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## MANAGEMENT INFORMATION CIRCULAR AS AT NOVEMBER 8, 2022

**This management information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Cub Energy Inc. (the “Company”) for use at the annual general and special meeting (the “Meeting”) of the shareholders of the Company (“Shareholders”) to be held on December 19, 2022 and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Annual General and Special Meeting. Except where otherwise indicated, the information contained herein is stated as of November 8, 2022.**

In this Information Circular, references to the “**Company**” and “**we**” refer to Cub Energy Inc. “**Common Shares**” means common shares without par value in the capital of the Company. “**Registered Shareholders**” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “**Non-Registered Shareholders**” means Shareholders who do not hold Common Shares in their own name. “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders. Unless otherwise indicated, all references to “\$” or “dollars” in this Information Circular means Canadian Dollars.

### NOTICE AND ACCESS PROCESS

The Company has decided to use the notice and access model (“**Notice and Access**”) provided for under amendments to National Instrument 54-101 for the delivery of the Information Circular, audited financial statements and Management’s Discussion and Analysis for the financial year ended December 31, 2021 (the “**Circular and Financials**”) to Shareholders for the Meeting. The Company has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

Under Notice and Access, instead of receiving printed copies of the Circular and Financials, Shareholders receive a Notice with information on the Meeting date, location and purpose, as well as information on how they may access the Circular and Financials electronically.

Shareholders with existing instructions on their account to receive printed materials will receive a printed copy of the Circular and Financials with the Notice.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

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

#### Appointment and Revocation of Proxies

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

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed Proxy and returning it to the Company's transfer agent, Odyssey Trust Company ("Odyssey"), in accordance with the instructions on the Proxy. Alternatively, Registered Shareholders may vote their shares via the internet or by telephone as per the instructions provided on the Proxy.

**In all cases you should ensure that the Proxy is received at least two business days before the Meeting or the adjournment or postponement thereof at which the Proxy is to be used.**

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof,

or in any other manner provided by law.

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

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

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

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

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

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

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

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

many Canadian brokerage firms).

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

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Odyssey or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

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

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

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

No person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors, the appointment of auditors or approval of the Company’s stock option plan. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person as defined in (a) or (b).

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

The board of directors (the “**Board**”) of the Company has fixed the record date for the Meeting as the close of business on November 8, 2022 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Pursuant to the Company’s by-laws, the quorum for the transaction of business at a meeting of Shareholders is two persons present and holding or representing by proxy at least 25% of the shares entitled to vote at the meeting.

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

On the Record Date there were 314,215,355 Common Shares issued and outstanding, with each Common Share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote at the Meeting or any adjournment or postponement thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, the Shareholders who beneficially own, or exercise control or direction, directly or indirectly, Common Shares carrying 10% or more of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Approximate Percentage of Total Outstanding Common Shares
Pelicourt Limited	124,336,089	39.5%
Fergava Finance Inc.	44,444,444	14.1%

**Note:**

- (1) The above information was derived from the shareholder list maintained by the Company's registrar and transfer agent, or from insider and beneficial ownership reports available at [www.sedi.com](http://www.sedi.com) and [www.sedar.com](http://www.sedar.com).

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

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

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

The annual consolidated financial statements of the Company for the financial year ended December 31, 2021, together with the auditors' reports thereon, will be placed before the Meeting. The Company's financial statements are available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

#### **Election of Directors**

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

#### **Majority Voting Requirement**

Effective August 31, 2022, the *Canada Business Corporations Act* (the "CBCA") was amended to require majority voting for uncontested director elections. This amendment to the CBCA requires that any nominee for director who receives a greater number of votes "against" than votes "for" his or her election will not be elected as a director. However, if an incumbent director is not elected by a majority of "for" votes at the Meeting, he or she will still be permitted to remain as a director until the earlier of: (a) the 90<sup>th</sup> day after the day of the election; or (b) the day on which their successor is appointed or elected. This amendment applies only to uncontested elections, which are elections in which the number of nominees for director is equal to the number of positions available on the Board of Directors.

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

<b>Name, Residence and Present Position within the Company</b>	<b>Director Since</b>	<b>Number of Shares Beneficially Owned, Directly or Indirectly<sup>(1)</sup></b>	<b>Principal Occupation<sup>(1)</sup></b>
Patrick McGrath <sup>(2)</sup> CEO and Director Nova Scotia, Canada	April 21, 2020	174,900	Mr. McGrath is a businessman; currently the Chief Executive Officer of the Company.
Eugene Chaban CFO and Director Kiev, Ukraine	March 23, 2021	Nil	Mr. Chaban is a businessman; currently the Chief Financial Officer of the Company.
Timothy Marchant <sup>(2) (3)</sup> Chairman and Director Alberta, Canada	May 18, 2021	100,000	Mr. Marchant is an Adjunct Professor of strategy and energy geopolitics at the Haskayne School of Business of the University of Calgary, and was a former director of the Company from May 2013 to April 2020.
Frank Mermoud <sup>(2) (3)</sup> Director District of Columbia, USA	July 5, 2012	Nil	Mr. Mermoud is a businessman; currently President of Orpheus International, a Washington, D.C. based private advisory firm.

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above have held the principal occupation or employment indicated for at least the five preceding years.
- (2) Member of the Audit Committee of the Company.
- (3) Member of the Compensation, Nominating and Governance Committee of the Company.

To the knowledge of the Company, no proposed director of the Company is, or has been, within the 10 years prior to the date of this Information Circular, a director or executive officer of any company that:

- (a) was subject to 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, that was issued while that person was acting in that capacity;
- (b) was subject to 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, that was issued after the proposed director ceased to act in that capacity, and which resulted from an event that occurred while that person was acting in that capacity; or
- (c) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company is, or has been, within the 10 years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### Appointment of Auditor

At the Meeting, Shareholders will be asked to approve the appointment of the auditor of the Company. Management is recommending that Shareholders vote to appoint Davidson & Company LLP as the Company's auditor until the next annual meeting of the Shareholders, and to authorize the directors to fix the remuneration of the auditor.

### Approval of 2022 Stock Option Plan

At the Meeting, Shareholders will be asked to approve the Company's 2022 Stock Option Plan (the "**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 was amended 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.

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.

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.

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* (British Columbia)) 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.

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.

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.

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.

Dividend entitlement. The Stock Option 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.

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

- (a) the end of the term of the option;
- (b) on the date the holder ceases to be eligible to hold the option (the “**Cessation Date**”), if the Cessation Date is as a result of dismissal for cause;
- (c) one year from the date of death or disability, if the Cessation Date is as a result of death or disability;
- (d) 90 days from the Cessation Date, if the Cessation Date is as a result of a reason other than death, disability or cause; or
- (e) 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.

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.

Disinterested Shareholder approval will be sought in respect of any material amendment to the Stock Option Plan.

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.

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

“**BE IT RESOLVED** that:

1. the Company’s 2022 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.”

Shareholders may request a copy of the Stock Option Plan by mail to #1200 – 750 West Pender Street, Vancouver, BC, V6C 2T8 until the business day immediately preceding the date of the Meeting. Shareholders may obtain copies of the Stock Option Plan from the Company prior to the Meeting on written request.

## Approval of Reorganization

### General

The Board wishes to effect a special distribution to shareholders, expected to be up to \$0.03 per share (the “**Special Distribution**”). To facilitate the Special Distribution, the Shareholders of the Company will exchange their Common Shares for new common shares and preferred shares, and then the distribution will be achieved by redeeming the preferred shares of the Company (the “**Reorganization**”). The proceeds received by Shareholders on the redemption of the preferred shares is not expected to exceed the paid-up capital of such class of shares and therefore should not result in a taxable dividend to Shareholders. Please see below *Certain Canadian Federal Income Tax Considerations*.

At the Meeting, Shareholders will be asked to approve a special resolution (the “**Reorganization Resolution**”) relating to the Reorganization. Pursuant to the Canada Business Corporations Act, the Reorganization Resolution must be passed by a majority of not less than 2/3 (66⅔ %) of the votes cast by Shareholders who vote in respect of the Reorganization Resolution.

### Background to the Reorganization

In December 2021, the Company sold its 50% interest in CNG Holdings Netherlands B.V. for a cash payment of €600,000 and a contingent cash payment of €200,000 on a future commercial discover. In February 2022, the Company sold its 35% interest in KUB Holdings Limited for a cash payment of \$2,600,000 and \$7,933,000 in dividends. In August 2022, the Company completed a divestiture of its 100% interest in 3P International Energy Ltd. (“**3P**”), and its wholly-owned subsidiary, Tysagaz LLC (“**Tysagaz**”), for nominal consideration. The purchaser group assumed all of 3P’s and Tysagaz’ liabilities. Due to these divestitures, the Company finished the quarter ended September 30, 2022 with no debt and \$7,194,000 in working capital.

Due to its surplus working capital, subject to shareholder and regulatory approval, the Company intends to distribute funds to shareholders. The proceeds received by shareholders on the redemption of the preferred shares is not expected to exceed the paid-up capital of such class of shares and therefore should not result in a taxable dividend to Shareholders.

The Special Distribution will occur in the course of the Reorganization and be funded from existing cash resources of the Company. The remaining working capital is expected to be sufficient to cover remaining working capital requirements and existing liabilities and obligations for the 2022 fiscal year.

### Details of the Reorganization Resolution

In summary, the Reorganization Resolution will be to:

- a. amend the articles of the Company (the “**Articles**”) in the following order:
  - i. to create a new class of common shares of the Company (the “**New Shares**”), designated as “Class B Common shares”, unlimited in number, entitling the holder thereof to two (2) votes per share at a meeting of the Company’s shareholders and otherwise with identical rights, privileges, restrictions and conditions to the current Common Shares (the “**Old Shares**”);
  - ii. to create a new class of preferred shares of the Company (the “**Preferred Shares**”), designated as “preferred shares”, unlimited in number and with the rights, privileges, restrictions and conditions provided herein before the change described in paragraph (a)(iv) below;
  - iii. to redesignate the Old Shares as “Class A Common shares” and make consequential amendments to the rights, privileges, restrictions and conditions attached to the Class A Common shares as a result of the creation of the New Shares and the Preferred Shares; and
  - iv. to provide that each issued and outstanding Old Share will be deemed to be exchanged for one (1) New Share and one (1) Preferred Share (the “**Share Exchange**”);
- b. set the aggregate stated capital of the Preferred Shares as a class to be equal to the aggregate amount of the Special Distribution;

- c. set the stated capital of the New Shares, as a class, to be such amount as is represented by the difference between the existing stated capital of the Old Shares less the aggregate Special Distribution;
- d. restate the Articles, as amended, pursuant to Section 180(1) of the CBCA; and
- e. redeem each Preferred Share (the “**Redemption**”) and to pay the redemption proceeds for each such share by transferring property of the Company with a fair market value equal to its *pro rata* share of the Special Distribution which amount will be immediately paid by the Company in property, cash or a combination thereof.

The full text of the Reorganization Resolution is set forth below under the heading “*Reorganization Resolution*”.

The restatement of the Articles will follow, resulting in consolidated Articles that will supersede the original Articles and all amendments.

The CBCA allows a Company to redeem or acquire shares of its own issue provided there are no reasonable grounds for believing that: (a) the Company, is, or would after the payment be, unable to pay its liabilities as they become due, or (b) the realizable value of the Company’s assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes. The Board has concluded that the Company satisfies those tests.

If the Reorganization Resolution is approved, the stated capital account maintained by the Company in respect of the New Shares will be equal to the stated capital of the Old Shares less the Special Distribution. The aggregate amount of the Special Distribution could be up to approximately \$9.4 million.

Approval of the Reorganization Resolution will also permit the Amendment of Articles. The Amendment of Articles will create the New Shares and Preferred Shares pursuant to clause 173(l)(h) of the CBCA. The New Shares will each carry two (2) votes at a meeting of Shareholders and otherwise have identical rights, privileges, restrictions and conditions to the Old Shares. The Preferred Shares will have the rights, privileges, restrictions and conditions described below. Pursuant to clause 173(l)(h) of the CBCA each issued and outstanding Old Share will be exchanged for one (1) New Share and one (1) Preferred Share. Subsequently, the Redemption will occur. Finally, the Articles will be restated pursuant to subsection 180(1) of the CBCA.

The Preferred Shares will have the following rights, privileges, restrictions and conditions: non-voting, entitled to priority on the distribution of assets in the event of a dissolution of the Company up to the amount of the Special Distribution and redeemable by the Company at any time and with no notice to the holder thereof and that the redemption price can be paid in cash, property or a combination of cash or property.

### **Implementation of the Reorganization**

If the Reorganization Resolution is approved by Shareholders at the Meeting, the Board intends to fix the effective date for the Reorganization and fix the record date for the purpose of determining Shareholders entitled to receive the Special Distribution.

The Company expects the Special Distribution to be distributed pursuant to the TSX Venture Exchange’s due bill trading policy. The Company anticipates the record date for the Shareholders entitled to receive the Special Distribution (the “**Special Distribution Record Date**”) will be on or about December 23, 2022, and the effective date for the Reorganization will be on or shortly after December 30, 2022. Shareholders will receive payment shortly thereafter. If the Special Distribution Record Date is December 23, 2022, the Company expects that the New Shares will commence trading “ex- distribution” on January 3, 2023.

### **Effect of the Reorganization**

The Reorganization is comprised of the Share Exchange and the Redemption and other transactions contemplated by the Amendment of Articles. Under the Share Exchange, each Shareholder will be deemed to have received one (1) New Share and one (1) Preferred Share for each Old Share held. On the Redemption, each Shareholder will receive a certain amount of cash for their Preferred Shares. As the Preferred Shares will be immediately redeemed by the Company, no share certificates evidencing the Preferred Shares or the New Shares are expected to be issued.

The aggregate amount of the Special Distribution could be up to approximately \$9.4 million. The Special Distribution will be funded from the net proceeds of the Company's divestments in 2021 and 2022, as detailed herein, and the Company's cash on hand. The Company believes that the Special Distribution is an appropriate use of its financial resources to rebalance its capital structure. The remaining working capital is expected to be sufficient to cover remaining working capital requirements and existing liabilities and obligations for the 2022 fiscal year.

### **Certain Canadian Federal Income Tax Considerations**

The following summary presents the principal Canadian federal income tax considerations generally applicable to Shareholders whose Old Shares are exchanged for New Shares and Preferred Shares and are paid their pro rata share of the Special Distribution from the Company on the Redemption, and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), deal at arm's length and are not affiliated with the Company and hold their Old Shares as capital property.

Shares generally will constitute capital property to a Shareholder unless any such shares are held in the course of carrying on a business of trading or dealing in common shares or otherwise as part of a business of buying and selling securities or such Shareholder has acquired such shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Shareholders who do not hold their shares as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to Shareholders that are financial institutions for purposes of the mark-to-market provisions of the Tax Act. This summary also is not applicable to Shareholders: (i) an interest in which (or whose Old Shares or Preferred Shares) would be a "tax shelter investment" (as defined in the Tax Act); (ii) whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; (iii) that has or will enter into a "derivative forward agreement" or a "synthetic disposition agreement" as such terms are defined in the Tax Act, in respect of the Old Shares, New Shares or Preferred Shares; or (iv) that are partnerships or trusts, as each of those terms are defined in the Tax Act; and any such Shareholders should consult their own tax advisors with respect to the Canadian federal income tax considerations of the Share Exchange and Redemption that are applicable to such Shareholders.

This summary is based on the enacted provisions of the Tax Act and the Company's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**"), and also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"). This summary assumes that the Tax Proposals will be enacted in the form currently proposed. No assurances can be given that the Tax Proposals will be enacted as currently proposed, or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law whether by legislative, regulatory, administrative or judicial action, nor does it take into account other federal tax legislation or provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described in this summary. No advance income tax ruling has been sought or obtained from CRA to confirm the tax consequences of the Share Exchange and Redemption to the Shareholders.

This summary does not address tax matters of any jurisdiction outside of Canada and Shareholders who are not resident in Canada under the laws of a country other than Canada, or who are citizens of a country other than Canada, or who otherwise may be subject to tax in a jurisdiction other than Canada, should consult their own tax advisors with respect to non-Canadian tax matters.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal, business or tax advice to any particular Shareholder. No representations with respect to any tax consequences and considerations to any particular Shareholder are made. This summary is not exhaustive of all Canadian federal income tax considerations. The tax consequences and considerations to any particular Shareholder will depend on a variety of factors, including the Shareholder's own particular circumstances. Shareholders should consult their own tax advisor regarding the tax consequences and considerations applicable to them of the Share Exchange and Redemption. This summary is based upon the assumption that the amount that will be paid by the Company to the Shareholders on the Redemption will not exceed the paid-up capital for the purposes of the Tax Act of the Preferred Shares. Management has advised that the amount of the redemption will be equal to or less than the paid-up capital of the Preferred Shares and are therefore of the view that subsection 84(3) of the Tax Act should not deem any amount paid to Shareholders on the Redemption to be a dividend.

### Resident Shareholders

This portion of the summary is applicable to Shareholders who, at all relevant times and for the purposes of the Tax Act, are or are deemed to be residents of Canada (each, a “**Resident Shareholder**”). Certain Resident Shareholders whose Old Shares otherwise might not qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have these shares, and any other “Canadian Securities” as defined in the Tax Act, owned in the year of the election and any subsequent year, deemed to be capital property.

As provided in section 86 of the Tax Act, holders of the Old Shares will not be required to recognize any capital gain or loss when such shares are exchanged for New Shares and Preferred Shares pursuant to the Share Exchange. Shareholders are not required to file any election with CRA in order to obtain rollover treatment under section 86 of the Tax Act. A Shareholder’s aggregate adjusted cost base of the Old Shares immediately before the Share Exchange will become the aggregate adjusted cost base to such shareholder of the New Shares and Preferred shares received. Specifically, the aggregate adjusted cost base of the Old Shares immediately before the Share Exchange will be allocated to the New Shares and Preferred Shares proportionately, based on the fair market value of each such class of shares.

The amount received by a Resident Shareholder on the Redemption must be deducted in computing the adjusted cost base to a Resident Shareholder of such Resident Shareholder’s Preferred Shares. If the amount so required to be deducted from the adjusted cost base of the Preferred Shares to a particular Resident Shareholder exceeds the adjusted cost base of the Preferred Shares to such Resident Shareholder, the excess will be deemed to be a capital gain of such Resident Shareholder from a disposition of Preferred Shares.

Generally, one half of any capital gain (a “taxable capital gain”) realized by a Resident Shareholder in a taxation year must be included in the income of the Resident Shareholder for that year, and one half of any capital loss (an “allowable capital loss”) realized by a Resident Shareholder in a taxation year must be deducted from taxable capital gains realized by the Resident Shareholder in that year, to the extent and under the circumstances described in the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A capital gain realized by a Resident Shareholder who is an individual may give rise to a liability for minimum tax. A Resident Shareholder that is throughout the year a Canadian-controlled private Company (as defined in the Tax Act) may be liable to pay an additional refundable tax of 10½% on certain investment income, including taxable capital gains.

### Non-Resident Shareholders

This portion of the summary is applicable to Shareholders who, at all relevant times and for the purposes of the Tax Act, are not and are not deemed to be residents of Canada (each, a “**Non-Resident Shareholder**”).

As provided in section 86 of the Tax Act, holders of the Old Shares will not be required to recognize any capital gain or loss when such shares are exchanged for New Shares and Preferred Shares pursuant to the Share Exchange. Shareholders are not required to file any election with CRA in order to obtain rollover treatment under section 86 of the Tax Act. A shareholder’s aggregate adjusted cost base of the Old Shares immediately before the exchange will become the aggregate adjusted cost base to such shareholder of the New Shares and Preferred Shares received, subject to the comments below. Specifically, the aggregate adjusted cost base of the Old Shares immediately before the Share Exchange will be allocated to the New Shares and Preferred Shares proportionately, based on the fair market value of each such class of shares.

The amount received by a Non-Resident Shareholder on the Redemption must be deducted in computing the adjusted cost base to a Non-Resident Shareholder of such Non-Resident Shareholder’s Preferred Shares. If the amount so required to be deducted from the adjusted cost base of the Preferred Shares to a particular Non-Resident Shareholder exceeds the adjusted cost base of the Preferred Shares to such Non-Resident Shareholder, the excess will be deemed to be a capital gain of such Non-Resident Shareholder from a disposition of the Preferred Shares.

A Non-Resident Shareholder will not be subject to Canadian income tax under the Tax Act on any capital gain realized on the disposition of the Preferred Shares that results from the Redemption unless such Preferred Shares constitute “taxable Canadian property” (as defined by the Tax Act) to the Non-Resident Shareholder. Unless more than 50% of the fair market

value of the Preferred Shares is, at any time, derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource property”, as defined in the Tax Act, “timber resource property”, as defined in the Tax Act, and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists) the Preferred Shares should not generally constitute “taxable Canadian property”. Management has advised that it believes that if the Reorganization occurred on the date of this Circular, less than 50% of the fair market value of any of the Preferred Shares would be considered to be derived from any of the property described above as “taxable Canadian property”.

Where Preferred Shares represent taxable Canadian property to a Non-Resident Shareholder, the Redemption of the Preferred Shares will be subject to withholding and reporting requirements under Section 116 of the Tax Act and any capital gains realized on the disposition of the Preferred Shares resulting from the Redemption will be subject to taxation in Canada in a manner consistent with that described above for Resident Shareholders, except as otherwise provided in any tax treaty between Canada and the country in which the Non-Resident Shareholder is resident.

Non-Resident Shareholders whose Preferred Shares are or may be taxable Canadian property should consult their own tax advisor regarding the tax consequences and considerations applicable to them of the Redemption.

### **Reorganization Resolution**

The full text of the Reorganization Resolution is reproduced below. The Reorganization Resolution must be passed by a majority of not less than 2/3 (66⅔ %) of the votes cast by Shareholders who vote in respect of the Reorganization Resolution.

Each Shareholder of record on the Record Date will be entitled to one (1) vote per Share held for the purpose of voting upon the Reorganization Resolution. The text of the Reorganization Resolution may be amended at the Meeting if the amendments correct manifest errors or are not material.

**“BE IT RESOLVED**, as a special resolution of the holders of common shares of Cub Energy Inc. (the **“Company”**), that:

1. the articles of the Company (the **“Articles”**) be amended (the **“Amendment of Articles”**) in the following order:
  - (a) pursuant to clause 173(l)(e) of the CBCA, to create a new class of common shares of the Company (**“New Shares”**), designated as **“Class B Common shares”**, which New Shares shall be unlimited in number and entitling the holder thereof to two (2) votes per share at a meeting of the Company’s shareholders and otherwise have attached thereto the same rights, privileges, restrictions and conditions as are attached to the current common shares (the **“Old Shares”**);
  - (b) pursuant to clause 173(l)(e) of the CBCA, to create a new class of preferred shares of the Company (**“Preferred Shares”**), designated as **“preferred shares”**, which Preferred Shares shall be unlimited in number and have attached thereto the rights, privileges, restrictions and conditions more particularly described in management information circular of the Company before the change described in paragraph 1(d) below;
  - (c) pursuant to clause 173(l)(g) of the CBCA, to redesignate the Old Shares as **“Class A Common shares”** and make consequential amendments to the rights, privileges, restrictions and conditions attached to the Class A Common shares as a result of the creation of the New Shares and the Preferred Shares;
  - (d) pursuant to clause 173(l)(h) of the CBCA, to exchange each issued and outstanding Old Share into one (1) New Share and one (1) Preferred Share (the **“Share Exchange”**);
  - (e) set the aggregate stated capital of the Preferred Shares, as a class, to be equal to the aggregate Special Distribution (as defined in the management information circular of the Company);
  - (f) to set the stated capital of the New Shares to be such amount as is represented by the difference between the existing stated capital of the Old Shares less the aggregate Special Distribution;

2. immediately following the Amendment of Articles, the Articles, as amended, be restated pursuant to subsection 180(1) of the CBCA;
3. to redeem each Preferred Share (the “**Redemption**”) and to pay the redemption proceeds for each such share by transferring property of the Company with a fair market value equal to the Special Distribution which amount will be immediately paid by the Company in property, cash or a combination thereof;
4. the directors of the Company be authorized to fix the effective date of the Amendment of Articles and the Redemption, which shall each be the same date, and fix the record date for the purpose of determining holders of Old Shares entitled to participate in the Share Exchange and the Redemption;
5. the Company is authorized to make all filings necessary for the issuance of certificates by the Registrar under the CBCA to give effect to this special resolution;
6. any director or officer of the Company is authorized and directed, for and in the name of and on behalf of the Company, to execute, or cause to be executed, whether under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such other documents and instruments, and to do or cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to carry out the intent of this special resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
7. notwithstanding the foregoing, the directors of the Company are authorized to revoke this special resolution and not proceed with matters herein authorized, without further approval of the shareholders of the Company.”

### **Recommendation of the Board**

**The Board has unanimously determined that the Reorganization is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of the Reorganization Resolution at the Meeting.**

In reaching its conclusion and recommendation, the Board considered, among others, the following factors: (i) information concerning the financial condition, results of operations, business plans and prospects of the Company both before and after giving effect to the Reorganization; (ii) the advice and assistance of the Company’s management in evaluating the Reorganization; (iii) the opportunity provided by the Reorganization for all Shareholders to share on a *pro rata* basis in a portion of the proceeds from the Company’s divestments; and (iv) the tax effective structure of the Reorganization.

The foregoing discussion of the information and factors considered by the Board is not intended to be exhaustive. In determining that the Reorganization is in the best interests of the Company and recommending that Shareholders vote in favour of the Reorganization Resolution, the Board did not assign any relative or specific weights to the factors which were considered, and individual directors may have given differing weights to different factors.

### **Approval of Share Consolidation**

#### **Basis of Consolidation**

The Board is of the opinion that, in the future, it may be in the best interests of the Company to consolidate the Common Shares, and such a consolidation may enhance their marketability as an investment and could facilitate additional financings to fund operations in the future as the Company is subject to the TSXV’s minimum pricing rules for financings. Accordingly, at the Meeting, Shareholders will be asked to consider and approve, with or without variation, by way of special resolution authorizing an amendment to the articles of the Company pursuant to subsection 173(1)(h) of the CBCA to consolidate the issued and outstanding Common Shares on the basis of one (1) Common Share for up to 300 existing pre-consolidation Common Shares or such lesser ratio that the directors, in their sole discretion, determine to be appropriate (the “**Share Consolidation**”).

Although approval for the Share Consolidation is being sought at the Meeting, such a Share Consolidation would become effective at a date in the future to be determined by the Board when the Board considers it to be in the best interests of the Company to implement such a Share Consolidation, for example in order to facilitate a financing or a corporate transaction. The special resolution will also authorize the Board to elect not to proceed with, and abandon, the Share Consolidation at any time if it determines, in its sole discretion to do so. The Share Consolidation is subject to shareholder approval and to TSXV approval.

### **Risks Associated with the Share Consolidation**

There can be no assurance that the market price of the consolidated Common Shares will increase as a result of the Share Consolidation. The marketability and trading liquidity of the consolidated Shares may not improve. The consolidation may result in some shareholders owning “odd lots” of Common Shares which may be more difficult for such shareholders to sell or which may require greater transaction costs per share to sell.

### **Principal Effects of the Share Consolidation**

If the Board decides to proceed with the Share Consolidation at the time they deem appropriate, the principal effects of the Share Consolidation include the following:

- the fair market value of each Common Share may increase and will, in part, form the basis upon which further Common Shares or other securities of the Company will be issued (recognizing that the Board may elect to consolidate on the basis of a lesser ratio that they deem appropriate);
- the number of issued and outstanding Common Shares will be reduced from 314,215,355 to up to 1,047,384 based on the maximum consolidation ratio of one (1) Common Share for up to each 300 existing pre-consolidation Common Shares;
- the exercise prices and the number of Common Shares issuable upon the exercise or deemed exercise of any stock options or warrants of the Company will be automatically adjusted based on the consolidation ratio selected by the Board; and
- as the Company will have an unlimited number of Common Shares authorized for issuance, the Share Consolidation will not have any effect on the number of Common Shares of the Company available for issuance.

### **Effect on Fractional Shareholders**

No fractional shares will be issued if, as a result of the Share Consolidation, a registered Shareholder would otherwise become entitled to a fractional Common Share. After the consolidation, then current Shareholders will have no further interest in the Company with respect to their fractional Common Shares.

### **Effect on Share Certificates**

If the Share Consolidation is approved by the Shareholders and implemented by the Board, the registered Shareholders will be required to exchange their Common Share certificates representing pre-consolidation Common Shares for new Common Share certificates representing post-consolidation Common Shares. Following the determination of the consolidation ratio by the Board and as soon as possible following the effective date of the Share Consolidation, the registered Shareholders will be sent a transmittal letter by the Company’s transfer agent. The letter of transmittal will contain instructions on how to surrender Common Share certificate(s) representing pre-consolidation Common Shares to the transfer agent. The transfer agent will forward to each registered Shareholder who has sent the required documents a new Common Share certificate representing the number of post-consolidation Common Shares to which the Shareholder is entitled. Until surrendered, each Common Share certificate representing pre-consolidation Common Shares of the Company will be deemed for all purposes to represent the number of whole post-consolidation Common Shares to which the holder is entitled as a result of the Share Consolidation. Shareholders should not destroy any Common Share certificate(s) and should not submit any Common Share certificate(s) until requested to do so. The method of delivery of certificates representing Common Shares and the Letter of Transmittal and all other required documents will be at the option and risk of the person surrendering them. It is recommended that such documents be delivered by hand to Odyssey, at the address noted in the Letter of Transmittal, and a receipt obtained therefore, or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained.

### **Common Shares to which the holder is entitled as a result of the Share Consolidation**

Shareholders should not destroy any Common Share certificate(s) and should not submit any Common Share certificate(s) until requested to do so. The method of delivery of certificates representing Common Shares and the Letter of Transmittal and all other required documents will be at the option and risk of the person surrendering them. It is recommended that such documents be delivered by hand to Odyssey, at the address noted in the Letter of Transmittal, and a receipt obtained therefore, or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained.

### **Procedure for Implementing the Share Consolidation**

If the special resolution is approved by the Shareholders and the Board decides to implement the Share Consolidation, the Company will promptly file Articles of Amendment pursuant to the CBCA to amend the Articles of the Company. The Share Consolidation will become effective on the date shown in the Certificate of Amendment issued pursuant to the CBCA.

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

**“BE IT RESOLVED** as a special resolution that:

1. the articles of the Company be amended to change the number of issued and outstanding common shares of the Company (the **“Common Shares”**) by consolidating the issued and outstanding Common Shares of the Company on the basis of one (1) new Common Share for up to each 300 existing pre- consolidation Common Shares of the Company or for such other lesser whole or fractional number of existing Common Shares that the directors, in their sole discretion, determine to be appropriate (the **“Share Consolidation”**), and in the event that the Share Consolidation would otherwise result in a holder of Common Shares holding a fraction of a Common Share, such holder shall not receive any whole new Common Shares for each such fraction, such amendment to become effective at a date in the future to be determined by the Board of Directors of the Company;
2. any director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver or cause to be delivered Articles of Amendment to the Registrar under the CBCA at such time as the Board determines to implement the Share Consolidation;
3. notwithstanding that this special resolution has been duly passed by the holders of the Common Shares of the Company, the directors of the Company may in their sole discretion revoke this special resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the holders of the Common Shares of the Company; and
4. any one director or officer of the Company be and the same is hereby authorized, for and on behalf of the Company to execute or cause to be executed, and to deliver or cause to be delivered all such documents and filings, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

The special resolution must be approved by a majority of not less than two-thirds (66 2/3%) of the votes cast by Shareholders present in person or voting by proxy at the Meeting.

### **Approval of Name Change**

Management is seeking shareholder approval by special resolution to amend the Articles of the Company to change the name of the Company from Cub Energy Inc. to Sirico Capital Corp., or such other name as is determined by the directors of the Company, subject to regulatory approvals. The name change is subject to the prior acceptance of the TSX Venture Exchange and to the Company obtaining the approval of its shareholders.

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

“**BE IT RESOLVED** as a special resolution that:

1. the Company is hereby authorized to change its name from Cub Energy Inc. to Sirico Capital Corp., or such other name as may be approved by the directors of the Company, the Registrar of Companies and the TSX Venture Exchange, and the Company is hereby authorized to amend its Articles accordingly;
2. the board of directors is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the above resolution without further approval, ratification or confirmation by the shareholders; and
3. any one director or officer of the Company is hereby authorized for and on behalf of the Company to take all such action, do all such things and execute under seal or otherwise and deliver or cause to be delivered all such documents that such director or officer deems necessary or desirable in furtherance of the foregoing resolutions.”

The special resolution must be approved by a majority of not less than two-thirds (66 2/3%) of the votes cast by Shareholders present in person or voting by proxy at the Meeting.

#### **Approval of Change of Location of Registered Office**

The Company’s articles currently designate an address in Alberta where the Company’s registered office is to be situated. The Company proposes to amend its articles to change the province where its registered office is situated from Alberta to British Columbia.

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

“**BE IT RESOLVED** as a special resolution that:

1. the Company is hereby authorized to amend its articles to change the province where its registered office is situated from Alberta to British Columbia; and
2. any one director or officer of the Company is hereby authorized for and on behalf of the Company to take all such action, do all such things and execute under seal or otherwise and deliver or cause to be delivered all such documents that such director or officer deems necessary or desirable in furtherance of the foregoing resolutions.”

The special resolution must be approved by a majority of not less than two-thirds (66 2/3%) of the votes cast by Shareholders present in person or voting by proxy at the Meeting.

#### **OTHER BUSINESS**

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

#### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes set out below, a “**Named Executive Officer**” or “**NEO**” means each of the following individuals:

- (a) the chief executive officer of the Company (“**CEO**”) or each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) the chief financial officer of the Company (“**CFO**”) or each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing

functions similar to a chief financial officer;

(c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year, as determined in accordance with subsection 1.3(5) of Form 51-102F6V; and

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

As at the end of the Company's most recently completed financial year ended December 31, 2021, the Company had two NEOs, whose names and positions held within the Company are set out in the summary compensation table below.

### Director and Named Executive Officer Compensation

The following table is a summary of compensation (excluding compensation securities) paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each NEO and director for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company, for each of the Company's two most recently completed financial years ended December 31, 2021 and December 31, 2020.

Table of compensation excluding compensation securities							
Name and position	Year Ended December 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Patrick McGrath <sup>(2)</sup> <i>CEO and Director</i>	2021	137,046	12,000	Nil	Nil	Nil	149,046
	2020	126,292	Nil	Nil	Nil	Nil	126,292
Eugene Chaban <sup>(3)</sup> <i>CFO and Director</i>	2021	109,405	Nil	Nil	Nil	Nil	109,405
	2020	108,045	Nil	Nil	Nil	Nil	108,045
Tim Marchant <sup>(4)</sup> <i>Non-Executive Chairman and Director</i>	2021	30,897	Nil	Nil	Nil	Nil	30,897
	2020	18,125	Nil	Nil	Nil	Nil	18,125
J. Frank Mermoud <i>Director</i>	2021	43,225	Nil	Nil	Nil	Nil	43,225
	2020	49,966	Nil	Nil	Nil	Nil	49,966
Sergey Panchuk <sup>(5)</sup> <i>Former COO</i>	2021	148,211	Nil	Nil	Nil	Nil	148,211
	2020	145,339	Nil	Nil	Nil	Nil	145,339
Mikhail Afendikov <sup>(6)</sup> <i>Former Chairman, former CEO and former Director</i>	2021	23,375	Nil	Nil	Nil	Nil	23,375
	2020	297,000	Nil	Nil	Nil	Nil	297,000
John Booth <sup>(7)</sup> <i>Former Chairman and former Director</i>	2021	20,933	Nil	Nil	Nil	Nil	20,933
	2020	49,966	Nil	Nil	Nil	Nil	49,966

#### Notes:

(1) The Company's financial statements are presented in United States dollars ("US\$"). Where amounts were paid in Canadian dollars, they have been converted to US\$ for this table. Effective July 1, 2021, the Directors' compensation was an annual fee of CAD\$50,000

and CAD\$60,000 fee for the chairman.

- (2) Mr. McGrath served as CFO from 2013 to February 2, 2021, and was appointed as CEO on February 2, 2021. He is paid by the Company pursuant to a consulting agreement effective October 1, 2018. Mr. McGrath was appointed as a Director on April 21, 2020 and receives no compensation for his services as a Director. Mr. McGrath is paid in Canadian dollars and converted to US\$ for this table.
- (3) Mr. Chaban was appointed as CFO on February 2, 2021 and appointed as a Director of the Company on March 23, 2021 and receives no compensation for his services as a Director. Mr. Chaban is paid in Ukrainian hryvnia and converted to US\$ for this table.
- (4) Mr. Marchant was appointed as a Director and Chairman of the Board of Directors, effective May 18, 2021. Mr. Marchant previously served as a Director from May 30, 2013 to June 17, 2020.
- (5) Mr. Panchuk is paid in Ukrainian hryvnia and converted to US\$ for this table. Mr. Panchuk resigned as COO on August 17, 2022
- (6) Mr. Afendikov ceased to act as CEO and a Director of the Company on February 1, 2021. In 2020, Mr. Afendikov received \$497,000 of which \$297,000 was his 2020 annual salary plus \$200,000 for payment of prior years' salary accruals. During the year ended December 31, 2021, Mr. Afendikov was paid a salary of \$23,375 and Mr. Afendikov's estate was paid \$258,000, representing the balance of prior years salary accruals. Mr. Afendikov did not receive any compensation for his services as a Director.
- (7) Mr. Booth ceased to act as a Director of the Company on May 18, 2021.

### **Stock Options and Other Compensation Securities**

No compensation securities were granted or issued to each director and NEO by the Company or its subsidiaries in the Company's most recently completed financial year ended December 31, 2021 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

As at December 31, 2021, the total amount of compensation securities held by each NEO and director of the Company is as follows:

1. Mr. McGrath held 1,500,000 stock options exercisable at a price of \$0.08 per share until December 7, 2026.
2. Mr. Chaban held 1,000,000 stock options exercisable at a price of \$0.08 per share until December 7, 2026.
3. Mr. Mermoud held 1,000,000 stock options exercisable at a price of \$0.08 per share until December 7, 2026.
4. Mr. Panchuk held 1,000,000 stock options exercisable at a price of \$0.08 per share until December 7, 2026.
5. Mr. Marchant held no stock options.

No compensation securities were exercised by a director or NEO during the Company's most recently completed financial year ended December 31, 2021.

### **Stock Option Plans and Other Incentive Plans**

See "Approval of Stock Option Plan" above for the material terms of the Company's Stock Option Plan. The Stock Option Plan will be placed before the Meeting for shareholder approval.

### **Employment, Consulting and Management Agreements**

Pursuant to his consulting agreement, Mr. McGrath is paid a monthly fee of CAD\$13,400 and an additional fee of CAD\$150/hour for every hour over 90 hours in a calendar month. The monthly fee was increased to CAD\$15,000 on July 1, 2021 in conjunction with the appointment as Chief Executive Officer. The Company may terminate the consulting agreement at any time, with or without cause, by providing him with a minimum of 90 days' notice. There are no fees payable in connection with termination of the consulting agreement.

Other than disclosed herein, the Company does not have any agreement or arrangement under which compensation was provided during the Company's most recently completed financial year ended December 31, 2021 or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or NEO, or performed by any other party but are services typically provided by a director or a NEO.

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

### Compensation Discussion and Analysis

The Company has established a Compensation, Nominating and Governance Committee (the “**Compensation, Nominating and Governance Committee**”) currently comprised of two directors, Frank Mermoud (Chair) and Timothy Marchant. The Company considers Mr. Mermoud to be an independent director.

One of the mandates of the Compensation, Nominating and Governance Committee is to assist the Board in the review and approval of compensation matters. The Compensation, Nominating and Governance Committee makes specific recommendations regarding compensation of the Company's directors and the CEO, Chief Operating Officer (“COO”), and CFO (“**Executive Officers**”).

### *Objectives of the Compensation Program*

The Company's compensation program has been designed to attract, retain and inspire highly qualified and motivated individuals, and to provide fair and competitive compensation in accordance with industry standards and with the individual's expertise and experience.

### *Overview of the Compensation Philosophy*

The following principles guide the Company's overall compensation philosophy with respect to its Executive Officers:

- (a) compensation is determined on an individual basis by the need to attract and retain talented, high-achievers;
- (b) calculating total compensation is set with reference to the market for similar jobs in similar locations;
- (c) an appropriate portion of total compensation is variable and linked to achievements, both individual and corporate;
- (d) internal equity is maintained such that individuals in similar jobs and locations are treated fairly; and
- (e) the Company supports reasonable expenses in order that employees continuously maintain and enhance their skills.

The Board is given discretion to determine and adjust, year to year, the relative weighting of each form of compensation discussed above in a manner which best measures the success of the Company and its Executive Officers.

Compensation of all Executive Officers is based primarily on corporate performance, which includes achievement of the Company's strategic objective of growth and the enhancement of Shareholder value.

### *The Compensation Review Process*

The form and amount of compensation payable to Executive Officers and directors is evaluated by the Compensation, Nominating and Governance Committee and is guided by the following goals:

- (a) compensation should be commensurate with the time spent by the executive officers and directors in meeting their obligations and reflective of the compensation paid by companies similar in size and business to the Company;
- (b) the Company's compensation program should fairly compensate and motivate the executive officers and directors; and
- (c) the structure of the compensation should be simple, transparent and easy for Shareholders to understand.

To determine compensation payable, the Compensation, Nominating and Governance Committee reviews compensation paid to executive officers and directors of companies of similar business, size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the executive officers and directors while taking into account the financial and other resources of the Company.

### Base Salary

Salaries form the primary component of the Company's compensation program for its Executive Officers. Salary levels are determined with reference to market comparables for similar positions, as well as the performance of the executive, the individual experience and skills of, and expected contribution from, each executive, the roles and responsibilities of the

executive and the financial resources of the Company.

#### Bonus Plan

For 2021, the Compensation, Nominating and Governance Committee agreed to award bonuses at the discretion of the Committee and the Board. A bonus plan was established in 2021 to incentivize and retain key executives and tied to the successful divestiture of the Company's assets in Ukraine.

#### Stock Option Plan

The Company has in effect a Stock Option Plan in order to provide effective incentives to directors, officers, senior management personnel, employees and consultants of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. The Company currently has no equity compensation plans other than the Stock Option Plan. The Stock Option Plan is an important part of the Company's long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the common shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to officers is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such executive officer's long-term contribution to the Company will be key to its long-term success. Previous grants of stock options are taken into account when considering new grants.

#### Other Compensation Matters

Other than as specifically set forth above, the Company, at present, does not propose to pay any other long-term incentive awards to its executive officers. The Company at present does not propose to establish any supplemental executive retirement plans, pension plans or disability benefits for the directors or the executive officers.

#### Director Compensation

The current Board has four directors. Effective July 1, 2021, the Directors' compensation was set to an annual retainer of CAD\$50,000 for independent directors and CAD\$60,000 fee for the chairman. From time to time, the Board, in its discretion, may also compensate directors with fees for their services on Board projects or special Committees of the Board. Board members are also eligible to participate in the Stock Option Plan and any other long-term compensation plans adopted by the Company from time to time. The Company will reimburse directors for all reasonable expenses incurred in order to attend meetings.

The Company maintains a director and officer liability insurance policy pursuant to which directors and officers are insured for liabilities which may arise from the conduct of their activities on behalf of the Company.

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

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

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders (Stock Option Plan)	8,600,000	\$0.08	22,821,535

Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>8,600,000</b>	<b>-</b>	<b>22,821,535</b>

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the Company's most recently completed financial year, none of the directors, executive officers, employees, proposed nominees for election as directors or their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, have been indebted to the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the beginning of the Company's most recently completed financial year, no informed person of the Company (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company, or any associate or affiliate of any informed person or proposed director has had any interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### MANAGEMENT CONTRACTS

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

### STATEMENT OF CORPORATE GOVERNANCE

#### Corporate Governance

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

#### Board of Directors

The composition of the Board currently consists of four members: Patrick McGrath, Eugene Chaban, Timothy Marchant, and Frank Mermoud. It is proposed that all four individuals be nominated for election at the Meeting.

Of the proposed nominees, two directors, Patrick McGrath (CEO) and Eugene Chaban (CFO) are not considered to be independent for purposes of membership on the Board. For this purpose, a director is independent if he has no direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment.

#### Other Directorships

The following table sets forth the directors of the Company who are directors of other reporting issuers as of the date hereof:

<i>Name</i>	<i>Name of other reporting issuer</i>
Patrick McGrath	Blue Moon Metals Inc. Burrell Resources Inc.
Eugene Chaban	None

<i>Name</i>	<i>Name of other reporting issuer</i>
Timothy Marchant	Vermilion Energy Inc. VAALCO Energy, Inc. Valeura Energy Inc.
Frank Mermoud	Iofina PLC

### **Orientation and Continuing Education**

The Board has established the Compensation, Nominating and Governance Committee. The Compensation, Nominating and Governance Committee, with the assistance of the management of the Company, is responsible for providing orientation to new directors. Director orientation and ongoing training includes presentations by senior management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its independent auditors.

### **Ethical Business Conduct**

In 2013, the Company implemented a Code of Business Conduct and Ethics Policy, as well as a Business Integrity Policy, including anti-retaliation provisions for whistleblowers. These policies provide guidance on the conduct of the Company's business in accordance with high ethical standards and help mitigate the risks posed by exposure to foreign corrupt practices. Directors, officers, employees and consultants are asked annually to certify their review of, and compliance with, the policies. Also, these policies are posted on the Company's website (in both English and Ukrainian languages). Currently, the management and staff of the Company have extensive experience with global operations and are aware of the requirements of the foreign corrupt practices regulations and how to operate within those regulations in laws in the jurisdictions relevant to the operations of the Company.

Additionally, the skill and knowledge of Board members and advice from counsel ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Directors and officers are required to disclose dealings in any of the geographic areas in which the Company operates. They are also subject to the general obligation under corporate law to disclose and not vote on any material contract or transaction with the Company in which the director or officer has an interest.

### **Nomination of Directors**

When a Board vacancy occurs or is contemplated, any director or officer may make recommendations to the Compensation, Nominating and Governance Committee as to qualified individuals for nomination to the Board.

In identifying new candidates, the Compensation, Nominating and Governance Committee will take into account the mix of director qualifications and experiences, perspectives and skills appropriate for the Company at that time.

### **Compensation**

The Compensation, Nominating and Governance Committee receives recommendations from the management of the Company and reviews and makes recommendations to the Board regarding directors' fees and the granting of stock options or RSUs to directors of the Company. Directors may be compensated in cash and/or equity for their expert advice and contribution towards the success of the Company. For further discussion on the director compensation review process.

### **Board Committees**

The Board has no committees other than the Audit Committee and the Compensation, Nominating and Governance Committee.

### **Assessments**

The Compensation, Nominating and Governance Committee is responsible for evaluating the effectiveness of the Board,

committees of the Board and individual directors based on their individual competencies, skills, personal qualities and contributions made to the Board. The Compensation, Nominating and Governance Committee, with the participation of senior management of the Company, may recommend changes to enhance Board performance in light of the Company's circumstances, business strategies and applicable regulatory requirements.

### **AUDIT COMMITTEE**

National Instrument 52-110 of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

#### **Audit Committee Disclosure**

Pursuant to Section 171(1) of the *Canada Business Corporations Act* and NI 52-110, the Company is required to have an audit committee (the “**Audit Committee**”) comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (a) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (b) reviewing the systems for internal corporate controls which have been established by the Board and management; and (c) overseeing the Company’s financial reporting processes generally. In meeting these responsibilities, the Audit Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

#### **The Audit Committee’s Charter**

The Company has adopted a Charter of the Audit Committee of the Board of Directors, a copy of which is attached as Schedule “A”.

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

The Audit Committee is comprised of the following members: Timothy Marchant, Frank Mermoud and Patrick McGrath. Mr. McGrath, is an executive officer of the Company and is therefore not independent. Each member of the Audit Committee is considered to be financially literate as defined by NI 52-110 in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements. The members of the Audit Committee are elected by the Board at its first meeting following the annual Shareholders’ meeting.

#### **Relevant Education and Experience**

*Timothy Marchant* - Dr. Marchant has over 35 years petroleum experience in Canadian and international exploration, development, production and business development. From 1980 to 2009 Dr. Marchant was with Amoco and BP including positions as Chief Geologist Amoco Canada, Nile Delta Exploration Manager Amoco Egypt, VP Exploration BP Egypt Oil, Exploration Manager ExxonMobil Saudi Arabia, General Manager BP Abu Dhabi, President BP Kuwait Ltd. and VP Middle East E&P BP International. Dr. Marchant has been an Adjunct Professor of Strategy and Energy Geopolitics, Haskayne School of Business, University of Calgary since September 2009. Dr. Marchant is currently non-executive Chairman of the board of directors of Valeura Energy Inc. and a non-executive director of Vermilion Energy Inc and VAALCO Energy Inc. Dr. Marchant has a Ph.D. Geology, Trinity College, University of Dublin, Ireland, 1978, completed the Ivey Executive Program, University of Western Ontario, 1994 and the Institute of Corporate Directors Education Program in 2011.

*Frank Mermoud* – Mr. Mermoud has extensive and high-profile international experience in policy-making, international business, trade and investment. He is currently President of Orpheus International, a Washington D.C. based private advisory firm and serves as a non-executive director of Iofina, an Oklahoma-based iodine exploration, production, and chemicals

company. Mr. Mermoud has served as the Secretary of State's Special Representative for Commercial and Business Affairs at the U.S. Department of State. With nearly 30 years' experience in the public and private sectors, Mr. Mermoud has exhibited a pro-active nature to business development, identifying investment and trade opportunities and facilitating capital in both the private equity and debt markets. Mr. Mermoud received a B.S. degree from the School of Foreign Service at Georgetown University, is fluent in French and has worked extensively throughout his career in Europe, Asia, Latin America and Africa. He is on the Executive Committee of the US-Ukraine Business Council.

*Patrick McGrath* – Mr. McGrath is a CPA and was the Chief Financial Officer of the Company from July 2013 to February 2021. Mr. McGrath also acted as the Chief Financial Officer of Anatolia Energy Corp. from March 2011 to June 2013. Mr. McGrath has a Bachelor of Commerce from Memorial University of Newfoundland.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in section 2.4 (De Minimis Non-Audit Services), subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), subsection 6.1.1(5) (Events Outside Control of Member), subsection 6.1.1(6) (Death, Incapacity or Resignation), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemption) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Company's Audit Committee charter requires Audit Committee pre-approval of all non-audit mandates for services the external auditors undertake for the Company or its subsidiaries.

### **External Auditor Service Fees**

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

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

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2021	\$69,500	Nil	Nil	Nil
December 31, 2020	\$52,500	Nil	Nil	Nil

### **Exemption**

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

## **DISCLOSURE RELATING TO DIVERSITY**

For all annual meetings held on or after January 1, 2020, distributing corporations created under the CBCA must report on the representation of four designated groups on their board of directors and senior management teams, which includes the president, CEO, CFO, VPs in charge of a principal business unit and anyone who performs policymaking functions within the Company. The Designated Groups under the *Employment Equity Act of Canada* are women, indigenous peoples, persons

with disabilities and members of visible minorities.

The diversity information disclosed in this document reflects the Company's situation as of the date of this Information Circular.

The Company currently has four Board members, none of whom is a woman (0 - 0%), indigenous person (0 - 0%), person with disabilities (0 - 0%) or member of a visible minority (0 - 0%). The Company currently has three executive officers (two of whom are also Board members), none of whom is a woman (0 - 0%), indigenous person (0 - 0%), person with disabilities (0 - 0%) or a member of a visible minority (0 - 0%). Due to the size, resources, nature of business and difficulty in attracting directors and senior officers, the Company has not adopted term limits for directors, has not adopted a written policy relating to the identification and nomination of directors and officers that are women, indigenous peoples, persons with disabilities or members of visible minorities, and has not considered the level of representation of the designated groups in its executive officer positions or on its Board in previous nominations or appointments (including a targeted number or percentage). The Board of Directors seeks directors who represent a mix of backgrounds and business experiences that will enhance the quality of the Board's deliberations and decisions. The Board of Directors considers, among other factors, diversity with respect to viewpoint, skills, experience, character and behavior qualities in its evaluation of candidates for Board membership.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year ended December 31, 2021, and available online at [www.sedar.com](http://www.sedar.com). Shareholders may request copies by mail to 205 5<sup>th</sup> Avenue SW, Suite 3300, Calgary, Alberta, T2P 2V7.

### **RIGHTS OF DISSENT**

Pursuant to the CBCA, a registered Shareholder will have the right to dissent with respect to the Reorganization Resolution. To exercise such right, the Dissenting Shareholder must send to the Company a written objection to the Reorganization Resolution, which written objection must be received by the Company c/o #3300, 205 5<sup>th</sup> Avenue SW, Calgary, AB, T2P 2V7, by 4:30 p.m. (Calgary time) on December 16, 2022 (or such other date that is the second to last business day prior to the Meeting, or any adjournment thereof) and the Dissenting Shareholder must otherwise comply with Section 190 of the CBCA. Provided the Reorganization becomes effective, each Dissenting Shareholder will be entitled to be paid the fair value of the Common Shares in respect of which the Dissenting Shareholder dissents in accordance with Section 190 of the CBCA.

The statutory provisions covering the right of dissent are technical and complex. Failure to strictly comply with the requirements set forth in Section 190 of the CBCA will result in the loss of any right of dissent. A person who is a beneficial holder of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wishes to dissent, should be aware that only the registered holder of such Common Shares is entitled to dissent. Accordingly, a beneficial holder of Common Shares desiring to exercise the right of dissent must make arrangements for such Common Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the Reorganization Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on such holder's behalf. Pursuant to the CBCA, a Shareholder may not exercise the right of dissent in respect of only a portion of such holder's Common Shares.

### **DIRECTORS' APPROVAL**

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

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

*"Patrick McGrath"*

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Patrick McGrath  
Chief Executive Officer

## Schedule “A”

### Charter of the Audit Committee

#### *Name*

There shall be a Committee of the Board of directors (the “**Board**”) of Cub Energy Inc. (the “**Company**”) known as the audit Committee (the “**Audit Committee**”).

#### *General Purpose*

The Audit Committee has been established to assist the Board in fulfilling its oversight responsibilities with respect to the following areas: (i) the Company’s external audit function; (ii) internal control and management information systems; (iii) the Company’s accounting and financial reporting requirements; (iv) the Company’s compliance with law and regulatory requirements; (v) the Company’s risks and risk management policies; and (vi) such other functions as are delegated to it by the Board. Specifically, with respect to the Company’s external audit function, the Audit Committee assists the Board in fulfilling its oversight responsibilities relating to: (i) the quality and integrity of the Company’s financial statements; (ii) the independent auditors’ qualifications; and (iii) the performance of the Company’s independent auditors.

The Audit Committee is intended to facilitate and provide a means of open communication between management, the external auditors and the Board.

#### *Composition and Qualifications*

The Audit Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three members who are appointed by the Board. The composition of the Audit Committee shall meet all applicable regulatory requirements. More specifically, a majority of members of the Audit Committee shall be non-management as required by the rules of the TSX Venture Exchange.

Members of the Audit Committee may not receive any compensation from the Company other than director and Committee fees or fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service (provided such compensation is not contingent in any way on continued service).

The Board shall designate the chair (the “**Chair**”) of the Audit Committee and in so doing shall consider the recommendation of the Compensation, Nominating and Governance Committee of the Company (the “**Compensation and Nominating Committee**”). The Chair shall have responsibility for overseeing that the Audit Committee fulfills its mandate and duties effectively.

Each member of the Audit Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board, following consideration of the recommendation of the Compensation and Nominating Committee, may fill a vacancy which occurs in the Audit Committee at any time.

#### *Meetings*

The Chair of the Audit Committee, in consultation with the Audit Committee members, shall determine the schedule and frequency of the Audit Committee meetings provided that the Audit Committee will meet at least four times in each fiscal year and at least once in every fiscal quarter. The Audit Committee shall have the authority to convene additional meetings as circumstances require. An agenda for each meeting will be disseminated to Audit Committee members as far in advance of each meeting as is practicable. The quorum for a meeting of the Audit Committee shall be two-fifths of its members, provided that one of those present is the Chair of the Audit Committee.

The Audit Committee shall meet separately and periodically with management, counsel and the external auditors. The Audit Committee shall meet separately with the external auditors at every meeting of the Audit Committee at which external auditors are present.

### ***Responsibilities***

The Audit Committee is mandated to carry out the following responsibilities:

#### ***1. External Auditors***

- a. Subject to applicable law, the Audit Committee shall be responsible for recommending to the Board the appointment, compensation and termination of the external auditor. The external auditor shall report directly to the Audit Committee and shall be accountable to the Board and Audit Committee as representatives of the Shareholders of the Company.
- b. The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including overseeing the resolution of any disagreements between the external auditor and management regarding financial reporting.
- c. The Audit Committee shall pre-approve all non-audit mandates for services the external auditor shall undertake for the Company or its subsidiaries.
- d. The Audit Committee shall satisfy itself, on behalf of the Board, that the external auditor is independent of management. In assessing such independence, the Audit Committee shall discuss with the external auditors, and may require a letter from the external auditor outlining, any relationships between the external auditors and the Company or its affiliates.
- e. The Audit Committee shall review the terms of the external auditors' engagement, the audit plan of the external auditors, the integration of the external audit with the internal control program, and the results of the audit, which shall include reviewing the external auditor's letter to management and management's response thereto and other material written communications between management and the external auditors.
- f. The Audit Committee shall satisfy itself, annually or more frequently as the Audit Committee considers appropriate, as to the external auditors' internal quality control procedures and any material issues raised by the most recent internal quality control review or peer review of the external auditor or by any public enquiry, review, or investigation by governmental, professional or other regulatory authorities.
- g. The Audit Committee shall periodically review and discuss with management and the external auditors the quality and acceptability of the Company's accounting policies and practices, the materiality levels which the external auditors propose to employ, any significant changes in accounting policies and any proposed changes in accounting or financial reporting that may have a significant impact on the Company.
- h. The Audit Committee shall discuss with management and the external auditors all alternative treatments of financial information within international financial reporting standards that have been discussed with management by the external auditors, the ramifications of these alternative treatments and the treatment preferred by the external auditors.
- i. The Audit Committee shall review and approve the Company's policies for hiring partners, employees and former partners and employees of the external auditor or former external auditor.

## **2. Financial Information**

- a. The Audit Committee shall discuss with management and the external auditors whether the audited annual financial statements present fairly (in accordance with international financial reporting standards) in all material respects the financial condition, results of operations and cash flows of the Company as of and for the periods presented and, where appropriate, recommend for approval to the Board the annual audited financial statements of the Company.
- b. The Audit Committee shall discuss with management and the external auditors whether the unaudited quarterly financial statements present fairly (in accordance with international financial reporting standards) in all material respects the financial condition, results of operations and cash flows of the Company as of and for the periods presented and, where appropriate, recommend for approval to the Board the unaudited quarterly financial statements of the Company.
- c. The Audit Committee shall review the Company's Annual Report to Shareholders and other financial information (including the Company's financial statements, annual and quarterly Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), Annual Information Form, annual and interim earnings press releases and any prospectus or offering circular) prepared by the Company before the Company discloses such information with management and, where appropriate, recommend for approval to the Board and recommend for filing with regulatory bodies.
- d. The Audit Committee shall review any news releases and reports to be issued by the Company containing earnings guidance or financial information for research, analysts and rating agencies. The Audit Committee shall also review the Company's policies relating to financial disclosure and the release of earnings guidance and the Company's compliance with financial disclosure rules and regulations.
- e. The Audit Committee shall discuss with management and the external auditors important trends and developments in financial reporting practices and requirements and their effect(s) on the Company's financial statements.

## **3. Internal Controls and Disclosure Controls**

- a. The Audit Committee shall oversee the adequacy and effectiveness of the Company's disclosure control and internal control systems through discussions with the Company's external auditors and management and shall report to the Board with respect to such matters on an annual basis.
- b. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than the Company's MD&A and annual and interim earnings press releases) and must periodically assess the adequacy of those procedures.
- c. The Audit Committee shall review annually the Company's code of business conduct and its effectiveness and enforcement.

## **4. Risk Management**

- a. The Audit Committee shall review with management the principal risks facing the Company and the policies, processes and procedures for management's monitoring and managing of such risks or exposures. If necessary, the Audit Committee will mandate, monitor and evaluate the steps management has taken to monitor and manage such exposures, including insuring against such risks, where appropriate.

## ***5. Compliance with Legal and Regulatory Requirements***

- a. The Audit Committee shall review with management, and any internal or external counsel as the Audit Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies.
- b. The Audit Committee shall review with counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with the legal and regulatory responsibilities.
- c. The Audit Committee shall establish and review annually procedures for:
  - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, disclosure controls or auditing matters; and
  - the confidential, anonymous submission of concerns by employees of the Company regarding questionable accounting or auditing matters.

## ***6. Hiring Policies***

- a. The Audit Committee shall review and approve of the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

## ***7. Other***

- a. The Audit Committee shall also perform such other activities related to this charter as requested by the Board.
- b. The Audit Committee shall review and assess the adequacy of this charter annually and shall submit any proposed changes to the Board for approval.
- c. The Audit Committee may delegate its authority and duties to subCommittees or individual members of the Committee as it deems appropriate.

## ***Reporting***

The Audit Committee shall report its deliberations and discussions regularly to the Board and shall submit to the Board the minutes of its meetings.

## ***Resources***

The Audit Committee shall have the authority, in its sole discretion, to retain independent legal, accounting and other consultants to advise the Audit Committee and set and pay their compensation at the expense of the Company. The Audit Committee shall be provided with the necessary funding to compensate the external auditors and any other advisors they engage.

The Audit Committee may directly communicate with the external auditors and any officer or employee of the Company and may request any officer or employee of the Company or the Company's external counsel or external auditors to attend a meeting of the Audit Committee or to meet with any member of, or consultants to, the Audit Committee. The Audit Committee shall have full access to all of the Company's books, records, facilities and personnel.

## ***Limitation on the Oversight Role of the Audit Committee***

Nothing in this charter is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Audit Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives financial and other information and the accuracy of the information provided to the Company by such persons or organizations.

While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and in accordance with international financial reporting standards and applicable rules and regulations. These are the responsibility of management and the external auditors.