officer would take inappropriate or excessive risks at the expense of the Corporation and its Shareholders that would be beneficial to them with regard to their short term compensation when their longer term compensation might be put at risk from their actions. Due to the size of the Corporation, the Compensation Committee is able to monitor and consider any risks which may be associated with the Corporation's compensation policies and practices. Risks are identified and mitigated through regular meetings of the Board during which financial and other information relating to the Corporation are reviewed.

The Compensation Committee has not identified any risks arising from the Corporation's compensation policies and practices that it believes would be reasonably likely to have a material adverse effect on the Corporation.

### ***Hedging of Corporation Securities***

Although the Corporation has not as yet adopted any specific policies in this regard, in the event that a director or an executive officer purchases financial instruments that are designed to hedge or offset a decrease in the market value of the Corporation's equity securities granted as compensation or held, directly or indirectly by the director or the executive officer, such purchases must be disclosed in insider reporting filings. To date, to the knowledge of the Corporation, no such purchases have been undertaken by any director or executive officer of the Corporation.

### **Summary Compensation Table for Named Executive Officers**

The following table sets out the compensation for services in all capacities to the Corporation in respect of the Corporation's Named Executive Officers for the previous three completed financial years ended December 31, 2016, 2017 and 2018, respectively.

At no time during the financial year ended December 31, 2018 were any of the Options included in the following table adjusted, amended, cancelled, replaced or significantly modified as determined in accordance with IFRS 2 – Share-based Payment under the International Financial Reporting Standards in a manner that did not equally affect all holders of the class of securities underlying the Options and that did not occur through a pre-existing formula or mechanism in the plan or award that results in periodic adjustment of the Option exercise or base price, an anti-dilution provision in a plan or award, or a recapitalization or other similar transaction.

During the financial year ended December 31, 2018, none of the Named Executive Officers elected to exchange any compensation awarded to, earned by, paid to, or payable to the Named Executive Officer under a program that would allow the Named Executive Officer to receive awards, earnings, payments, or payables in another form.

There was no re-pricing or other significant changes to the terms of any share-based or option-based award program during the most recently completed financial year or in any prior years.

Name and Principal Position	Year	Base Salary (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(1) (2)</sup>	Annual non-equity incentive plan compensation (\$)	All other Compensation (\$) <sup>(1),(3)</sup>	Total Compensation (\$) <sup>(1)</sup>
<b>Suresh Narine</b> Executive Chairman <sup>(4)</sup>	2018	400,000	Nil	Nil	240,514	640,514
	2017	445,048	67,000	Nil	144,167	656,215
<b>Tralisa Maraj</b> CFO	2018	356,218	Nil	Nil	55,952	412,170
	2017	357,115	Nil	Nil	54,104	411,219
	2016	364,238	Nil	Nil	47,497	411,735
<b>Tarachandra Khelawan</b> Country Manager - Guyana	2018	186,528	Nil	Nil	18,653	205,181
	2017	187,013	Nil	Nil	18,701	205,714
	2016	190,728	Nil	Nil	19,073	209,801
<b>Dewi Jones</b> Former CEO <sup>(5)</sup>	2018	916,181 <sup>(6)</sup>	Nil	Nil	1,185	917,366
	2017	454,510	Nil	Nil	59,205	513,715
	2016	463,576	Nil	Nil	77,605	541,181

**Notes:**

<sup>(1)</sup> All amounts paid in US\$ have been converted to \$ using the average exchange rate for the year as reported by the Bank of Canada of 2018 – US\$0.772 for every \$1.00, (2017 – US\$0.770 for every \$1.00, and 2016 – US\$0.755 for every \$1.00).

<sup>(2)</sup> Includes the dollar amount of Options granted during the year based on the grant date fair value. The fair value of the Options issued during the year ended December 31, 2018 has been calculated using the Black-Scholes option pricing model, based on the following assumptions: risk-free interest rate of 0.99%; expected life of 5 years; weighted expected volatility of 109.34%; forfeiture rate of 0%; and expected dividend yield of Nil%. Option based awards represent the grant date fair value for option-based awards. Both the grant date fair value and accounting fair value for option-based awards are calculated using the Black-Scholes model using the assumptions described herein. The grant date fair value of option-based awards as presented will differ from the compensation expense included for these grants in the Corporation's financial statements because, in accordance with International Financial Reporting Standards accounting requirements, the compensation expense reflects only the fair value amortized in the period based on each grant's vesting terms.

<sup>(3)</sup> Includes all perquisites, post-retirement benefits and life insurance premiums paid by the Corporation, including all perquisites described under the heading entitled "Compensation Discussion and Analysis – Benefits and Perquisites" above and actually paid.

<sup>(4)</sup> Suresh Narine was also appointed as Executive Director, Guyana on April 14, 2017. Dr. Narine's 2017 compensation includes all amounts received prior to and after such date in 2017. In addition, Dr. Narine's compensation includes a

one-time signing bonus of two months' base salary or \$66,667 in 2017. Dr. Narine does not receive any compensation for his role as a director of the Corporation.

- (5) Dewi Jones resigned as CEO effective January 9, 2018.
- (6) Dewi Jones' base salary for 2018 includes salary up to resignation of \$9,446 and a termination payment of US\$700,000. The Corporation settled this amount by paying US\$525,000 and recording a liability of US\$175,000 to be settled in common shares of the Corporation in the same manner and on the same basis as other debt is ultimately settled for equity under a restructuring.

### **Named Executive Officers Employment Agreements**

The following is a summary of the material employments entered into by the Corporation and its subsidiary or affiliate thereof with the Named Executive Officers:

#### ***Suresh Narine***

On April 14, 2017, the Corporation entered into an agreement with Suresh Narine which took effect as of April 14, 2017 and provides for a base salary of \$400,000 and a per diem payment of \$1,000 for every day spent in Guyana on the Corporation's business, including the payment of all reasonable expenses. The agreement also includes a change of control or termination provision that provides for a buy-out equal to two times base salary, plus two times the average bonus paid in the prior three years. This agreement replaced Dr. Narine's prior compensation arrangement with the Corporation.

In August 2019, the agreement was amended to provide for a \$525,000 base salary with retroactive effect from May 1, 2019. In addition, Dr. Narine received a discretionary bonus of \$600,000 under the terms of his employment agreement.

#### ***Tralisa Maraj***

On September 20, 2013, the Corporation entered into an employment agreement with Tralisa Maraj which took effect as of April 26, 2013 and provides for a base salary of US\$275,000. The agreement also includes a change of control or termination provision that provides for a buy-out equal to two times base salary, plus two times the average bonus paid in the prior three years.

In 2019, the agreement was amended to provide for a US\$375,000 base salary. In addition, Mrs. Maraj received a discretionary bonus of US\$91,667 under the terms of her employment agreement.

#### ***Tarachandra Khelawan***

On January 1, 2014, the Corporation entered into a consultant agreement with Tarachandra Khelawan which took effect as of January 1, 2014 and provides for a base fee of US\$144,000 plus a monthly benefit of US\$1,200/month in lieu of other benefits. The agreement also includes a change of control or termination provision that provides for a buy-out equal to six months of base fee.

#### ***Dewi Jones***

On September 20, 2013, the Corporation entered into an employment agreement with Dewi Jones which took effect as of April 26, 2013 and provided for a base salary of US\$350,000. It also included a change of control or termination provision that provided for a buy-out equal to two times base salary, plus two times the average bonus paid in the prior three years. Mr. Jones' employment agreement with the Corporation ended on January 9, 2018 upon Mr. Jones' resignation.

## Incentive Plan Awards

The following table sets forth certain information, in relation to the Named Executive Officers, regarding option-based awards outstanding as of the end of the financial year of the Corporation ended December 31, 2018.

Name	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Aggregate value of unexercised in-the-money options (\$) <sup>(1)</sup>	Vested
<b>Suresh Narine</b> Executive Chairman	May 3, 2017	1,000,000	0.085	May 3, 2022	430,000	Yes
	Dec. 19, 2014	90,000	0.32	Dec. 19, 2019	9,000	Yes
<b>Tralisa Maraj</b> CFO	Dec. 19, 2014	85,000	0.32	Dec. 19, 2019	8,500	Yes
<b>Tarachandra Khelawan</b> Country Manager - Guyana	Dec. 19, 2014	30,000	0.32	Dec. 19, 2019	3,000	Yes
<b>Dewi Jones</b> Former CEO	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

<sup>(1)</sup> Based on the TSXV closing price of the Corporation of \$0.42 on December 31, 2018.

The following table sets forth certain information, in relation to the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2018.

Name.	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
<b>Suresh Narine</b> Executive Chairman	Nil	Nil	Nil
<b>Tralisa Maraj</b> CFO	Nil	Nil	Nil
<b>Tarachandra Khelawan</b> Country Manager - Guyana	Nil	Nil	Nil
<b>Dewi Jones</b> Former CEO	Nil	Nil	Nil

**Notes:**

<sup>(1)</sup> The value vested during the year is calculated using the market price on the date of vesting less the exercise price on that date.

## **Pension Plan Benefits**

Employees in the USA have a 401K plan. A 401K is a type of retirement plan known as a qualified plan, which is a plan governed by the regulations stipulated in the Employee Retirement Income Security Act of 1974 (or ERISA). In Canada and Guyana, the Corporation does not have a pension or retirement plan, outside of Government required pension contributions. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates.

## **Deferred Compensation Plans**

The Corporation has no deferred compensation plan.

## **Termination and Change of Control Benefits**

Each NEO has an employment agreement that sets out base salary and other elements of total compensation which was entered into when the individual became an NEO (the “**Employment Agreements**”).

The Employment Agreements for each of Dr. Narine and Ms. Maraj provide for termination payments in the event that the NEO is terminated without cause (meaning termination of a NEO’s employment by the Corporation for reasons other than just cause, mutual agreement, permanent disability or death of the NEO).

The Employment Agreements for each of Dr. Narine, Ms. Maraj and Mr. Khelawan provide for termination payments in the event of a Change of Control (as defined in the Employment Agreements) provided that within one (1) year following a Change of Control either (i) a NEO’s employment is terminated by the Corporation without cause, or (ii) a NEO terminates their employment as a result of any material change to the fundamental terms of their employment. Under the Employment Agreements, a change of control is deemed to have triggered upon the occurrence of any of a number of events, a summary of which include: (x) a person or persons acting in concert obtaining control over a majority of voting securities, (y) a change in a majority of the Board’s composition over a six-month period, or (z) in certain cases upon the Corporation completing a business combination with another entity other than the Corporation’s subsidiaries.

Other than as described above, the Corporation does not have in place any pension or retirement plan and the Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a NEO of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. If a severance payment triggering event had occurred on December 31, 2018, the severance payments that would have been payable to each of the NEOs employed at such date would be as shown in the following table.

Name	Termination or Change of Control Payment <sup>(1)</sup> (\$)
Suresh Narine	860,000
Tralisa Maraj	712,435
Tarachandra Khelawan	92,364
Total	1,664,799

**Notes:**

<sup>(1)</sup> All amounts payable in US\$ have been converted to \$ using the closing exchange rate on December 31, 2018 as reported by the Bank of Canada of US\$0.772 for every \$1.00.

**Director Compensation Table**

The following table sets out all amounts of compensation provided to the directors for the financial year ended December 31, 2018 (other than the director who was also an NEO during such year and for whom required compensation disclosure is made under “Summary Compensation Table for Named Executive Officers”, above).

Name	Fees earned (\$) <sup>(1)</sup>	Equity-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$) <sup>(2)</sup>	Total (\$)
Erik Lyngberg <sup>(3)(4)</sup>	89,195	Nil	Nil	Nil	89,195
Dennis Mills <sup>(3)</sup>	89,195	Nil	Nil	Nil	89,195

**Notes:**

<sup>(1)</sup> Includes the portion of the directors’ retainers, per diems and travel allowances paid in cash.

<sup>(2)</sup> Includes all perquisites, post-retirement benefits and life insurance premiums paid by the Corporation, including all perquisites described under the heading entitled “Compensation Discussion and Analysis – Benefits and Perquisites” above and actually paid.

<sup>(3)</sup> Directors, excluding Dr. Narine, were paid US\$15,000 per quarter from January 2018 to September 30, 2018. Beginning in October 2018 the amount increased to US\$22,500 per quarter, which is converted to \$ on a quarterly basis and paid in \$’s. The current year amounts include unpaid fees from prior years.

<sup>(4)</sup> Mr. Lyngberg resigned as a director of the Corporation effective August 16, 2019.

**Director Incentive Plan Awards**

The following table sets forth certain information, in relation to the directors (other than the director who was also an NEO during 2018 and for whom the identical information appears on the comparable table for NEOs set out above), regarding share-based and option-based awards outstanding as of the end of the financial year of the Corporation ended December 31, 2018.

Name	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Vested
Erik Lyngberg <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A

Name	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Vested
Dennis Mills	Dec. 19, 2014	60,000	0.32	Dec. 19, 2019	6,000	Yes

**Notes:**

<sup>(1)</sup> Based on the TSXV closing price of the Corporation of \$0.42 on December 31, 2018.

<sup>(2)</sup> Mr. Lyngberg resigned as a director of the Corporation effective August 16, 2019.

The following table sets forth certain information, in relation to the directors (other than the director who was also an NEO during 2018 and for whom the identical information appears on the comparable table for NEOs set out above), regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2018.

Name.	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Erik Lyngberg <sup>(2)</sup>	Nil	Nil	Nil
Dennis Mills	Nil	Nil	Nil

**Notes:**

<sup>(1)</sup> The value vested during the year is calculated using the market price on the date of vesting less the exercise price on that date.

<sup>(2)</sup> Mr. Lyngberg resigned as a director of the Corporation effective August 16, 2019.

### SECURITIES AUTHORIZED FOR ISSUE UNDER EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, as of December 31, 2018, information concerning securities authorized for issue under equity compensation plans of the Corporation.

	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan <sup>(1)</sup>
Equity compensation plans previously approved by securityholders	1,325,000	0.14	10,285,231
Equity compensation plans not previously approved by securityholders	Nil	Nil	Nil
Total	1,325,000	0.14	10,285,231

**Notes:**

<sup>(1)</sup> The Plan is a “rolling” stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Plan will not exceed 10% of the issued shares of the Corporation at the time of the Option grant. As of the date hereof, 27,231,963 Common Shares may be reserved for issuance pursuant to the Plan.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Item 1 – Election of Gabriel de Alba, Duncan Nightingale and Hermann Tribukait as Directors

At the Meeting, Shareholders will be asked to elect Gabriel de Alba, Duncan Nightingale and Hermann Tribukait as directors of the Corporation to serve until the next annual meeting of Shareholders or until their successors are elected or appointed. The persons named in the form of proxy accompanying this Circular intend to vote for the election of Messrs. de Alba and Nightingale and Dr. Tribukait unless the Shareholder has directed that the Common Shares represented by such proxy be withheld from voting in respect of their election as directors of the Corporation. Management of the Corporation does not contemplate that any of the nominees will be unable to serve as directors for the ensuing year; however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Circular have the right to vote for the election of a substitute nominee or nominees in their discretion. Messrs. de Alba and Nightingale and Dr. Tribukait will hold office until the next annual meeting of the Shareholders following their election, unless their office is vacated earlier in accordance with the by-laws of the Corporation. Each officer of the Corporation serves at the discretion of the Board.

The Corporation has previously nominated and put forward for election a complete slate of director nominees at each annual and general meeting of Shareholders. Pursuant to applicable corporate law and the Corporation’s constating documents, the Board may only appoint one additional director, subject to exceptions involving certain types of vacancies. Following the resignation of Erik Lyngberg from the Board on August 16, 2019, the Board appointed Mr. Nightingale to fill the vacancy created by Mr. Lyngberg. On November 7, 2019, the Board appointed Dr. Tribukait as an additional independent director of the Corporation. Since the Board cannot appoint Mr. de Alba as a director, this Meeting has been called to elect Mr. del Alba to the Board (as well as Dr. Tribukait and Mr. Nightingale, both of whom the Board appointed following the previous annual and general meeting of Shareholders). Going forward, the Corporation intends to nominate a complete slate of director nominees at each subsequent annual and general meeting of Shareholders.

The following table and the notes thereto states the following information in respect of the nominee for election as a director of the Corporation and the current directors of the Corporation: their name, all other positions and offices with the Corporation now held by them, their principal occupations or employment, their periods of service as director and the approximate number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by them as of the date hereof.

Name, Province or State and Country of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction has Been Exercised as of the Date Hereof <sup>(1)</sup>
Gabriel de Alba Florida, United States	Gabriel de Alba is the Chairman of the board of directors of Frontera, a position that he has held from November 2, 2016 to the present. Mr. de Alba has been the Managing Director and Partner of Catalyst since 2002. Mr. de Alba is currently the chairman of the board of directors of Therapure Biopharma Inc., Gateway Casinos & Entertainment,	N/A	Nil

Name, Province or State and Country of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction has Been Exercised as of the Date Hereof <sup>(1)</sup>
	<p>Sonar Entertainment and Advantage Rent A Car. Since, 2002, Mr. de Alba has been involved in numerous distressed or under-valued situations including (in addition to the portfolio companies previously referred to) AT&amp;T Canada, Call-Net Inc., Stelco Inc., IMAX Corporation, Countryside Power Income Fund, Canwest, Tervita Corporation, The Fresh Market, SFX Entertainment Inc., and YRC Worldwide Inc. Prior to joining Catalyst at its inception in 2002, Mr. de Alba worked at AT&amp;T Latin America. Mr. de Alba was a founding member of the Bank of America International Merchant Banking Group and, prior to that, worked in Bankers Trust's New York Merchant Banking Group. Mr. de Alba is fluent in five languages and holds a double B.S. in Finance and Economics from the NYU Stern School of Business, an M.B.A. from Columbia University and has completed graduate courses in Mathematics, Information Technology and Computer Sciences at Harvard University.</p>		
<p><b>Dennis Mills</b><sup>(2)(3)(4)</sup> Director Ontario, Canada</p>	<p><b>Dennis Mills</b> was a director of Frontera from February 2012 to November 2016. Mr. Mills was Vice Chairman and Chief Executive Officer of MI Developments Inc. from 2004 to 2011, and a Vice-President at Magna International from 1984 to 1987. Mr. Mills served as a Member of Parliament in Canada's federal parliament from 1988 to 2004. While a Member of Parliament, Mr. Mills was Parliamentary Secretary to the Minister of Industry from 1993 to 1996, the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs from 1993 to 1995 and the Chair of the Committee studying the Industry of Sport in Canada. Mr. Mills was the Senior Policy Advisor to the Cabinet Committee on Communications (1980-1984), Advisor to the Minister of Energy (1980-1981), Senior Advisor to the Minister of Multiculturalism (1980), and Senior Communications Advisor to the Prime Minister of Canada, The Right Honourable Pierre Elliott Trudeau (1980-1984).</p>	<p>April 26, 2013</p>	<p>Nil</p>
<p><b>Suresh Narine</b><sup>(2)(4)(5)</sup> Executive Chairman Ontario, Canada</p>	<p><b>Suresh Narine</b> is currently a Professor and Director, Trent Centre for Biomaterials Research, Trent University and has served in that role since September 2009; Ontario Research Chair in Green Chemistry and Engineering since September 2010, NSERC / OSG / ERS Senior Research Chair in Lipid Derived Biomaterials since 2010; Director, Institute of Applied Science and Technology, Guyana, South America since July 2005; and former NSERC</p>	<p>January 3, 2012</p>	<p>300,000</p>

Name, Province or State and Country of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction has Been Exercised as of the Date Hereof <sup>(1)</sup>
	Industrial Research Chair from November 2006 to August 2009; Director and Associate Professor, Alberta Lipid Utilization Program from January 2001 to August 2009.		
<b>Duncan Nightingale</b> <sup>(2)(4)</sup> Director Bogota, Colombia	<b>Duncan Nightingale</b> is the Corporate Vice President, Operations, Development & Reservoir Management for Frontera, a position that he has held from June 2017 to present. Prior to that, Mr. Nightingale was Chief Operating Officer at Oronova Energy (September 2016 to May 2017), Executive Vice President Gran Tierra Energy (June 2016 to May 2016) and Chief Operating Officer at Gran Tierra Energy (October 2014 to May 2015). Mr. Nightingale has over 30 years of international oil and gas, corporate head office and resident in-country operating experience. Areas of international exploration and production experience include all aspects of managing exploration programs, development and production operations, new business ventures and portfolio management. Regions worked include the Latin America, Middle East and Far East, C.I.S, North Sea, Eastern Europe, Australasia, North, East and West Africa. Mr. Nightingale has a proven track record of value creation and the ability to create and manage highly efficient and successful multi-disciplinary teams. He has held multiple executive management positions, including President, interim CEO and COO of Gran Tierra Energy in Colombia and other senior management international roles with EnCana International, Nexen International and Atlantic Richfield (ARCO). Mr. Nightingale holds a Bachelor of Science (Honours) in Geology from the University of Nottingham.	August 16, 2019	Nil
<b>Hermann Tribukait</b> Director California, United States	<b>Hermann Tribukait</b> is the co-founder and CEO of ChemOS Inc. and the founder and Managing Director of Arminius Partners LLC. He has served as the Representative in North America of Mexico's Energy Innovation Funds; as a Senior Manager of Cornerstone Research; as an Intern on the Board of Governors of the Federal Reserve and as an Associate with Mckinsey & Co. and Protego Asesores. He is an Affiliate to the Lawrence Berkeley National Laboratory of the U.S. Department of Energy; a Founding Member of the World Alliance for Efficient Solutions and an Advisory Board Member of Clubes de Ciencias. His expertise lies in the areas of economics and finance, innovation and technology development, and	November 7, 2019	Nil

Name, Province or State and Country of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction has Been Exercised as of the Date Hereof <sup>(1)</sup>
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international public private partnerships. He holds a Doctorate and a Masters in Economics with concentration in finance from Harvard University, and a Bachelor's Degree in economics from the Instituto Tecnológico Autónomo de México.

**Notes:**

- <sup>(1)</sup> The information as to Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by director candidates individually.
- <sup>(2)</sup> Member of the Audit Committee.
- <sup>(3)</sup> Chair of the Audit Committee.
- <sup>(4)</sup> Member of the Compensation Committee.
- <sup>(5)</sup> Chair of the Compensation Committee.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF GABRIEL DE ALBA, DUNCAN NIGHTINGALE AND HERMANN TRIBUKAIT AS DIRECTORS OF THE CORPORATION UNTIL THE CLOSE OF THE NEXT ANNUAL MEETING OF THE SHAREHOLDERS OR UNTIL THEIR SUCCESSORS ARE ELECTED OR APPOINTED UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THEIR COMMON SHARES ARE TO BE WITHHELD FROM VOTING.**

Other than set out below, no proposed director:

- is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company, including CGX, that, while that person was acting in that capacity,
  - was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - was subject to an order that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has, within the 10 years before the date of this 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.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director, executive officer or other senior officer of the Corporation or director nominee, or any associate of any such director or officer, is, or has been at any time since the incorporation of the Corporation, indebted to the Corporation or any of its subsidiaries nor is, or at any time since the incorporation of the Corporation has, any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board and senior management of the Corporation consider good corporate governance to be central to the effective and efficient operation of the Corporation. The Board has confirmed the strategic objectives of the Corporation are to seek out, explore and develop oil and gas reserves.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, certain prescribed disclosure in respect of corporate governance matters be included in its management information circular.

The TSXV also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* (“**Form 58-101F2**”) and is set out below.

National Policy 58-201 - *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation’s practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. The Corporation will continue to review and implement the corporate governance guidelines as the business of the Corporation progresses and becomes more active in operations.

### **Form 58–101F2 – Corporate Governance Disclosure (Venture Issuers)**

#### ***Independence of Directors***

The Board is currently composed of four directors. Under NI 58-101, a director is independent if he or she has no direct or indirect material relationship with the Corporation, where a “material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Of the current and proposed directors:

- Dr. Suresh Narine is Executive Chairman of the Corporation. This is an executive position and, as such, Dr. Narine is not considered to be independent of the Corporation.
- Duncan Nightingale is an employee of and part of the management of Frontera, the majority Shareholder of the Corporation. Frontera became a majority shareholder of the Corporation upon the closing of the rights offering on March 14, 2019. As such, Mr. Nightingale is not considered to be independent of the Corporation.

- Gabriel de Alba is the Chairman of the board of directors of Frontera, the majority Shareholder of the Corporation. As such, Mr. de Alba is not considered to be independent of the Corporation if elected as a director of the Corporation.

The Board has free access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers.

### ***Directorships***

The following table sets forth the directors and director nominees who currently hold directorships with other reporting issuers:

<b>Director</b>	<b>Issuers</b>
Dennis Mills	Hut 8 Mining Corp.
Suresh Narine	N/A
Duncan Nightingale	N/A
Hermann Tribukait	N/A
Gabriel de Alba	Frontera Energy Corp.

### ***Participation of Directors in Board Meetings***

In the year ended December 31, 2018, four Board meetings were held. The table below outlines attendance by each director.

<b>Director</b>	<b>Attendance / Number of Board Meetings</b>	<b>Attendance / Number of Committee Meetings</b>
Dennis Mills	15 of 16 (94%)	3 of 3 (100%)
Suresh Narine	16 of 16 (100%)	3 of 3 (100%)
Erik Lyngberg <sup>(1)</sup>	16 of 16 (100%)	3 of 3 (100%)

**Notes:**

<sup>(1)</sup> Mr. Lyngberg resigned as a director of the Corporation effective August 16, 2019.

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

The Board does not have a formal orientation or education program for its members. The Board's continuing education is typically derived from correspondence with the Corporation's legal counsel and financial advisors to remain up to date with developments in relevant corporate and securities' law matters. Additionally, historically, members of the Board have been nominated who are familiar with the Corporation and the nature of its business.

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

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of directors it considers ethical, through avoiding or minimizing conflicts of interest, and by seeking to have a significant proportion of directors on the Board that are independent.

## ***Nomination and Assessments***

The recruitment of new directors has generally resulted from recommendations made by directors and Shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

## ***Compensation***

With reference to a recommendation of the Compensation Committee, the Board decides the compensation for the Corporation's officers and directors based on industry standards and the Corporation's financial position. For additional discussion of the compensation of the Corporation's officers and directors, see "*Compensation of Executives - Compensation Discussion and Analysis*" above. At the beginning of 2017, non-executive directors each receive US\$15,000 per quarter in remuneration as directors' fees. Beginning October 2018, non-executive directors each receive US\$22,500 per quarter in remuneration as directors' fees. Up to April 2017, Dr. Narine received \$250,000 per annum for his role as Executive Chairman. In April 2017 the Board appointed Dr. Narine as Executive Director, Guyana at an annual salary of \$400,000, plus a per diem fee of \$1,000 per day.

## ***Other Board Committees***

In addition to the Audit Committee, the Board has in the normal course also organized a Compensation Committee. The Compensation Committee is comprised of Dennis Mills, Suresh Narine and Duncan Nightingale. Dr. Narine acts as the chair of the Compensation Committee.

The mandate of the Compensation Committee is to review and make recommendations to the Board in respect of the level of remuneration and other compensation to be paid to the executive officers of the Corporation. Each member of the Compensation Committee is expected to have extensive private sector experience both as part of senior management and as directors of public and private companies. In addition, each member is expected to have held or hold senior executive management positions with international corporations.

The directors, in consultation with the Compensation Committee, determine the level of compensation in respect of the senior executive officers of the Corporation. There were no long-term incentive awards made to the Named Executive Officers during the most recently completed financial year.

## **AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER**

National Instrument 52-110 – *Audit Committees ("NI 52-110")* requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in the Circular sent to Shareholders at the Corporation's annual meeting.

All members of the Audit Committee are financially literate for purposes of NI 52-110. Each of the current members has a minimum of 30 years' business experience and each has held or currently holds executive positions that require oversight and understanding of the accounting principles underlying the preparation of financial statements.

The Corporation is relying upon (i) the exemption in section 6.1 of NI 52-110 from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-

110, and (ii) the exemptions in section 6.1.1(4) and (5) of NI 52-110 from the requirement in section 6.1.(3) of NI 52-110.

### **Audit Committee Charter**

The full text of the charter of the Corporation's Audit Committee is attached as Schedule A hereto.

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

The Audit Committee is comprised of Dennis Mills, Suresh Narine and Duncan Nightingale. Mr. Mills acts as the chair of the Audit Committee. Mr. Mills is independent within the meaning of NI 52-110.

Mr. Nightingale is an employee of and part of the management of Frontera, the majority Shareholder of the Corporation. Frontera became a majority shareholder of the Corporation upon the closing of the rights offering on March 14, 2019. As such, Mr. Nightingale is not considered to be independent of the Corporation. Dr. Suresh Narine is Executive Chairman of the Corporation. This is an executive position and, as such, Dr. Narine is not considered to be independent of the Corporation.

As of March 14, 2019, the Board was comprised of three individuals, two of whom were not independent within the meaning of NI 52-110. As such, the Board had assumed the duties and responsibilities of the Audit Committee. In August 2019, Mr. Lyngberg resigned from the Audit Committee and Mr. Nightingale was appointed to the Audit Committee. Since Mr. Nightingale is not independent of the Corporation, the Board continues to assume the duties and responsibilities of the Audit Committee. The Corporation will take steps to appoint additional members of the Audit Committee that are independent within the meaning NI 52-110.

### **Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed fiscal year, the Board has adopted all recommendations of the Audit Committee to nominate or compensate an external auditor.

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

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the following persons in any matter to be acted upon at the Meeting other than the election of Mr. de Alba as a director of the Corporation:

- (a) each person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year;
- (b) each proposed nominee for election as a director; and
- (c) each associate or affiliate of any of the foregoing.

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

Other than as disclosed in this Circular and to the knowledge of the Corporation's management, no informed person (as defined in NI 51-102 – *Continuous Disclosure Obligations*) of the Corporation, no proposed director, and no associate or affiliate of any of the foregoing persons, has or has had any

material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Corporation's most recently completed financial year, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further financial information is provided in the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2018 and 2017 and related management's discussion and analysis of results which have been filed on SEDAR. Shareholders may also contact the Chief Financial Officer of the Corporation by phone at (832) 300-3200, or by e-mail at [tmaraj@cgxenergy.com](mailto:tmaraj@cgxenergy.com) to request a copy of these documents.

The Corporation will provide any Shareholder of the Corporation, without charge, upon request to the Chief Financial Officer of the Corporation:

- (a) one copy of the comparative audited consolidated financial statements of the Corporation for the financial years ended December 31, 2018 and 2017 together with the report of the auditor thereon;
- (b) one copy of the management's discussion and analysis for the financial year ended December 31, 2018; and
- (c) one copy of this Circular.

### **APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

### **BY ORDER OF THE BOARD OF DIRECTORS**

(signed) *"Suresh Narine"*

Suresh Narine  
Executive Chairman

## SCHEDULE A AUDIT COMMITTEE CHARTER

### GENERAL

#### 1. Purpose and Responsibilities of the Committee

##### 1.1 *Purpose*

The primary purpose of the Committee is to assist Board oversight of:

- (a) the integrity of the Corporation's financial statements;
- (b) the Corporation's compliance with legal and regulatory requirements;
- (c) the External Auditor's qualifications and independence; and
- (d) the performance of the Corporation's internal audit function and the External Auditor.

#### 2. Definitions and Interpretation

##### 2.1 *Definitions*

In this Charter:

- (a) **"Board"** means the board of directors of the Corporation;
- (b) **"Chair"** means the chair of the Committee;
- (c) **"Committee"** means the audit committee of the Board;
- (d) **"Corporation"** means CGX Energy Inc.;
- (e) **"Director"** means a member of the Board; and
- (f) **"External Auditor"** means the Corporation's independent auditor.

##### 2.2 *Interpretation*

The provisions of this Charter are subject to the articles and by-laws of the Corporation and to the applicable provisions of the *Business Corporations Act* (Ontario), and any other applicable legislation.

### CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

#### Establishment and Composition of the Committee

##### 2.3 *Establishment of the Audit Committee*

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

## 2.4 *Appointment and Removal of Members of the Committee*

- (a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board, having considered the recommendation of the Governance Committee of the Board.
- (b) *Annual Appointments.* The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.
- (d) *Removal of Member.* Any member of the Committee may be removed from the Committee by a resolution of the Board.

## 2.5 *Number of Members*

The Committee shall consist of three or more Directors.

## 2.6 *Independence of Members*

A majority of the members of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements as outlined in Schedule A (unless less is allowed by applicable securities rules – for reference, TSXV Policy 3 and Part 6 - NI 52-110).

## 2.7 *Financial Literacy*

- (a) *Financial Literacy Requirement.* Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.
- (b) *Definition of Financial Literacy.* “Financially literate” means 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 reasonably be expected to be raised by the Corporation’s financial statements.

## **Committee Chair**

### 2.8 *Board to Appoint Chair*

The Board shall appoint the Chair from the members of the Committee who are unrelated directors (or, if it fails to do so, the members of the Committee shall appoint the Chair from among its members).

## 2.9 *Chair to be Appointed Annually*

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

### **Committee Meetings**

## 2.10 *Quorum*

A quorum of the Committee shall be two members.

## 2.11 *Secretary*

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

## 2.12 *Time and Place of Meetings*

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least four times per year on a quarterly basis.

## 2.13 *In Camera Meetings*

On at least an annual basis, the Committee shall meet separately with each of:

- (a) management;
- (b) the External Auditor; and
- (c) the internal auditor.

## 2.14 *Right to Vote*

Each member of the Committee shall have the right to vote on matters that come before the Committee.

## 2.15 *Voting*

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

## 2.16 *Invitees*

The Committee may invite Directors, officers, employees and consultants of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of each

meeting of the Committee and shall be entitled to attend any such meeting at the Corporation's expense.

#### 2.17 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

### **Authority of Committee**

#### 2.18 *Retaining and Compensating Advisors*

The Committee shall have the sole authority to engage independent counsel and any other advisors as the Committee may deem appropriate in its sole discretion and to set the compensation for any advisors employed by the audit committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

#### 2.19 *Funding*

The Committee shall have the authority to authorize the payment of:

- (a) compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation (National Instrument 52-110 – *Audit Committees* requires disclosure of fees by category paid to the External Auditor).
- (b) compensation for any advisors employed by the audit committee under Section 2.18 hereof; and
- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### 2.20 *Subcommittees*

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

#### 2.21 *Recommendations to the Board*

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

#### 2.22 *Compensation*

The Committee has the authority to communicate directly with External Auditors and the internal auditors.

#### 2.23 *Special Reviews*

The Committee has the authority to request the CFO undertake and supervise special reviews that may be deemed necessary in order to ensure compliance with legal and regulatory requirements.

## Remuneration of Committee Members

### 2.24 *Remuneration of Committee Members*

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

### 2.25 *Directors' Fees*

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation

## SPECIFIC DUTIES AND RESPONSIBILITIES

### Integrity of Financial Statements

#### 2.26 *Review and Approval of Financial Information*

- (a) *Annual Financial Statements.* The Committee shall review and discuss with management and the External Auditor the Corporation's audited annual financial statements and related management's discussion and analysis ("MD&A") together with the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.
- (b) *Interim Financial Statements.* The Committee shall review and discuss with management and the External Auditor and, if appropriate, approve the Corporation's interim unaudited financial statements and related MD&A.
  - (i) *Material Public Financial Disclosure.* The Committee shall discuss with management and the External Auditor:
    - (ii) the types of information to be disclosed and the type of presentation to be made in connection with profit or loss or earnings press releases; and
    - (iii) financial information and earnings guidance (if any) provided to analysts and rating agencies.
- (c) *Procedures for Review.* The Committee shall be satisfied that adequate procedures are in place for the *review* of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than financial statements, MD&A and profit or loss or earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.
- (d) *General.* To the extent the Committee deems it necessary or appropriate, the Committee may review and discuss with management and the External Auditor:

major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles;

major issues as to the adequacy of the Corporation's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;

analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements;

the effect on the financial statements of the Corporation of regulatory and accounting initiatives, as well as off-balance sheet transaction structures, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Corporation;

the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;

any financial information or financial statements in prospectuses and other offering documents;

the management certifications of the financial statements as required under applicable securities laws in Canada or otherwise; and

any other relevant reports or financial information submitted by the Corporation to any governmental body or the public.

## **External Auditor**

### *2.27 External Auditor*

- (a) *Authority with Respect to External Auditor.* As a representative of the Corporation's shareholders, the Committee shall be directly responsible for the appointment, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. In the discharge of this responsibility, the Committee shall:
- (i) have sole responsibility for recommending to the Board the person to be proposed to the Corporation's shareholders for appointment as External Auditor for the above-described purposes and recommending such External Auditor's compensation;
  - (ii) determine at any time whether the Board should recommend to the Corporation's shareholders that the incumbent External Auditor should be removed from office;
  - (iii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be solely responsible for approving such audit fees; and
  - (iv) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.

- (b) *Independence.* The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:
- (i) require the External Auditor to submit on a periodic basis to the Committee a formal written statement delineating all relationships between the External Auditor and the Corporation and engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and recommend that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;
  - (ii) unless the Committee adopts pre-approval policies and procedures, approve any non-audit services provided by the External Auditor, provided the Committee may delegate such approval authority to one or more of its independent members who shall report promptly to the Committee concerning their exercise of such delegated authority; and
  - (iii) review and approve the policy setting out the restrictions on the Corporation partners, employees and former partners and employees of the Corporation's current or former External Auditor.
- (c) *Issues Between External Auditor and Management.* The Committee shall:
- (i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or access to requested information; and
  - (ii) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor.
- (d) *Non-Audit Services.*
- The Committee shall either:
- (i) approve any non-audit services provided by the External Auditor or the external auditor of any subsidiary of the Corporation to the Corporation (including its subsidiaries); or
  - (ii) adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.

The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members must present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.

The Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Corporation at the time of the engagement as being non-audit services.

## **Other**

### **2.28 *Related Party Transactions***

The Committee shall review and approve all related party transactions in which the Corporation is involved or which the Corporation proposes to enter into.

### **2.29 *Expense Accounts***

The Committee shall review and make recommendations with respect to:

- (a) the *expense* account summaries submitted by the President and Chief Executive Officer on an annual basis;
- (b) the Corporation's expense account policy, and rules relating to the standardization of the reporting on expense accounts; and
- (c) *the* Director's Expense Policy of the Corporation.

### **2.30 *Whistle Blowing***

The Committee shall put in place procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

## **Performance Evaluation**

On a regular basis, the Committee shall follow the process established by the Board and overseen by the Governance Committee for assessing the performance and effectiveness of the Committee.

## **Charter Review**

The Committee shall review and assess the adequacy of this Charter on a regular basis and recommend to the Board any changes it deems appropriate.

Last approved by the Board of Directors on July 13, 2018.

## SCHEDULE A TO AUDIT COMMITTEE CHARTER INDEPENDENCE REQUIREMENTS

For the purposes of determining the whether a director is “independent”, Section 2.1 of National Policy 58-201 – *Corporate Governance Guidelines* applies the same test as utilized in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). The definition of “independence” in NI 58-101 as it relates to Directors of the Corporation imports the definition set out in Section 1.4 of Multilateral Instrument 52-110 – *Audit Committees* (“**MI 52-110**”).

Pursuant to Section 1.4 of MI 52-110 the meaning of “independence” is as follows:

### “1.4 Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:
    - (i) is a partner of a firm that is the issuer’s internal or external auditor,
    - (ii) is an employee of that firm, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of a firm that is the issuer’s internal or external auditor,
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and

- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:
  - (a) he or she had a relationship identified in subsection (3) if that relationship ended before December 31, 2014; or
  - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before December 31, 2014.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
  - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
  - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
  - (a) has previously acted as an interim chief executive officer of the issuer, or
  - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

## **1.5 Additional Independence Requirements**

- (1) Despite any determination made under section 1.4, an individual who:
  - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
  - (b) is an affiliated entity of the issuer or any of its subsidiary entities,

- (c) is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
  - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service."