



**NOTICE OF MEETING AND**

**MANAGEMENT INFORMATION CIRCULAR**

**IN RESPECT OF AN**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**PROSPERA ENERGY INC.**

**to be held on June 29, 2023**

**at 11:00 a.m. (Calgary time) at the offices of Prospera Energy Inc, Barclay Centre,  
Suite 730 - 444 7th Ave, SW, Calgary, AB, T2P 0X8**

**This Management Information Circular and Proxy Statement is furnished in connection with the solicitation of proxies by the management of Prospera Energy Inc. to be voted at the Annual General and Special Meeting to be held on June 29, 2023 at the time and place and for the purposes set out in the accompanying Notice of Annual General Meeting and at any adjournments thereof.**



## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting of the shareholders (the "**Meeting**") of Prospera Energy Inc. (the "**Corporation**") will be held on Thursday, the 29th day of June, 2023 at 11:00 p.m. (MST) for the following purposes:

- 1 To receive and consider the audited financial statements of the Corporation for the year ended December 31, 2022 together with the report of the auditors thereon.
- 2 To fix the number of directors of the Corporation to be elected at the Meeting at five (5);
- 3 To elect the board directors of the Corporation to serve until the next annual meeting of the shareholders or until their successors are duly elected or appointed
- 4 To appoint auditors of the Corporation for the ensuing year and to authorize the Board of Directors to determine the remuneration to be paid to the auditor.
- 5 To consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, approving the 2023 stock option plan of the Corporation, as more particularly set forth in the accompanying Management Information Circular; and
- 6 To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular which accompanies and forms part of this Notice.

Only shareholders of record at the close of business on May 19, 2023 (the "**Record Date**") are entitled to notice of and to attend the meeting or any adjournment or adjournments thereof and to vote thereat unless after the Record Date a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he or she owns such shares, requests, not later than ten (10) days before the meeting, that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the meeting.

**Shareholders may vote in person at the meeting or any adjournment or adjournments thereof, or they may appoint another person (who need not be a shareholder) as their proxy to attend and vote in their place. Shareholders unable to be present at the meeting are requested to date and sign the enclosed form of proxy and return it to the Corporation, c/o Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department). In order to be valid, proxies must be received by Computershare Trust Company, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the meeting or any adjournment thereof.**

Dated at Calgary, Alberta this 26th day of May, 2023.

By order of the Board of Directors

(Signed) "Samuel David"

Director, President and Chief Executive Officer



## **MANAGEMENT INFORMATION CIRCULAR**

### **INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING**

#### ***Solicitation of Proxies***

This management information circular and proxy statement ("**Management Information Circular**") is furnished in connection with the solicitation of proxies by the management of Prospera Energy Inc. (the "**Corporation**") for use at the annual general and special meeting of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held at 11:00 a.m. (Calgary time) on Thursday, June 29, 2023 (the "**Meeting**"), for the purposes set forth in the notice of annual general and special meeting (the "**Notice**") accompanying this Management Information Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

Unless otherwise stated, information contained herein is given as of May 19, 2023 (the "**Effective Date**").

#### ***Appointment of Proxyholders***

Accompanying this Management Information Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be deposited at the offices of the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) so that the proxy is received no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or an adjournment or postponement thereof. A proxy must be executed by the Shareholder or his or her attorney authorized in writing, or if the Shareholder is a company, under its seal by an officer or attorney thereof duly authorized.**

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

#### ***Signing of Proxy***

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation. An instrument of proxy signed by a person acting as attorney or in

some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

### ***Revocability of Proxies***

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

### ***Voting of Proxies and Exercise of Discretion by Proxyholders***

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

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

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

## QUORUM

The by-laws of the Corporation provide that a quorum of Shareholders is present at a meeting of Shareholders [of at least two (2) persons are present who hold or represent by proxy not less than five percent (5%) of the shares entitled to vote at the meeting].

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

### Voting Shares and Record Date

The authorized share capital of the Corporation consists of an unlimited number of Common Shares. The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 19, 2023 (the “**Record Date**”). Shareholders are entitled to one vote per Common Share. As at the Record Date, there are 366,701,727 Common Shares issued and outstanding.

### Voting of Common Shares – General

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

### Voting of Common Shares – Advice to Beneficial Shareholders

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

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

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

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

Generally, Beneficial Shareholders who have not waived the right to receive the Meeting Materials will have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Beneficial Shareholder in accordance with the directions on the voting instruction form.

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

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

### Principal Shareholders

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

Name	Number of Shares Beneficially Owned Directly or Indirectly, Controlled or Directed <sup>(1)</sup>	Percentage Of Outstanding Voting Securities
George David Richardson <sup>(2)</sup>	40,630,454	11.08%

**Notes:**

(1) Countryman Investments Ltd. has the right to acquire up to an additional 7,731,454 shares by virtue of holding 7,731,454 purchase warrants at an exercise price of \$0.075 per warrant. 5,000,000 warrants expire on July 7, 2023, and 2,731,454 warrants expire on May 20, 2024.

(2) Shares and Warrants are held in the name of Countryman Investments Ltd., a private company wholly owned and controlled by George David Richardson.

### PARTICULARS OF MATTERS TO BE ACTED UPON

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

#### 1. Financial Statements

The audited financial statements of the Corporation for the financial year ended December 31, 2022, and the report of the auditor thereon (the "**Financial Statements**") will be placed before the Meeting. The Board

has approved all of the information in the Financial Statements. The approval of the Shareholders is not required in relation to the Financial Statements.

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

Our articles provide for a minimum of 3 directors and a maximum of 10 directors. Our by-laws provide that the number of our directors shall be determined from time to time by our Shareholders or our Board. The Board is currently comprised of the following five members: Samuel David, Jasdip Dhaliwal, Mark Lacey, Brian McConnell and Mel Clifford.

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

At the Meeting, it will be proposed that five (5) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).**

## 3. Election of Directors

Action is to be taken at the Meeting with respect to the election of directors. The Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors, the nominees whose names are set forth below:

Samuel David	Jasdip Dhaliwal
Mark Lacey	Brian McConnell
Mel Clifford	

**Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote for the election of the persons named in the following table to the Board.**

Name and Municipality of Residence	Position(s) Held	Director Since	Principal Occupation at Present and during the Last Five Years	Common Share Ownership
Samuel David <sup>(2)(3)</sup> Calgary, Alberta	President, CEO	December 16, 2020	CEO of Oil & Gas Management Consultant Services	7,168,951
Jasdip Dhaliwal <sup>(1)(2)(3)</sup> Chestermere, Alberta	Director	June 30, 2021	Director Euroworks Inc.	7,538,705
Mark Lacey <sup>(1)(2)(3)</sup> Blackfalds, Alberta	Director	June 30, 2021	Consulting Geological Engineer	70,000

<b>Name and Municipality of Residence</b>	<b>Position(s) Held</b>	<b>Director Since</b>	<b>Principal Occupation at Present and during the Last Five Years</b>	<b>Common Share Ownership</b>
Brian McConnell <sup>(2)(3)</sup> Calgary, Alberta	Director	June 30, 2021	Consulting Geological Engineer	2,000,000
Mel Clifford <sup>(1)(2)(3)</sup> Kelowna, BC	Director	June 29, 2020	Business Owner and Management Consultant Organizational Change & Project Management	400,000

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation, Corporate Governance and Nominating Committee.
- (3) Member of the Nominating Committee.

**Mr. Samuel David** has over 30 years of experience in operation, development and management of oil and gas assets and companies. Mr. David is an APEGA mentor holds a B.Sc. in Mechanical Engineering and a B.A. in Economics from the University of Calgary. His background consists of both Engineering and Executive Management experience with majors Petro-Canada, AEC Oil & Gas (now EnCana / Cenovus), Husky Energy as well as founded and operated juniors Ventura Energy and First West Petroleum. Mr. David has proven expertise in corporate planning, production, reservoir engineering, depletion strategies, EOR, property evaluations, acquisitions, and divestitures.

**Mr. Mel Clifford** has worked across Europe, China, and North America as a professional director of organizational change and project management for over 30 years. Mr. Clifford has lectured at several universities and institutes in the UK, Ireland, and Canada and assisted in the development of the new Certification of Project Management course at Okanagan College University. Mr. Clifford's past and present memberships include, MBA Association Ireland, Institute of Project Management Ireland, Project Management Association of Canada, and the Project Management Institute (PMI). Mr. Clifford has also served as the past Chairperson for: Ireland China Association, Technical & Marketing Committee Global Standards 1 Ireland, and Health Action Overseas International Voluntary NGO. The business sectors in which Mr. Clifford has successfully delivered major projects include financial, IT, retail, print media, aviation, logistics, health care, academia, and advertising.

**Mr. Brian McConnell** P.Eng: BSc (Geological Engineering) U Of S, Exec. MBA (Western Ontario). Mr. McConnell has 47 years of oilfield experience in heavy oil, light oil, and natural gas exploration, development, and production. Mr. McConnell has worked all of the Western Canadian Basins including ten years consulting in the Arctic Islands for PanArctic Oils. He spent another 10 years leading the team that developed the West Central Sask heavy oil lands for Saskoil (later Wascana Energy) and the shallow gas assets in SE Alberta until Wascana was taken over by CanOcci (later Nexen) and later the Chinese state-owned Corporation (CNOOC). He joined Murphy oil as GM heavy oil and in partnership with BlackRock, developed the Murphy Seal acreage as well as older operated Murphy heavy oil assets from Lloydminster down to Marengo, Sask. He then spent 10 years as Vice President Exploration at Tundra Oil and Gas Ltd and helped in growing their production from 4,000bbls/d to 28,000 bbls/d light oil mainly in Manitoba. His experience ranges from roughnecking, operating wells, to mapping, resource development and adding

value all across the Western basins. He is currently President of 1101391 Alberta (shallow gas production at Patricia, Alberta) and Highway Seven Resources (consulting across Western Canada).

**Mr. Mark Lacey** – Is an entrepreneur and investor in both the public and private markets. Mark is President of Timbercreek Investments Ltd. which is a family office based out of Central Alberta. Timbercreek specializes and invests primarily in start ups and businesses undergoing corporate reorganization plans. Mark is a graduate from the Canadian Securities Institute and a Business Administration graduate from Red Deer College. Mark has over twenty years of experience trading in the public markets and managing portfolio growth.

**Mr. Jasdip Dhaliwal** is a Calgary businessman established in the heavy-duty mechanical industry over a 20-year span.

Mr. Dhaliwal is a certified master mechanic from SAIT Polytechnic. In 1993, he founded the European auto shop, Euroworks, with his father. Euroworks is successfully operating on its own land and buildings in the heart of Calgary NE industrial area.

Mr. Dhaliwal also founded and directed another company in 2001, 3-Ci Machining, which works in conjunction with the oil and gas industry, machining MWD tools and various types of subs, including crossover subs. 3-Ci also manufactured heavy duty industrial cable lines for various power needs, the oil and gas industry, and satellites.

Each director elected will hold office until the next annual general meeting, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated.

Voting for the election of directors will be conducted on an individual, and not slate, basis. Management of Prospera recommends that shareholders vote FOR the election of each of these nominees. The persons named in the enclosed form of proxy intend to vote FOR the election of each of these nominees unless the shareholder specifies authority to do so is withheld.

Management does not contemplate that any of these nominees will be unable to serve again as a director of the Corporation. However, if for any reason any of the proposed nominees do not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your Common Shares are to be withheld from voting on the election of directors.

#### Cease Trade Orders or Bankruptcies

To the knowledge of management of the Corporation, no proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while that person was acting in that capacity:

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

- (v) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### Personal Bankruptcies

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

#### Penalties and Sanctions

To the knowledge of management, no proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **4. Appointment of Auditor**

Shareholders will be asked to vote for the appointment of Crowe MacKay LLP, Chartered Accountants as auditor of the Corporation. Crowe has served as auditor to the Corporation since December, 2021. **Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote in favour of the ordinary resolution appointing Crowe MacKay LLP as auditor of the Corporation for the next ensuing year**, to hold office until the close of the next annual general meeting of Shareholders or until Crowe MacKay LLP is removed from office or resigns as provided by the Corporation's by-laws, and the management designees also intend to vote the Common Shares represented by any such proxy in favor of a resolution authorizing the Board to fix the compensation of the auditor.

#### **5. Approval of Stock Option Plan**

At the Meeting, Shareholders will be asked to approve the Company's 2023 Stock Option Plan (the "Stock Option Plan") to replace the existing Stock Option Plan. The purpose of the Stock Option Plan is to provide an incentive to directors, employees and consultants of the Company or its subsidiary to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company. The Stock Option Plan is being replaced in order to facilitate compliance with recent amendments to TSX Venture Exchange (the "Exchange") Corporate Finance Policy 4.4 – Security Based Compensation.

The following summary of the material terms of the Stock Option Plan does not purport to be complete and is qualified in its entirety by reference to the Stock Option Plan. Shareholders may obtain a copy of the Stock Option Plan from the Company prior to the Meeting on written request.

- a. Eligible Participants. Options may be granted under the Stock Option Plan to directors and senior officers of the Company or its subsidiaries, management company employees (collectively, the "Directors"), employees of the Company or its subsidiaries (collectively, the "Employees") or consultants of the Company or its subsidiaries (collectively, the "Consultants"). The Board, in its

discretion, determines which of the Directors, Employees or Consultants will be awarded Options under the Stock Option Plan.

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

c. Limitations. Under the Stock Option Plan, the aggregate number of options granted to any one person (including companies wholly-owned by that person) in a 12-month period must not exceed 5% of the issued and outstanding Common Shares of the Company when combined with security based compensation grants to such person under any other security based compensation plan of the Company, calculated on the date the Option is granted. The aggregate number of Options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company when combined with security based compensation grants to such Consultant under any other security based compensation plan of the Company, calculated at the date the option is granted. The aggregate number of Options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding Common Shares of the Company in any 12 month period, calculated at the date an Option is granted to any such person. Disinterested shareholder approval will be required for any grant of options which will result in the number of options granted to Insiders (as defined in the Securities Act (Alberta)) as a group at any point in time or within a 12 month period exceeding 10% of the issued and outstanding Common Shares of the Company when combined with security based compensation grants to Insiders under any other security based compensation plan of the Company.

d. Exercise Price. The exercise price of Options granted under the Stock Option Plan is determined by the Board, provided that it is not less than the discounted market price, as that term is defined in the Exchange's Corporate Finance policy manual or such other minimum price as is permitted by the Exchange in accordance with the policies in effect at the time of the grant, or, if the Common Shares are no longer listed on the Exchange, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of Options granted to Insiders may not be decreased without disinterested Shareholder approval at the time of the proposed amendment.

e. Term of Options. Subject to the termination and change of control provisions noted below, the term of any options granted under the Stock Option Plan is determined by the Board and may not exceed ten (10) years from the date of grant. Disinterested Shareholder approval will be required for any extension to stock options granted to individuals that are Insiders at the time of the proposed amendment.

f. Vesting. All Options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board. Options issued to persons retained to provide investor relations activities must vest in stages over 12 months with no more than one-quarter of the options vesting in any three month period.

g. Dividend entitlement. The Plan does not include any dividend entitlement to participants. If participants were entitled to receive options in lieu of dividends declared by the Company, and if the Company did not have sufficient unallocated options available to satisfy the obligation, then the Company may settle those entitlements with cash.

h. Termination. Any Options granted pursuant to the Stock Option Plan will terminate upon the earliest of:

(i) the end of the term of the option;

(ii) on the date the holder ceases to be eligible to hold the option (the "Cessation Date"), if the Cessation Date is as a result of dismissal for cause;

(iii) one year from the date of death or disability, if the Cessation Date is as a result of death or disability;

(iv) 90 days from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause;

(v) on such other date as fixed by the Board, provided that the date is no more than one year from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause; or

(vi) 30 days from the Cessation Date, if the optionee was engaged in investor relations activities.

i. Exercise of Options. The exercise price of an option must be paid in cash, other than as described below as determined by the Board:

(i) Cashless Exercise. The Company may make an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to an optionee to purchase the Common Shares issuable upon exercise of their options. The brokerage firm would then sell a sufficient number of Common Shares to cover the exercise price of the options in order to repay the loan made to the optionee. The brokerage firm would then receive an equivalent number of Common Shares from the exercise of the options and the optionee would receive the balance of the Common Shares or the cash proceeds from the balance of such Common Shares.

(ii) Net Exercise. The Company may accept the exercise of options by optionees other than those who provide investor relations services without the optionee making any cash payment so the Company does not receive any cash from the exercise of the subject options, and instead the optionee receives only the number of Common Shares that is the equal to the quotient obtained by dividing:

(aa) the product of the number of options being exercised multiplied by the difference between the volume weighted average price ("VWAP") of the Common Shares and the exercise price of the options; by

(bb) the VWAP of the Common Shares.

- j. Adjustments. Any adjustment to Options granted or issued (except in relation to a consolidation or share split) will be subject to the prior acceptance of the Exchange.
- k. Disinterested Shareholder approval will be sought in respect of any material amendment to the Stock Option Plan.
- l. The proposed Stock Option Plan is subject to Exchange acceptance and if the Exchange finds the disclosure to Shareholders to be inadequate, Shareholder approval may not be accepted by the Exchange.

Shareholders will be asked at the Meeting to approve, with or without variation, the following ordinary resolution:

“BE IT RESOLVED THAT:

- 1. subject to the approval of the TSX Venture Exchange (the “TSXV”), the Company’s 2023 Stock Option Plan (the “Plan”) is hereby confirmed and approved, and that in connection therewith a maximum of 10% of the Company’s issued and outstanding common shares at the time of each grant be approved for granting as options;
- 2. the Board of Directors of the Company be authorized in its absolute discretion to administer the Plan, and amend or modify the Plan in accordance with its terms and conditions and with the policies of the TSX Venture Exchange; and
- 3. any one or more director(s) or officer(s) of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.”

A copy of the Plan is available at the records office of the Company at Suite 730, 444 - 7th Avenue SW, Calgary, AB T2P 0X8 until the business day immediately preceding the date of the Meeting. A copy will also be made available at the Meeting.

Proxies received in favour of management will be voted in favour of the approval of the Plan, unless the Shareholder has specified in their Proxy that their Common Shares are to be voted against such resolution.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### *Executive and Employee Compensation Objectives and Principles*

The Board recognizes that Prospera's success depends greatly on its ability to attract, retain and motivate superior performing employees at all levels, which can only occur if Prospera has an appropriately structured and executed compensation program. The principal objectives of Prospera's executive compensation program are as follows:

- (a) to attract and retain qualified executive officers;
- (b) to have compensation competitive within the Corporation's peer marketplace;

- (c) to align the executives' interests with those of the shareholders; and
- (d) to reward both demonstration of leadership and performance.

Our compensation policies are currently founded on the principal that executive and employee compensation should be consistent with shareholders' interests. The objectives of the program are to attract and retain a high quality management and employee team.

*Components of the Executive Compensation Program*

Our compensation program consists of the following elements:

- base salary and agreed targeted bonuses ; and
- long term incentive compensation – the Stock Option Plan.

For purposes of this Information Circular, “named executive officer” of the Corporation means an individual who, at any time during the year, was:

- (a) the Corporation’s chief executive officer (“**CEO**”);
- (b) the Corporation’s chief financial officer (“**CFO**”);
- (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 and whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year;

(each a “**Named Executive Officer**” or “**NEO**” and collectively, the “**Named Executive Officers**” or “**NEOs**”).

Based on the foregoing definition, during the financial year of the Corporation ended December 31, 2022, there were two Named Executive Officers, namely: (i) Chief Executive Officer, Samuel David; (ii) Chief Financial Officer Matthew Kenna.

Base salary ranges for executive officers were initially determined upon review of companies within the resource industry, which were the same size as Prospera, at the same stage of development as Prospera and considered to be comparable to Prospera. The Board determined that the compensation to be paid to the NEOs for the period between January 1, 2022, and December 31, 2022 would be awarded according to the Board's review and consideration of several factors, each of which is outlined in detail below.

The Corporation's compensation program is designed to reward the time committed to the business of the Corporation by each Named Executive Officer. The Board retains the responsibility for reviewing matters relating to the human resource policies and compensation of the directors and officers in the context of the budget and business plan of Prospera. The Board evaluated and approved the compensation paid to the NEOs for the fiscal year ended December 31, 2022. Such base annual compensation was determined taking into consideration the time expected to be committed by the respective officer to the business of the Corporation.

The performance goals of the Corporation for 2022 were to secure private placement financing, to settle secured and non-secured creditors, implement an organizational restructure, address all non-compliances

and regulatory issues, optimise oil production, acquire, explore and develop oil producing properties, improve the balance sheet and to ensure the long-term growth of shareholder value.

Prospera does not benchmark its compensation with that of any other corporations. The Board believes Prospera's compensation is normal for the roles undertaken by the most senior officers of the Corporation and in line with the current size and development of the Corporation.

NEOs are not permitted to purchase any financial instrument that is designed to hedge or offset a decrease in market value of the Common Shares. However, the Corporation does not have any written policies which prohibit a NEO or director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

The Board does not specifically consider the implications of the risks associated with the Corporation's compensation policies and practices. The Board does exercise regular oversight of internal decisions made by the NEOs and other officers of the Corporation and does exercise oversight of risks arising from the Corporation's compensation policies and practices that are likely to have a material adverse effect on the Corporation. The ownership of securities of the Corporation by the NEOs also serves to align the interests of those persons with the other shareholders of the Corporation and mitigates any excessive risks that may be taken by the NEOs.

A description of the criteria used in each element of compensation is set forth below.

#### *Base Salaries*

Mr. Samuel David was appointed President, CEO and Director of the Corporation in December 2020. In October 2022 Samuel David signed an employment agreement effective January 1st, 2022. Mr. Samuel David's employment provides for an annual salary of \$275,00 and a bonus paid subject to the company being in net profit. There are three levels attached to the agreed business strategies/goals and targets (such as production, operational costs, and compliance) set by the Board annually. The annual bonuses consist of multiples of the basic salary, which are attached to the annual achievements of set targets by the Board of Directors. Should there be a change of control and or termination without cause Mr. David would "Average Bonus" means the average annual Bonuses paid in the previous two (2) calendar years immediately preceding the calendar year in which the Termination Date falls, or if such Termination Date occurs before the expiry of two (2) calendar years following the Commencement Date, then an amount equal to the most recent Bonus payment (if any). Mr. Samuel David would receive a payout of all bonuses, 52 weeks full salary any vested options and retain remaining options subject to conditions of the options plans and in accordance with his employment agreement.

Mr. Mathew F. Kenna as CFO has received no compensation year ending December 31, 2022.

#### *Stock Options*

Long term incentives are granted in order to attract and retain high quality executives in a competitive market environment. These incentives are provided in the form of Options. The Stock Option Plan is administered by the Board. Options may be granted at the discretion of the Board, in such number that may be determined at the time of grant, subject to the limits set out in the Stock Option Plan. See "Approval of Stock Option Plan" above for a summary of the terms of the Stock Option Plan. When granting Options, the Board considers company and individual performance as well as the mix of all elements of the executive's compensation. Option Based Awards.

The Stock Option Plan provides for the granting of Options to purchase Common Shares of the Corporation to "service providers" of the Corporation, which includes directors, officers, employees, consultants and

investor relations employees of the Corporation (as permitted by applicable law). The Stock Option Plan is administered by the Board. Options may be granted at the discretion of the Board, in such number that may be determined at the time of grant, subject to the limits set out in the Stock Option Plan. The grant of Options is considered by the Board as a whole, taking into account company and individual performance, previous Options that have been granted and general market conditions. For a summary of the terms of our Stock Option Plan, see "Approval of Stock Option Plan" above.

### Summary Compensation Table

The following table sets forth for the years ended December 31, 2020, 2021 and 2022 respectively, information concerning the compensation paid to Named Executive Officers.

Name and principal position	Year	Salary/Fees (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Samuel David President/Chief Executive Officer <sup>(3)</sup>	2020	7,500	Nil	96,900	Nil	Nil	Nil	Nil	104,400
	2021	55,000	Nil	5,800	Nil	Nil	Nil	Nil	60,800
	2022	224,375	Nil	15,600	Nil	Nil	Nil	Nil	239,975
Robert Richardson, Former, President and Chief Executive Officer <sup>(1)</sup>	2020	21,857	--	--	--	--	--	-	21,857
	2021	-	Nil	Nil	Nil	Nil	Nil	Nil	-
	2022	-	Nil	Nil	Nil	Nil	Nil	Nil	-
Sarshar Ahmad Former, President and Chief Executive Officer <sup>(2)</sup>	2020	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
Savitri Franz Chief Financial Officer <sup>(4)</sup>	2020	139,500	Nil	Nil	Nil	Nil	Nil	Nil	139,500
	2021	37,500	Nil	Nil	Nil	Nil	Nil	Nil	37,500
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
Matthew Kenna Chief Financial Officer <sup>(5)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	76,000	Nil	Nil	Nil	Nil	76,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Quanterra Oil & Gas Limited <sup>(6)</sup>	2021	Nil	Nil	204,000	Nil	Nil	Nil	Nil	204,000

**Notes:**

1. Mr. Rob Richardson was appointed Chief Executive Officer on October 1, 2019 and resigned on February 23, 2020.
2. Sarshar Ahmad was appointed Chief Executive Officer on February 23, 2020. Mr. Sarshar Ahmad resigned on November 25, 2020.
3. Samuel David was appointed President & Chief Executive Officer on December 16, 2020 and was issued with options (\$0.05) value \$96,900
4. Ms. Savitri Franz resigned as Chief Financial Officer on June 30<sup>th</sup> 2021.
5. Matthew Kenna was appointed Chief Financial Officer on June 30, 2021 and issued warrants value \$76,000
6. Samuel David holds warrants in his private company Quanterra Oil & Gas Limited issued warrants value \$204,000
7. The Option based awards are calculated using the Black Scholes model at time of issuance.

**Outstanding Share Based Awards and Option Based Awards**

The following table sets forth for each Named Executive Officer all option-based awards and share based awards outstanding at the end of the year ended December 31, 2022 (the options below have not been exercised).

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of the vested share based awards not paid out or distributed
Samuel David Chief Executive Officer	2,100,000	0.05	12/31/2025	39,900	0	0	0
	100,000	0.05	06/28/2026	5,800	0	0	0
	200,000	0.05	05/26/2027	15,600	0	0	0
	3,000,000	0.05	12/31/2025	57,000	0	0	0
Matthew Kenna Chief Financial Officer	2,000,000	0.05	3/3/2026	76,000	0	0	0
Quanterra Oil & Gas Limited	3,000,000	0.05	5/31/2026	204,000	0	0	0

Note

1. The value of unexercised in-the-money options was calculated using the Black Scholes model at time of issuance.

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

The following table sets forth for each Named Executive Officer, the value of option based awards and share based awards which vested during the year ended December 31, 2022 and the value of nonequity incentive plan compensation earned during the year ended December 31, 2022.

Name	Option-based awards – Value vested during the year <sup>(5)</sup> (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(1)</sup> (\$)
Samuel David President and Chief Executive Officer <sup>(2)</sup>	\$15,600	Nil	Nil
Savitri Franz Chief Financial Officer <sup>(4)</sup>	Nil	N/A	Nil
Matthew Kenna Chief Financial Officer <sup>(3)</sup>	Nil	N/A	Nil

Notes:

- (1) The Corporation does not have any share based awards or nonequity incentive plan compensation.
- (2) Mr. Samuel David was appointed Chief Executive Officer on December 16<sup>th</sup>, 2020.
- (3) Matthew Kenna was appointed Chief Financial Officer on March 3<sup>rd</sup>, 2021
- (4) Ms. Savitri Franz resigned on June 30<sup>th</sup>, 2021.
- (5) The Option based awards vested calculation was calculated using the Black Scholes model.

### **Directors' Summary Compensation Table**

During the fiscal year ended December 31, 2022, the Corporation did not pay cash compensation to nonmanagement directors, except for consultancy fees to Clifford Robbins Inc. The directors were not paid for attendance at Board or committee meetings. The following table sets forth for each nonmanagement director all amounts of compensation provided to nonmanagement directors for the year ended December 31, 2022:

<b>Name</b>	<b>Fees Earned</b>	<b>Share-based awards (\$)</b>	<b>Option based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Mark Lacy	Nil	Nil	7,800	Nil	Nil	Nil	7,800
Jasdip Dhaliwal	Nil	Nil	7,800	Nil	Nil	Nil	7,800
Brian McConnell	Nil	Nil	7,800	Nil	Nil	Nil	7,800
Mel Clifford (1)	62,501	Nil	15,600	Nil	Nil	Nil	78,101

Notes:

- (1) Mr. Mel Clifford, who offered his consulting services through Clifford Robbins Inc, received consulting fees payment of \$62,501 (including GST) and Options based award \$15,600 from January 2022 to December 2022.
- (2) The Option based awards was calculated using the Black Scholes model at time of issuance.

### **Directors' Outstanding Option Based Awards and Share Based Awards**

The following table sets forth for each of the directors of the Corporation other than directors who are also Named Executive Officers, all option based awards and share based awards outstanding at the end of the year ended December 31, 2022.



<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted average exercise price of outstanding options (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by Shareholders <sup>(1)(2)</sup>	5,416,668	\$0.05	18,641,878
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	<b>5,416,668</b>	<b>\$0.05</b>	<b>18,641,878</b>

*Note:*

- (1) *The Stock Option Plan is a "rolling" option plan, which reserves a number of Options available for issuance equal to a maximum of 10% of the issued and outstanding Common Shares.*
- (2) *Shareholders of the Corporation last approved the Stock Option Plan at the annual and special meeting of shareholders of Prospera held on June 30, 2022*
- (3) *The issued and outstanding shares as at Dec 31, 2022 was 240,585,468.*

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its shareholders for the purpose of electing directors certain prescribed disclosure respecting 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 which is attached to NI 58-101 ("**Form 58-101F2 Disclosure**").

Set out below is a description of the current corporate governance practices, relative to the Form 58-101F2 Disclosure (which is set out below in italics).

### 1. Board of Directors

The Board has determined that the following four (4) directors of the Corporation are independent:

Mel Clifford      Brian McConnell      Mark Lacey      Jazz Dhaliwal

The Board facilitates its exercise of independent supervision over management by ensuring that a majority of directors qualify as independent directors pursuant to NI 58-101 and by establishing committees, which are comprised of a majority of independent members.

### 2. Directorships

No directors of the Corporation are presently directors of other issuers that are reporting issuers (or the equivalent).

3. Orientation and Continuing Education

Due to the size of the Board, no formal program exists for the orientation of new directors. Upon joining the Board, new directors are given access to all of the background documents of the Corporation, including all corporate records, by-laws, corporate policies, organization structure and prior Board and Committee minutes.

No formal continuing education program exists for the directors. As part of continuing education, the Board will receive management presentations with respect to the operations and risks of the Corporation's business as needed. In addition, the individual directors identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

4. Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics applicable to the directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available for the Corporation's website at [www.prosperaenergy.com](http://www.prosperaenergy.com).

5. Nomination of Directors

The Board does not presently have a nominating committee. The responsibility to recommend members of the Board that are suitable candidates as nominees for election or appointment as directors rests with individual Board members. The Board, as a group, canvasses all of the members of the Board for their input prior to making a recommendation to the Board. In identifying new candidates for Board nomination, the Board considers, among other things:

- (i) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- (ii) the competencies and skills that the Board considers each existing director to possess;
- (iii) the competencies and skills each new nominee will bring to the boardroom; and
- (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

6. Compensation

The Board retains the responsibility for reviewing matters relating to the human resource policies and compensation of the directors and officers of the Corporation in the context of the budget and business plan of Prospera. During the fiscal year ended December 31, 2022, the Corporation did not pay any cash compensation to the non-management directors, nor were the directors paid for attendance at Board or Committee meetings. The Board considered and approved the compensation paid to the officers of the Corporation, as set forth under the heading "*Executive Compensation*". Such base annual compensation was determined upon review of a number of comparable companies within the resource industries of competitive salaries paid to executive officers of the Corporation and the time expected to be committed by the respective officer.

7. Other Board Committees

The Board has not created any other standing committees and does not have a compensation and nominating committee, such responsibilities being handled by the full Board.

8. Assessments

To date, the Board has satisfied itself that the Board, its committees and individual directors are performing effectively through informal discussions.

Director Term Limits and Other Mechanisms of Board Renewal

The Corporation has not adopted term limits or other mechanisms to force a director to be removed from the Board of Directors. The by-laws of the Corporation provide that directors will serve until the next annual general meeting of shareholders and if qualified can be nominated by the governance committee for re-election. Accordingly, the Board of Directors have determined that term limits or mandatory retirement based on age is not necessary. The Board of Directors believes that sustained leadership and intimate knowledge of the Corporation is an asset to the operations and the future of the Corporation. The Board of Directors also believe that an imposition of term limits is inflexible and could possibly result in experienced directors being forced to resign or being barred from standing for re-election based solely on tenure. The Board of Directors considers performance and contribution of individual directors on an ongoing basis.

Policies Regarding Diversity and Inclusion

Workplace diversity refers to the representation of human differences, with specific reference to the protected grounds of race, color, ancestry, place of origin, religious beliefs, gender (including pregnancy and sexual harassment), gender identity, gender expression, sexual orientation, physical disability, mental disability, age, marital status, family status, and source of income. Equal representation ensures people can believe there is equal opportunity for growth, advancement, and reward. A diverse workforce helps provide the best quality services for a diverse population.

Prospera Energy Inc. (PEI) is proud to be an equal opportunity employer, committed to fostering and continuing a diverse and inclusive environment. PEI is committed to the fair treatment of all employees and ensuring that no person is denied employment or advancement opportunities due to race, religious beliefs, color, gender, gender identity, gender expression, physical disability, mental disability, age, ancestry, place of origin, marital status, source of income, family status or sexual orientation.

PEI continues to ensure that all practices of hiring and promoting are based on qualifications and ability. PEI actively engages employees and contractors in gathering information so that there is better understanding in the make-up and diversity of the company. And to monitor trends and results, comply with applicable employment equity legislation and applicable diversity reporting for various government and agency contracts along with strategic and future planning.

The scope of PEI's commitment applies at all stages and to all aspects of the employment cycle (recruitment, retention, advancement) and to all partners and employees, for all roles and positions within PEI. The Senior Leadership Team commits to developing, implementing, and maintaining best practices and strategies to enhance equality, diversity, and inclusion within PEI.

Current Structure of PEI's Board of Directors and Senior Management as at 26<sup>th</sup> May 2023:

	Women		Persons with Disabilities		Indigenous Peoples		Visible Minorities		Members of more than one designated group
	No	%	No	%	No	%	No	%	
<b>Directors:</b> 5 – nominated to be elected at AGM	0	0%	0	0%	0	0%	2	40%	0
<b>Senior Management Team of 2</b>	0	0%	0	0%	0	0%	0%	0%	0

PEI's Future Targets for Representation on Board of Directors and Senior Management:

	Women		Persons with Disabilities		Indigenous Peoples		Visible Minorities		Members of more than one designated group
	Target	Time Frame	Target	Time Frame	Target	Time Frame	Target	Time Frame	
<b>Directors</b>	1	By 2025	No Target Adopted	N/A	No Target Adopted	N/A	No Target Adopted	N/A	
<b>Senior Management</b>	2	By 2025	No Target Adopted	N/A	No Target Adopted	N/A	No Target Adopted	N/A	

In supporting our future representation targets at a future Annual General Meeting and assuming that all the nominees for directors are elected, the number of women on the board will be 1, representing 20% of the board of directors. There will be no other change in the representation of the designated groups on the board of directors.

In supporting our future representation targets, an appointment of the number of women in senior management will be 2, representing 20%. In line with the growth of PEI, these numbers may increase earlier than expected.

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

None of the directors, proposed nominees for election as directors, executive officers, employees or former executive officers, directors or employees of the Corporation or its subsidiaries, or any associate of any such director, proposed nominee for director, executive officer or employee is, or has been at any time since the beginning of the most recently completed financial year, indebted to the Corporation or any of its subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of the most recently completed financial year has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

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

There were no material interests, direct or indirect, of any Informed Person of the Corporation (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or proposed director or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries, except as disclosed in this Information Circular.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the last financial year, of any proposed nominee for election as a director, or of any associates or affiliates of any of the foregoing persons, in any matter to be acted on at the Meeting other than the election of directors or the appointment of the auditors.

## **AUDIT COMMITTEE**

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

### **Audit Committee Mandate**

The Board has adopted a written mandate for the Audit Committee (the “**Audit Committee Mandate**”), which sets out the Audit Committee’s responsibility for, among other things, assisting the Board in its oversight of the integrity of the Corporation’s financial statements and other relevant public disclosures, the Corporation’s compliance with legal and regulatory requirements relating to financial reporting, the external auditor’s qualifications and independence and the performance of the internal audit function and the external auditors. The text of the Audit Committee Mandate is set out as Schedule “A” hereto.

### Audit Committee Composition

The Corporation is required by applicable corporate and securities legislation to have an Audit Committee comprised of three directors that are considered “financially literate” and a majority of which are considered “independent”, as such terms are defined in NI 52-110.

Name of Director	Independent (Yes/No) <sup>(1)</sup>	Financially Literate (Yes/No) <sup>(2)</sup>
Mel Clifford	Yes	Yes
Mark Lacey	Yes	Yes
Jasdip Dhaliwal	Yes	Yes

**Notes:**

(1) As defined in section 1.4 of NI 51-110.

(2) As defined in section 1.6 of NI 52-110.

See “Election of Directors” for information on Mr. Clifford, Mark Lacey, Jasdip Dhaliwal

### Preapproval of Policies and Procedures

Under the Mandate and Terms of Reference of the Audit Committee, the Audit Committee is required to review and preapprove any non-audit services to be provided to the Corporation by the external auditors and consider the impact on the independence of such auditors. The Audit Committee may delegate to one or more independent members the authority to preapprove non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting such preapproval and the member comply with such other procedures as may be established by the Audit Committee from time to time.

The Audit Committee has determined that in order to ensure the continued independence of the auditor, only limited non-audit related services would be provided to Prospera by Crowe MacKay LLP and in such case, only with the prior approval of the Audit Committee.

### External Auditor Service Fees

The following table sets forth the audit service fees billed by the Corporation's external auditor, MNP LLP, for the 2021 and 2022 financial years. Crowe MacKay was appointed on December 1<sup>st</sup>, 2021, therefore no fees have been recorded for 2021 financial year.

Type of Fees and Fiscal Year Ended	Aggregate Fees Billed \$	Description of Services
Audit Fees		
Fiscal Year Ended December 31, 2021	154,084	Audit of financial statements
Fiscal Year Ended December 31, 2022	120,000(estimated)	Audit of financial statements

<b>Type of Fees and Fiscal Year Ended</b>	<b>Aggregate Fees Billed \$</b>	<b>Description of Services</b>
Audit – Related Fees		
Fiscal Year Ended December 31, 2021	19,365	
Fiscal Year Ended December 31, 2022	2,500	
Tax Fees		
Fiscal Year Ended December 31, 2021	\$2,430	Review of Taxes
Fiscal Year Ended December 31, 2022	\$4,505	Review of Taxes
All Other Fees	Nil	

#### **Reliance Upon the Exemption in Section 6.1 of NI 52110**

We are relying on the "venture issuer" exemption set forth in Section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

#### **OTHER MATTERS**

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual General and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

#### **BOARD APPROVAL**

The Board has approved the contents, and sending of, this Information Circular to the shareholders.

#### **ADDITIONAL INFORMATION**

Additional financial information regarding the Corporation's business is contained in the audited financial statements and management's discussion and analysis for the fiscal year ended December 31, 2022.

Additional information regarding the Corporation's business including the materials listed in the preceding paragraph may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation to request a copy of the financial statements and management's discussion and analysis at:

Prospera Energy Inc.  
Suite 730, 444 – 7<sup>th</sup> Ave SW  
Calgary, Alberta T2P 0X8  
Phone: (403) 454-9010

#### **BOARD APPROVAL**

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

**DATED** this 26th day of May, 2023.

## SCHEDULE "A"

### PROSPERA ENERGY INC.

#### MANDATE OF THE AUDIT COMMITTEE

##### Role and Objective

The Audit Committee (the "**Committee**") is a committee of the Board to which the Board has delegated its responsibility in connection with audit and financial matters, oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

##### Membership of Committee

6. The Committee shall be comprised of at least three (3) directors of the Corporation, none of whom are (or while are listed on the TSX Venture Exchange, a simple majority are not):
  - (a) members of management of the Corporation and who are "independent" (as such term is used in Multilateral Instrument 52-110 — Audit Committees ("**MI 52-110**") unless the Board shall have determined that the exemption contained in Section 3.6 of MI 52 110 is available and has determined to rely thereon; and
  - (b) or persons who have been, during the preceding 12 months:
    - (i) an officer or employee of the Corporation or of an affiliate of the Corporation;
    - (ii) a person who beneficially owns 10% or more of the outstanding voting securities of the Corporation; or
    - (iii) a relative of a person referred to in subparagraphs (i) or (ii), residing in the same home as that person; and
    - (iv) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgment.
7. The members of the Committee should be "financially literate" (as defined in MI 52-110) and if not, should be encouraged to take professional development programs to become "financially literate".

8. The Board shall appoint the Committee Chair, who shall be an unrelated director, from among the members and that Chair shall preside at all meetings of the Committee.

#### **Mandate and Responsibilities of Committee**

9. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.
10. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Corporation's Internal Control Systems:
  - (a) identifying, monitoring and mitigating business risks; and
  - (b) ensuring compliance with legal, ethical and regulatory requirements.
11. It is a primary responsibility of the Committee to review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:
  - (a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (c) reviewing accounting treatment of unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan agreements;
  - (e) reviewing disclosure requirements for commitments and contingencies;
  - (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - (g) reviewing unresolved differences between management and the external auditors; and
  - (h) obtain explanations of significant variances with comparative reporting periods.
12. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("**AIF**") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to any required Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and shall periodically access the accuracy of those procedures.
13. With respect to the appointment of external auditors by the Board, the Committee shall:
  - (a) recommend to the Board the external auditors to be nominated;
  - (b) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
  - (c) on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;

- (d) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - (e) review and preapprove any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.
14. Review with external auditors (and internal auditor if one is appointed by the Corporation) any assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.
15. The Committee will establish a procedure 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.
16. The Committee shall have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.

#### **Meetings and Administrative Matters**

17. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
18. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
19. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
20. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall attend meetings of the Committee during which financial statement and audit matters are to be addressed, unless otherwise excused from all or part of any such meeting by the Chairman or the Committee.
21. The Committee shall meet with the external auditor at least once per year in connection with the preparation of the year-end financial statements and at such other times as the external auditor and the Committee consider appropriate.
22. Agendas, approved by the Chairman, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
23. The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.

24. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
25. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation without any further approval of the Board.
26. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.
27. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.

**Mandate Review**

The Committee shall review at least annually the Committee's Mandate and make recommendations to the Board of any proposed changes.