



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 22, 2021**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**November 12, 2021**

**RAZOR ENERGY CORP.  
NOTICE OF ANNUAL GENERAL MEETING  
OF THE HOLDERS OF COMMON SHARES  
TO BE HELD ON DECEMBER 22, 2021**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) in the capital of Razor Energy Corp. (the “**Corporation**”) to be held solely by means of remote communication via teleconference at 587-324-2527, Meeting ID 707 272 364, on December 22, 2021 at 2:00 p.m. (Calgary time), for the following purposes:

1. receive the audit consolidated financial statements for the fiscal years ended December 31, 2020 and 2019, together with the report of the independent auditors thereon;
2. fix the number of directors to be elected at four;
3. elect directors for the ensuing year;
4. appoint the auditors of the Corporation to hold office until the next annual meeting of the Shareholders and authorize the directors to fix their remuneration;
5. approve the stock option plan of the Corporation, as described in the management information circular (the “**Circular**”) dated November 12, 2021; and
6. transact such other business as may properly come before the meeting or any adjournments thereof.

Only Shareholders of record at the close of business on November 10, 2021 (the “**Record Date**”) are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat, unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed share certificates or otherwise establishing that he or she owns such Common Shares, requests, not later than 10 days before the Meeting, that the transferee’s name be included in the list of shareholders entitled to vote such Common Shares, in which case such transferee shall be entitled to vote such Common Shares, as the case may be, at the Meeting.

The Corporation has opted to use the notice-and-access rules developed by Canadian Securities Administrators to reduce the volume of paper in the materials distributed for the Meeting. Instead of receiving the Circular with the form of proxy or voting instruction form, Shareholders received a notice-and-access notification with instructions for accessing the remaining Meeting materials online. The Circular and other relevant materials are available via the internet at [www.razor-energy.com.com](http://www.razor-energy.com.com), [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/) or on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

The Corporation is continuously monitoring the coronavirus (COVID-19) outbreak. In light of the evolving news and guidelines related to COVID-19, the Corporation has decided to host the Meeting solely by means of remote communication. To participate during the Meeting, Shareholders can join by teleconference, using the dial-in instructions above.

The Corporation reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Shareholders are encouraged to monitor the Corporation’s website at <https://www.razor-energy.com/> or the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such press releases, if any, will be posted. You are advised to check the Corporation’s website one week prior to the Meeting date for the most current information. The Corporation does not intend to prepare an amended Circular in the event of changes to the Meeting format.

**All shareholders are strongly encouraged to vote prior to the Meeting, as in-person voting at the Meeting will not be possible. Shareholders are requested to either (i) date and sign the enclosed form of proxy and return it to the Corporation’s agent, Alliance Trust Company, 1010, 407 - 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 2Y3, in the enclosed envelope provided for that purpose; or (ii) complete their proxy online at [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/) by following the instructions provided on the form of proxy. In order to be valid, proxies must be received by 2:00 p.m. (Calgary time) on or prior to the second last business**

**day (not including Saturdays, Sundays and holidays) preceding the day of the Meeting or any adjournment thereof or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting.**

A management information circular relating to the business to be conducted at the Meeting accompanies this Notice.

Calgary, Alberta  
November 12, 2021

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Doug Bailey"*

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Doug Bailey  
Director, President and Chief Executive Officer

## TABLE OF CONTENTS

PURPOSE OF SOLICITATION .....	1
RECORD DATE.....	1
PROXY INFORMATION.....	1
Solicitation of Proxies .....	1
Completion of Proxies .....	2
Appointment and Revocation of Proxies.....	2
Exercise of Discretion by Proxies.....	2
Notice-and-Access .....	3
Advice to Beneficial Holders of Securities .....	3
INFORMATION CONCERNING THE CORPORATION.....	4
VOTING OF COMMON SHARES AND PRINCIPAL HOLDERS THEREOF .....	4
MATTERS TO BE ACTED UPON .....	5
FIXING NUMBER OF DIRECTORS .....	5
ELECTION OF DIRECTORS .....	6
Biographies .....	7
Corporate Cease Trade Orders or Bankruptcies .....	7
Personal Bankruptcies .....	8
Penalties and Sanctions.....	8
APPOINTMENT OF AUDITORS .....	8
ANNUAL APPROVAL OF STOCK OPTION PLAN.....	8
OTHER MATTERS COMING BEFORE THE MEETING .....	9
EXECUTIVE COMPENSATION .....	9
General.....	9
Compensation Philosophy, Objectives and Governance.....	9
Compensation Process .....	10
Elements of Compensation .....	10
Base Compensation .....	10
Employee Share Purchase Plan .....	10
Stock Options .....	10
Summary Compensation Table.....	11
Named Executive Officers.....	11
Stock Options and Other Compensation Securities.....	12
Exercise of Compensation Securities .....	12
Stock Option Plan.....	12
Employment, Consulting and Management Agreements .....	13
EQUITY COMPENSATION PLAN INFORMATION .....	13
INDEBTEDNESS OF DIRECTORS AND OFFICERS .....	13
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS.....	13
INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON .....	13
CORPORATE GOVERNANCE PRACTICES .....	13
Corporate Governance and Compensation Committee.....	14
Independence of Members of Board.....	14
Board Oversight .....	14
Directorships in Other Reporting Issuers .....	15

Board Mandate.....	15
Position Descriptions.....	15
Orientation and Continuing Education .....	16
Ethical Business Conduct .....	16
Nomination of Directors.....	16
Compensation .....	17
Audit Committee.....	17
Reserves and Environment Committee .....	17
Assessments .....	18
AUDIT COMMITTEE .....	18
ADDITIONAL INFORMATION.....	20
SCHEDULE "A" STOCK OPTION PLAN .....	A-1
SCHEDULE "B" BOARD OF DIRECTORS MANDATE .....	B-1
SCHEDULE "C" AUDIT COMMITTEE CHARTER.....	C-1

**RAZOR ENERGY CORP.  
Suite 800, 500 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3L5**

## **MANAGEMENT INFORMATION CIRCULAR**

### **FOR THE ANNUAL GENERAL MEETING OF THE HOLDERS OF COMMON SHARES OF RAZOR ENERGY CORP. TO BE HELD ON DECEMBER 22, 2021**

**Dated: November 12, 2021**

#### **PURPOSE OF SOLICITATION**

**This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Razor Energy Corp. (the “Corporation”) for use at the annual general meeting of the holders (the “Shareholders”) of the common shares (the “Common Shares”) in the capital of the Corporation to be held solely by means of remote communication via teleconference at 587-324-2527, Meeting ID 707 272 364, on December 22, 2021 at 2:00 p.m. (Calgary time), and any adjournment or adjournments thereof (the “Meeting”) for the purposes set forth in the Notice of Annual General Meeting (the “Notice of Meeting”) accompanying this Information Circular.**

The Corporation is continuously monitoring the current coronavirus (COVID-19) outbreak. In light of the evolving news and guidelines related to COVID-19, the Corporation has decided to host the Meeting solely by means of remote communication. The Corporation reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Shareholders are encouraged to monitor the Corporation’s website at <https://www.razor-energy.com/> or the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such press releases, if any, will be posted. You are advised to check the Corporation’s website one week prior to the Meeting date for the most current information. The Corporation does not intend to prepare an amended Circular in the event of changes to the Meeting format. **All Shareholders are strongly encouraged to vote prior to the Meeting by any of the means described under the heading "Completion of Proxies" below, as in-person voting at the time of the Meeting will not be possible.**

#### **RECORD DATE**

The Shareholders of record on November 10, 2021 (the “**Record Date**”) are entitled to notice of, and to attend and vote at, the Meeting except to the extent that:

1. such person transfers his or her Common Shares after the Record Date; and
2. the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the Common Shares and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his or her name be included on the shareholders’ list for the Meeting.

Any registered Shareholder of the Corporation at the close of business on the Record Date who either attends the Meeting or who completes and delivers a proxy will be entitled to vote or have his or her Common Shares voted at the Meeting. However, a person appointed under a form of proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading “*Completion of Proxies*”.

#### **PROXY INFORMATION**

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

**The solicitation of proxies is made on behalf of the management of the Corporation.** The costs incurred in the preparation of the enclosed form of proxy (the “**Form of Proxy**”), Notice of Meeting and this Information

Circular and costs incurred in the solicitation of proxies will be borne by the Corporation. Solicitation of proxies will be primarily by mail, but may also be in person, by telephone or by electronic means. All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

### ***Completion of Proxies***

The Form of Proxy affords Shareholders or intermediaries an opportunity to specify that the Common Shares registered in their name shall be voted for or against or withheld from voting in respect of certain matters as specified in the accompanying Notice of Meeting.

The persons named in the enclosed Form of Proxy are the President and Chief Executive Officer, and the Chief Financial Officer, respectively, of the Corporation.

**A REGISTERED SHAREHOLDER OR AN INTERMEDIARY HOLDING COMMON SHARES ON BEHALF OF AN UNREGISTERED SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT ON THEIR BEHALF AT THE MEETING, IN THE PLACE OF THE PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE SHAREHOLDER OR INTERMEDIARY SHOULD STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE FORM OF PROXY AND INSERT THE NAME OF THEIR NOMINEE IN THE BLANK SPACE PROVIDED, OR SUBMIT ANOTHER APPROPRIATE PROXY.**

A proxy must be dated and signed by the registered Shareholder or by his or her attorney authorized in writing or by the intermediary. In the case of a Shareholder that is a corporation, the proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation with proof of authority accompanying the proxy.

In order to be effective, the proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be mailed or completed online at [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/) so as to be deposited at the office of the Corporation's agent, Alliance Trust Company, 1010, 407 - 2<sup>nd</sup> Street S.W., Calgary, Alberta T2P 2Y3, not later than 2:00 p.m. (Calgary time) on the second last business day (not including Saturdays, Sundays and holidays) preceding the day of the Meeting or any adjournment thereof or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. If a proxy is not dated, it will be deemed to bear the date on which it was mailed by management of the Corporation.

### ***Appointment and Revocation of Proxies***

A Shareholder or intermediary who has submitted a proxy may revoke it by instrument in writing executed by the Shareholder or intermediary or his or her attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either: (i) with the Corporation at its offices or at the office of the Corporation's agent, Alliance Trust Company, at any time prior to the close of business on the second last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or (ii) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting at [inquiries@alliancetrust.ca](mailto:inquiries@alliancetrust.ca), and upon such deposit the previous proxy is revoked.

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

A Shareholder or intermediary may indicate the manner in which the persons named in the enclosed Form of Proxy are to vote with respect to any matter by checking the appropriate space. On any poll, those persons will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the directions, if any, given in the Form of Proxy. If the Shareholder or intermediary wishes to confer a discretionary authority with respect to any matter, the space should be left blank. **IN SUCH INSTANCE, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION.**

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter. However, if any other matters which are not now known to management should properly come before the Meeting, the proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the management nominees.

### ***Notice-and-Access***

The Corporation has elected to use the “notice-and-access” provisions under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the “**Notice-and-Access Provisions**”) for the Meeting in respect of mailings to its Beneficial Shareholders (as defined below) and its registered holders of Common Shares (“**Registered Shareholders**”). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation anticipates that notice-and-access will directly benefit the Corporation through substantial reductions in postage and printing costs. The Corporation believes that notice-and-access is also environmentally responsible to the extent that it decreases the large volume of paper documents generated by printing proxy-related materials.

The Corporation will be delivering proxy-related materials to non-objecting beneficial owners of its Common Shares directly with the assistance of Alliance Trust Company. Please note that the Corporation’s management does not intend to pay for intermediaries to forward the notice-and-access notification and voting instruction request forms to those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about them pursuant to Canadian securities legislation (“**Objecting Beneficial Shareholders**”). Consequently, if you are an Objecting Beneficial Shareholder, you will not receive these materials unless the intermediary holding Common Shares on your account assumes the cost of delivery.

Shareholders with questions about notice-and-access can call Alliance Trust Company at 403-237-6111 or toll free at 1-877-537-6111.

In order to receive a paper copy of this Information Circular and other relevant information, requests by Shareholders may be made up to one year from the date the Information Circular was filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) by: (i) mailing a request to the Corporation at Suite 800, 500 – 5th Avenue S.W., Calgary, Alberta T2P 3L5, Attention: Investor Relations; (ii) calling Alliance Trust Company at 403-237-6111 or toll free at 1-877-537-6111; (iii) by emailing a request to [inquiries@alliancetrust.ca](mailto:inquiries@alliancetrust.ca); or (iv) online at the following websites: [www.razor-energy.com](http://www.razor-energy.com) or [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/). The Corporation estimates that a Shareholder’s request for paper copies of the Circular and other relevant information will need to be received prior to December 7, 2021 in order for such Shareholder to have sufficient time to receive and review the materials requested and return the completed form of proxy by the due date set out under the heading “*Completion of Proxies*” in this Circular.

### ***Advice to Beneficial Holders of Securities***

The information set forth in this section is of significant importance to many investors who do not own Common Shares in their own name (“**Beneficial Shareholders**”). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the



Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate individuals.

In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Meeting, Form of Proxy and this Information Circular (the “**Meeting Materials**”) to the intermediaries for distribution to Beneficial Shareholders. Intermediaries are required to forward the Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Beneficial Shareholders.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of securityholders meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is typically similar to the Form of Proxy provided to registered Shareholders by the Corporation. However, the purpose of the broker’s form of proxy is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically asks Beneficial Shareholders to return voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The Broadridge voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

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

**If you have any questions respecting the voting of Common Shares held through an intermediary, please contact that intermediary for assistance.**

### **INFORMATION CONCERNING THE CORPORATION**

The Corporation was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) on March 5, 2010 as “2236235 Ontario Inc.”. The Corporation changed its name to “Vector Resources Inc.” on June 29, 2011. On January 31, 2017, the Corporation: (i) acquired all of the issued and outstanding shares of Razor Acquisition Corp. (formerly Razor Energy Corp. (“**Razor Private**”)), a corporation incorporated under the *Business Corporations Act* (Alberta) (the “**ABCA**”); (ii) changed its name to “Razor Energy Corp.”; and (iii) consolidated its shares on a 20-to-1 basis. On February 3, 2017, the Corporation continued from Ontario into Alberta and subsequently amalgamated with Razor Acquisition Corp. On October 4, 2019, the Corporation amalgamated with Little Rock Resources Ltd.

The Corporation is a reporting issuer in British Columbia, Alberta and Ontario. The Common Shares are listed on the TSX Venture Exchange (the “**TSXV**”) under the trading symbol “RZE”.

### **VOTING OF COMMON SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares (“**Preferred Shares**”), issuable in series. As at the date hereof, there are 23,314,466 fully paid and non-assessable Common Shares and nil Preferred Shares issued and outstanding. The holders of the Common Shares are entitled to receive notice of all meetings of Shareholders and to attend and vote the Common Shares at all such meetings. Each Common Share carries with it the right to one vote. The

Preferred Shares may from time to time be issued in one or more series, and the board of directors of the Corporation may fix from time to time before such issue the number of Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions.

The articles of the Corporation provide that if two persons holding not less than 20% of the issued Common Shares entitled to vote are present in person or are represented by proxy, a quorum for the purposes of conducting a shareholders meeting is constituted.

Any registered Shareholder at the close of business on November 10, 2020, being the Record Date, who either attends the Meeting or who completes and delivers a proxy will be entitled to vote or have his or her Common Shares voted at the Meeting. However, a person appointed under a form of proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading "*Completion of Proxies*".

To the best of the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the following persons or companies beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to the shares of the Corporation:

<u>Name</u>	<u>Number of Common Shares as of the Record Date</u>	<u>Percentage of total issued and outstanding Common Shares as of the Record Date</u>
Her Majesty the Queen in Right of Alberta	4,612,728	19.78%

#### **MATTERS TO BE ACTED UPON**

The Shareholders of the Corporation will be asked to consider and, if deemed appropriate:

- (a) by ordinary resolution, to fix the board of directors of the Corporation (the "**Board**") at four members;
- (b) by ordinary resolution, to elect the directors of the Corporation;
- (c) by ordinary resolution, to appoint auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
- (d) by ordinary resolution, to approve the Corporation's stock option plan (the "**Stock Option Plan**") for the ensuing year; and
- (e) to transact such other business as may properly come before the Meeting or any adjournments thereof.

Additional detail regarding each of the matters to be acted on at the Meeting is contained below.

#### **FIXING NUMBER OF DIRECTORS**

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles of the Corporation, be set at four. **Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at four.**

## ELECTION OF DIRECTORS

Action is to be taken at the Meeting with respect to the election of directors. The Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors, the nominees whose names are set forth in the table below. Voting for the election of nominees will be conducted on an individual, and not on a slate, basis. Each nominee elected will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the Corporation's articles. The Corporation is required by applicable corporate legislation to have an Audit Committee comprised of members of the Board that are considered "financially literate" and a majority of which are considered "independent", as such terms are defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Corporation has also established a Corporate Governance and Compensation Committee and a Reserves and Environment Committee, each comprised of members of the Board. Please see the discussion under the heading "*Corporate Governance Practices*". The present members of the Audit Committee, Corporate Governance and Compensation Committee and Reserves and Environment Committee of the Board are identified in the table below.

The following information relating to the nominees as directors is based partly on the records of the Corporation and partly on information received by the Corporation from the respective nominees, and sets forth the name and municipality of residence of the persons proposed to be nominated for election as directors, all other positions and offices within the Corporation now held by them, their principal occupations or employments, the periods during which they have served as directors of the Corporation and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at the date hereof.

<u>Name</u>	<u>Positions Presently Held</u>	<u>Director Since<sup>(1)</sup></u>	<u>Principal Occupation for Previous Five Years</u>	<u>Number and Percentage of Common Shares Beneficially Owned or Over Which Control or Direction, Directly or Indirectly, is Exercised</u>
Doug Bailey <i>Calgary, Alberta</i>	Director, President and Chief Executive Officer	February 3, 2017	President and Chief Executive Officer of the Corporation since January 2017. President and Chief Executive Officer of Razor Private from November 2016 to January 2017. Prior thereto, he was the President and Chief Executive Officer of Striker Exploration Corp. ("Striker") from June 2014 to June 2016 and the Chief Financial Officer of Hyperion Exploration Corp. from July 2010 to December 2013.	1,477,261 (6.34%)
Frank Muller <i>Calgary, Alberta</i>	Director, Senior Vice President and Chief Operating Officer	February 3, 2017	Senior Vice President and Chief Operating Officer of the Corporation since January 2017. Vice President and Chief Operating Officer of Razor Private from November 2016 to January 2017. Prior thereto, he was Vice President Exploration and Chief Operating Officer of Striker from June 2014 to June 2016, geological consultant for various oil and gas companies from November 2012 to April 2014 and co-founder and Senior Vice President of WestFire Energy Ltd. from 2007 to October 2012.	1,999,097 <sup>(2)</sup> (8.57%)
Shahin Mottahed <sup>(3)(4)(5)(6)</sup> <i>Calgary, Alberta</i>	Director	February 3, 2017	Chief Executive Officer and Managing Partner of Black Spruce Merchant Capital since April 2012.	509,658 <sup>(6)</sup> (2.19%)
Sean Phelan <sup>(3)(4)(5)</sup> <i>Calgary, Alberta</i>	Director	October 15, 2020	Vice President, Finance of Alberta Environmental Rubber Products since March 2021. Prior thereto, co-founder and Vice President, Finance of Matrix Drilling Fluids from May 2004 to April 2020.	21,500 (0.09%)

**Notes:**

- (1) All directors of the Corporation are elected to hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the Corporation's articles.

- (2) Includes Common Shares held by Mr. Muller's spouse and Common Shares held by Frank Resource Holdings Inc., both of which, for the purposes of applicable securities laws, may be considered under the control or direction of Mr. Muller.
- (3) Member of the Reserves and Environment Committee.
- (4) Member of the Corporate Governance and Compensation Committee.
- (5) Member of the Audit Committee.
- (6) Includes Common Shares held by Black Spruce Merchant Capital Corp., which, for the purposes of applicable securities laws, may be considered under the control or direction of Mr. Mottahed.

### ***Biographies***

**Doug Bailey** is a designated accountant with over 25 years commercial experience from heavy infrastructure construction to oil and gas exploration and production. Mr. Bailey has been engaged in the oil and gas industry since the early 2000's. Starting with various restructuring mandates, Mr. Bailey evolved into a founder of Canadian Phoenix Resources Corp. which sold to Renegade Petroleum Ltd., and Hyperion Exploration Corp. Most recently, Mr. Bailey co-founded Striker Exploration Corp. which amalgamated with Gear Energy Ltd. in July 2016. Mr. Bailey is currently a member of the Chartered Professional Accountants of Alberta.

**Frank Muller, P. Geo.**, is a professional geoscientist with 32 years' experience in Western Canada, primarily Alberta. Mr. Muller's technical foundation was built while employed with Chevron Canada, Hillcrest Resources and Jordan Petroleum. Mr. Muller co-founded Real Resources and WestFire Energy where he held increasingly senior managerial/executive roles. Most recently, Mr. Muller co-founded Striker Exploration Corp. which amalgamated with Gear Energy Ltd. in July 2016. Mr. Muller is currently a member of APEGA and the CSPG.

**Shahin Mottahed** has more than 20 years of oil and gas and finance experience and is currently the Chief Executive Officer and Managing Partner of Black Spruce Merchant Capital. Prior thereto, Mr. Mottahed was the Managing Director, Investment Banking and Head of International Oil & Gas at Raymond James in Calgary where he created the International Exploration & Production practice.

**Sean Phelan** has been the Vice President, Finance at Alberta Environmental Rubber Products since March 2021. Previous to this role, he worked in various positions in oil and gas finance, management, leadership, sales and operations with both small private Canadian service companies and large multinational public corporations. Mr. Phelan co-founded private start-up Matrix Drilling Fluids in 2004 where he served as Vice President, Finance until its recent sale in 2020. Prior thereto, Mr. Phelan held positions of increasing responsibility at Newpark, Baker Hughes and the Government of Alberta. Mr. Phelan has well-rounded experience in accounting, finance, corporate governance, banking, insurance, IT and HSE related functions. Mr. Phelan is a results-driven entrepreneur, has completed the Queen's University Executive Program and is a Chartered Professional Accountant and Certified Management Accountant.

### ***Corporate Cease Trade Orders or Bankruptcies***

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

None of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as provided herein, none of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director or executive officer of any company that, while acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Personal Bankruptcies***

None of the above proposed directors have, within 10 years prior to the date of this Information Circular, become bankrupt, made a proposal under any bankruptcy or insolvency legislation, been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

### ***Penalties and Sanctions***

None of the above proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or have entered into a settlement agreement with a securities regulatory authority, or 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.

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the election to the Board of those persons designated above as nominees for election as directors. The Board does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion, unless the Shareholder has specified in his proxy that his Common Shares are to be withheld from voting on the election of directors.**

## **APPOINTMENT OF AUDITORS**

The Shareholders will be asked to pass an ordinary resolution at the Meeting to appoint KPMG as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders, at such remuneration to be determined by the Board. KPMG was first appointed as the Corporation's auditors on February 14, 2017.

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the appointment of KPMG as auditors of the Corporation.**

## **ANNUAL APPROVAL OF STOCK OPTION PLAN**

The TSXV requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan. The Stock Option Plan was approved by Shareholders at the Corporation's previous annual general meeting held on December 16, 2020. Shareholders will be asked at the Meeting to vote on a resolution to approve the Stock Option Plan for the ensuing year. For a discussion of the terms of the Stock Option Plan, see "*Executive Compensation – Stock Option Plan*" in this Circular.

The full text of the Stock Option Plan is attached as Schedule "A" hereto.

The Board believes that the passing of the following resolution is in the best interests of the Corporation and recommends that Shareholders vote in favour of the resolution.

At the Meeting, the Shareholders will be asked to approve the following ordinary resolution:

### **"BE IT RESOLVED THAT:**

1. the stock option plan (the "**Stock Option Plan**"), substantially in the form attached as Schedule "A" to the management information circular of the Corporation dated November 12, 2021, be and is hereby approved and adopted as the stock option plan of the Corporation;

2. the form of Stock Option Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. any officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation, to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances and take such other actions as such officer or director may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such action.”

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of the approval of the Stock Option Plan.**

### **OTHER MATTERS COMING BEFORE THE MEETING**

The Board knows of no other matters to come before the Meeting other than as referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgement of the person voting such proxy.

### **EXECUTIVE COMPENSATION**

#### **General**

For the purpose of this statement of executive compensation, a “CEO” or “CFO” means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the most recently completed financial year. A “Named Executive Officer” or “NEO” means each CEO, each CFO, the Corporation’s most highly compensated officer, other than the CEO and CFO, who was serving as an officer at the end of the most recently completed financial year and whose total compensation was more than CAD\$150,000, and any additional individuals who would be a Named Executive Officer but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of the financial year.

Based on the foregoing definitions, the Corporation’s Named Executive Officers in respect of the year ended December 31, 2020 were: Doug Bailey, President, Chief Executive Officer and Director; Kevin Braun, Chief Financial Officer; and Frank Muller, Senior Vice President, Chief Operating Officer and Director.

#### **Compensation Philosophy, Objectives and Governance**

The executive compensation program adopted by the Corporation and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of the Corporation. The executive compensation program attempts to ensure that the compensation of the senior executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Executive officers are motivated through the program to enhance long-term shareholder value.

The Corporate Governance and Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation and for 2020 was comprised of Shahin Mottahed and Sean Phelan. The Corporate Governance and Compensation Committee has the authority to engage and compensate, at the expense of the Corporation, any outside advisor that is determines to be necessary to permit it to carry out its duties, but it did not retain any such outside advisors in the financial year ended December 31, 2020.

## **Compensation Process**

The Corporate Governance and Compensation Committee relies on the knowledge and experience of its members to set appropriate levels of compensation for NEOs. When determining NEO compensation, the Corporate Governance and Compensation Committee uses all data available to it to ensure that such compensation is set at a level that is both commensurate with the size of the Corporation, responsibilities of the particular NEO and retention of the NEOs, who are considered by the Corporate Governance and Compensation Committee to be essential to the success of the Corporation. In reviewing comparative data, the Corporate Governance and Compensation Committee does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level and does not compare its compensation to a specific peer group of companies. The Corporate Governance and Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary and awards of stock options) and recommends the NEOs' compensation packages. In determining whether and how many stock options will be granted, the Corporation does not use any formal objectives, criteria or analyses in reaching such determinations; however, consideration is given to the amount and terms of outstanding stock options.

## **Elements of Compensation**

The executive compensation program consists of three components: (i) base compensation in the form of salary; (ii) long-term compensation in the form of the Corporation's portion of the Employee Stock Purchase Plan (the "ESPP") and (iii) stock options. For the Named Executive Officers, the ESPP component is an essential part of their compensation. The Corporation has implemented a discretionary bonus structure as a component of its executive compensation. Neither the Board nor the Corporate Governance and Compensation Committee considered the implications of the risks associated with the Corporation's compensation policies and practices. In addition, no NEO or director of the Corporation is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation, or held, directly or indirectly, by a Named Executive Officer or director of the Corporation.

### ***Base Compensation***

Base compensation for executive officers of the Corporation is set annually, having regard to the individual's job responsibilities, contribution, experience and proven or expected performance, as well as to market conditions. In setting base compensation levels, consideration is to be given to such factors as level of responsibility, experience and expertise in addition to the policies of the TSXV. Subjective factors such as leadership, commitment and attitude are also to be considered.

### **Employee Share Purchase Plan**

Razor's ESPP is available to all full-time and part-time employees and directors of the Corporation. Full-time employees may contribute up to 10% of their base salary (as defined in the ESPP) each pay period, part-time employees may contribute up to \$150 each pay period and directors may contribute up to \$20,000 annually to the ESPP. The Corporation matches the contribution on a 250% basis. Through an appointed independent firm, the Corporation uses the contributions to acquire Common Shares on behalf of the participants through open market purchases at the current market price of the Common Shares. The Corporation may, from time to time, make contributions on behalf of its personnel. The ESPP was temporarily suspended in April 2020 in response to low commodity prices. The company has not set a date when the ESPP will be re-instated.

### ***Stock Options***

To provide a long-term component to the executive compensation program, executive officers of the Corporation are eligible to receive stock options. The maximization of shareholder value is encouraged by granting stock options since it provides an incentive to eligible persons to further the development, growth and profitability of the Corporation. Consideration will be given to granting stock options amongst the various organizational levels of

management, including directors, officers, key employees and certain consultants. The CEO makes recommendations to the Board for the CFO, key employees and certain consultants. These recommendations are to take into account factors, such as awards made in previous years, the number of stock options outstanding per individual and the level of responsibility. The Board, as a whole, determines the stock options to be issued to the CEO.

### Summary Compensation Table

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer for each of the two most recently completed financial years.

The following table and notes thereto provide a summary of the compensation paid to the Named Executive Officers and Directors of the Corporation for the two most recently completed financial years:

Name and Position	Year	Salary, Consulting Fees, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(3)</sup> (\$)	Value of All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
<b>Named Executive Officers</b>							
Doug Bailey <sup>(1)</sup>	2020	230,000	Nil	Nil	8,754	46,311	285,065
President, Chief Executive Officer and a Director	2019	230,000	Nil	Nil	6,265	57,500	293,765
Kevin Braun	2020	200,000	Nil	Nil	7,235	30,936	238,171
Chief Financial Officer	2019	200,000	Nil	Nil	8,643	50,000	258,643
Frank Muller <sup>(2)</sup>	2020	220,000	Nil	Nil	7,049	34,032	261,081
Senior Vice President, Chief Operating Officer and a Director	2019	220,000	Nil	Nil	9,023	55,000	284,023
<b>Directors</b>							
Shahin Mottahed Director	2020	Nil	Nil	Nil	Nil	5,000	5,000
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Sean Phelan Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Sanjib Gill <sup>(5)</sup> Former Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Vick Saxon <sup>(6)</sup> Former Director	2020	Nil	Nil	Nil	Nil	5,000	5,000
	2019	Nil	Nil	Nil	Nil	50,000	50,000

#### Notes:

- (1) All of the compensation paid to Mr. Bailey relates to his role as President and Chief Executive Officer and none of the compensation paid to Mr. Bailey relates to his role as a director.
- (2) All of the compensation paid to Mr. Muller relates to his role as Senior Vice President and Chief Operating Officer and none of the compensation paid to Mr. Muller relates to his role as a director.
- (3) Perquisites is comprised of parking, fitness, health and life insurance.
- (4) Other compensation is comprised of contributions to an Employee Share Purchase Plan and payout of unused vacation.
- (5) Mr. Gill ceased to be a director on August 28, 2020.
- (6) Mr. Saxon ceased to be a director on October 15, 2020.



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

There were no compensation securities (as such term is defined in Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) granted or issued to the Corporation's Named Executive Officers and Directors during the most recently completed financial year.

## **Exercise of Compensation Securities**

None of the directors or Named Executive Officers exercised any compensation securities during the most recently completed financial year.

## **Stock Option Plan**

The Corporation has implemented a Stock Option Plan for directors, officers, employees and consultants (each, an "**Optionee**") of the Corporation, in accordance with the rules and policies of the TSXV. The purpose of the Stock Option Plan is to encourage ownership of Common Shares by directors, officers and employees of the Corporation, and its subsidiaries (if any), and consultants who are primarily responsible for the management and profitable growth of its business and to advance the interests of the Corporation by providing additional incentive for superior performance by such persons and to enable the Corporation and its subsidiaries to attract and retain valued directors, officers, employees and consultants.

Pursuant to the Stock Option Plan, the Corporation has authorized, subject to any regulatory approvals, the reservation of up to ten percent of the issued and outstanding Common Shares for the grant of stock options from time to time.

Under the Stock Option Plan, the Board may from time to time grant to Optionees, as the Board shall designate, stock options to purchase from the Corporation such number of its Common Shares as the Board shall designate.

The aggregate number of Common Shares which may be reserved for issuance to any one person under the Stock Option Plan and which are subject to outstanding stock options granted under the Stock Option Plan must not exceed five percent of the issued Common Shares (determined at the date the stock option was granted) in a twelve month period unless the Corporation first obtains disinterested shareholder approval pursuant to the policies of the TSXV (but only if the policies of the TSXV at the time require such approval). The number of Common Shares granted to any one consultant under the Stock Option Plan in a twelve-month period must not exceed two percent of the issued Common Shares of the Corporation, calculated at the date the stock options was granted to the consultant. The aggregate number of Options granted to eligible persons employed to provide investor relations activities under the Stock Option Plan must not exceed two percent of the issued Common Shares in any twelve-month period, calculated at the date the stock option was granted. The maximum number of Common Shares which may be reserved for issuance to insiders under the Stock Option Plan shall not exceed ten percent of the total number of Common Shares then outstanding and the maximum number of Common Shares which may be issued to insiders under the Stock Option Plan within any one-year period shall not exceed ten percent of the total number of Common Shares then outstanding.

While the Common Shares are listed on the TSXV, the exercise price per Common Share for any stock options granted under the Stock Option Plan shall not be less than the discounted market price of the Common Shares in accordance with the policies of the TSXV.

Subject to earlier termination, stock options granted must expire not later than the maximum term permitted by the rules of the TSXV. Stock options granted to any optionee who ceases to be a director, officer, employee or consultant of the Corporation for any reason other than death will terminate on the 30<sup>th</sup> day following the effective date the Optionee ceases to be a director, officer, employee or consultant.

In the event of death of an Optionee, any stock options previously granted shall be exercisable with one year following the death of the Optionee to the extent the Optionee was entitled to exercise such stock options at the date of the Optionee's death pursuant to the terms of the Optionee's stock option agreement.

As at the financial year ended December 31, 2020, there were 2,106,446 Common Shares reserved for issuance pursuant to the Stock Option Plan. No stock options have been issued under the Stock Option Plan.

### Employment, Consulting and Management Agreements

There are no contracts, agreements, plans or arrangements whereby an NEO or director is entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO's or director's services with the Corporation, change of control of the Corporation or a change in the NEO's responsibilities.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2020, aggregated for all compensation plans previously approved by the Shareholders and all compensation plans not previously approved by the Shareholders:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Securityholders	-	\$-	2,106,446
Equity Compensation Plans Not Approved by Securityholders	-	\$-	-
<b>Total</b>	<b>-</b>	<b>\$-</b>	<b>2,106,446</b>

### INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or executive officer of the Corporation, nor any of their associates or affiliates, nor any employee of the Corporation is or has been indebted to the Corporation since the beginning of the most recently completed fiscal year of the Corporation, nor is, or at any time since the beginning of the most recently completed fiscal year of the Corporation has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, executive officers of the Corporation or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's most recently completed financial year.

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

Other than as disclosed in this Information Circular, management of the Corporation is not aware of any material interest of any director or nominee for director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

### CORPORATE GOVERNANCE PRACTICES

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"), issuers are to disclose the corporate

governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to NI 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

The Board is responsible for the governance of the Corporation. The Board and the Corporation's management consider good corporate governance to be central to the effective and efficient operation of the Corporation. Below is a discussion of the Corporation's approach to corporate governance.

#### ***Corporate Governance and Compensation Committee***

The Board has established a Corporate Governance and Compensation Committee. The members of the Corporate Governance Committee are Messrs. Mottahed and Phelan. Mr. Mottahed is the Chairman of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee is comprised entirely of non-management members of the Board.

The Corporate Governance and Compensation Committee is responsible for proposing new director nominees to the Board and for assessing current directors on an ongoing basis. The Corporate Governance and Compensation Committee is also responsible for the Corporation's response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities.

#### ***Independence of Members of Board***

The Board currently consists of four directors, two of whom are independent based upon the tests for independence set forth in NI 52-110. Messrs. Mottahed and Phelan are independent. Mr. Bailey and Mr. Muller are not independent by virtue of serving as President and Chief Executive Officer and Senior Vice President and Chief Operating Officer of the Corporation, respectively.

#### ***Board Oversight***

The Board exercises its independent supervision over the Corporation's management through a combination of formal meetings of the Board as well as informal discussions amongst the Board members. The independent directors can also hold scheduled meetings at which non-independent directors and members of management are not in attendance. Where matters arise at Board meetings which require decision making and evaluation that is independent of management and interested directors, the meeting breaks into an *in-camera* session among the independent and disinterested directors.

**Directorships in Other Reporting Issuers**

As of the date hereof, the following directors hold directorships in other reporting issuers:

<b>Name of Director</b>	<b>Reporting Issuer</b>
Shahin Mottahed	Target Capital Inc.

**Board Mandate**

The Board has adopted a written mandate, attached hereto as Schedule "B", that summarizes, among other things, the Board's duties and responsibilities. The Board is responsible for the overall stewardship of the Corporation and dealing with issues which are pivotal to determining the Corporation's strategy and direction. The Board has directly, and through the appointment of certain committees, put in place an effective system for monitoring the implementation of corporate strategies. The Board is not involved in the day to day operations of the Corporation, as these operations are conducted by the Corporation's management. The Board meets regularly to consider and approve the strategic objectives of the Corporation and management plans designed to accomplish those objectives. Where appropriate, key management personnel and professional advisors are invited to attend Board meetings to speak to these issues. The Board also meets as necessary to consider specific developments and opportunities as they arise, including asset acquisitions and dispositions and financing proposals. The Board approves, among other things, all issuances of securities of the Corporation, the appointment of officers, the entering into of lines of credit or other significant borrowing activities and all significant transactions. The Board considers, but has no formal policies, concerning management development and succession and risk management.

Essential to strategic planning is assessing and understanding business risks and related control systems. The Board helps set limits with respect to business risks, to the extent they can be managed, and approves strategies for minimizing risks. Implementations of these strategies are then monitored by the Board. The Board, through the Audit Committee, requires management of the Corporation to put into place systems to address financial risks and to periodically report to the Board on these systems and risks.

Management has implemented procedures to provide reasonable assurance of effective communication with the Corporation's shareholders and the public. The Corporation's management is responsible for the issuance of press releases and communications with the financial community. The Board reviews and approves all principal continuous disclosure documents, the release of interim and annual financial statements, annual information forms, prospectuses and information circulars.

The Corporate Governance and Compensation Committee is responsible for monitoring the governance systems of the Corporation with a view to ongoing improvements, reviewing the composition of the Board and developing criteria for new Board appointments. The Corporate Governance and Compensation Committee also acts as a nominating committee for new directors, oversees and approves the Corporation's compensation plans and evaluates the overall Board effectiveness.

**Position Descriptions**

The Board has developed a written position description for the Chairman of the Board and the Chief Executive Officer of the Corporation, but has not developed a written position description for the Chairman of the Audit Committee.

The Chair of each committee of the Board schedules meetings of the committee and organizes and presents agendas for such meetings.

The Board, in conjunction with management, sets the Corporation's annual objectives which become the objectives against which the Chief Executive Officer's performance is measured. The Board has plenary power; any responsibility which is not delegated to management or a Board committee remains with the Board.

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

While the Corporation does not have a formal orientation and training program, new members of the Board are provided with:

- (a) a copy of the policies and mandates of the Board and its committees and copies of the Corporation's corporate governance policies, which provides information respecting the functioning of the Board;
- (b) access to recent, publicly filed documents of the Corporation;
- (c) access to management; and
- (d) access to legal counsel in the event of any questions relating to the Corporation's compliance and other obligations.

Members of the Board are encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Corporation; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

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

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSXV for effective corporate governance, including NP 58-201. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. Interested Shareholders may obtain a copy of the Code upon request by contacting the Corporation at Suite 800, 500 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3L5.

The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Corporate Governance and Compensation Committee. Compliance with the Code is monitored primarily through the reporting process within the Corporation's organizational structure.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Audit Committee and fully inform such person or the committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he is authorized to do so by his reporting officer or the Audit Committee.

### ***Nomination of Directors***

The Corporate Governance and Compensation Committee has responsibility for identifying potential Board candidates. The Corporate Governance and Compensation Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The Board has

adopted a written charter setting forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee, which include considering and recommending candidates to fill new positions on the Board, reviewing candidates recommended by shareholders, conducting inquiries into the backgrounds and qualifications of candidates, recommending the director nominees for approval by the Board and the Shareholders, considering conflicts of interests, recommending members and chairs of the committees, reviewing the performance of directors and the Board, establishing director retirement policies and establishing and implementing an orientation and education program for new members of the Board . The Corporate Governance and Compensation Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Corporate Governance and Compensation Committee meets at least twice annually and otherwise as requested by the Board or considered desirable by the Chair of the Corporate Governance and Compensation Committee.

### ***Compensation***

The members of the Corporate Governance and Compensation Committee have the responsibility for determining compensation for the directors, officers, employees and consultants of the Corporation. Please see the discussion under the heading "*Executive Compensation*".

The Corporation's Corporate Governance and Compensation Committee reviews and makes recommendations to the Board concerning the compensation of the Corporation's directors, officers and employees, which includes the review of the Corporation's executive compensation and other human resource philosophies and policies, the review and administration of the Corporation's bonuses, stock options and any share purchase plan, the review of and recommendations regarding the performance of the Chief Executive Officer of the Corporation and preparing and submitting a report for inclusion in annual continuous disclosure documents as required.

The Board has adopted a written charter that sets forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee, which include: reviewing the adequacy and form of any compensation program for executive officers, reviewing the adequacy and form of non-employee directors' compensation, reviewing and creating a position description for the Chief Executive Officer, evaluating the Chief Executive Officer's performance in light of corporate goals and objectives, making recommendations to the Board with respect to the Chief Executive Officer's compensation, setting criteria for selecting new directors, recommending to the Board the size of the Board, the appropriate composition of the board and eligible individuals for election to the Board, a majority of whom shall be independent, recommending to the Board the appropriate committee structure, committee mandates, composition and membership, reviewing and recommending to the Board a set of corporate governance policies, practices and principles aimed at fostering a healthy governance culture at the Corporation.

The Corporate Governance and Compensation Committee has the power to retain independent legal, accounting or other relevant advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities, at the expense of the Corporation. The Compensation Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the committee.

### ***Audit Committee***

Please see the discussion under the heading "*Audit Committee*".

### ***Reserves and Environment Committee***

The members of the Reserves and Environment Committee are Messrs. Mottahed and Phelan. Mr. Mottahed is the Chairman of the Reserves and Environment Committee. The Reserves and Environment Committee's responsibilities include, but are not limited to: (a) reviewing management's recommendations for the appointment of independent engineers; (b) reviewing the independent engineering reports and considering the principal assumptions upon which such reports are based; (c) reviewing management's input into the independent engineering report and key assumptions used; (d) reviewing the reserve additions and reserve revisions which occur from one report to the next and seeking the independent engineer's input and management's input with respect to why these revisions have occurred; (e) reviewing the information supplied to the independent engineers with respect to the constant price case, operating costs, royalty burdens, required capital expenditures,

recovery rates, decline rates and other matters; (f) annually reviewing the appropriateness of, and updating, the Corporation's environmental policies, management systems and programs and reporting to the Board thereon; (g) ensuring that the Corporation has the necessary tools to measure its business units' environmental performance and compliance with applicable regulatory standards; (h) reviewing the environmental performance and, whenever relevant, any non-compliance situation of the Corporation's business units, to recommend the required corrective measures; (i) ensuring that environmental risk management procedures and emergency response measures are in place and are periodically updated and distributed within the Corporation; (j) assessing the environmental risks and emergency situations brought to its attention to recommend the required corrective measures; (k) immediately communicating any incident giving rise to significant environmental risks to the Board; (l) recommending to the Board that the Corporation exercise due diligence with respect to non-compliance situations, environmental risks or emergency situations brought to its attention; (m) reviewing and reporting to the Board on all legal notices or civil, penal and/or criminal prosecutions brought to its attention; (n) recommending to the Board measures, including necessary investments, taking into account available technologies and economic and financial restraints, to ensure compliance with regulatory standards and the Corporation's environmental policies and programs; (o) analyzing all environmental matters brought to its attention and deemed relevant or that the Board specifically asks the committee to review; and (p) reporting to the Board on the Corporation's environmental policies, programs and situation and make appropriate recommendations.

### **Assessments**

The Board is responsible to assess, on an ongoing basis, its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review will identify any areas where the directors of the Corporation or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation. The Board is also responsible for regularly assessing the effectiveness and contribution of each director, having regard to the competencies and skills each director is expected to bring to the Board. The Board relies on informal evaluations of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board.

### **AUDIT COMMITTEE**

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the Shareholders, the relationship between the Corporation and the external auditor.

Pursuant to NI 52-110, the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

#### **Audit Committee Charter**

The Corporation's Audit Committee charter (the "**Audit Committee Charter**") was adopted by the Board of Directors, and is attached hereto as Schedule "C". The mandate of the Audit Committee is to oversee and provide assistance in financial reporting, financial policies and internal controls as well as to work with the external auditors to ensure the accuracy of the Corporation's financial disclosures. The Audit Committee must pre-approve all non-audit services to be provided by an external auditor.

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

As of the date hereof, the Audit Committee is comprised of:

<u>Name of Director</u>	<u>Independent (Yes/No)<sup>(1)</sup></u>	<u>Financially Literate (Yes/No)</u>
Shahin Mottahed	Yes	Yes
Sean Phelan	Yes	Yes

**Note:**

(1) As defined in NI 52-110.

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

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter.

Mr. Mottahed has more than 20 years of oil and gas and finance experience and is currently the Chief Executive Officer and Managing Partner of Black Spruce Merchant Capital. Prior thereto, Mr. Mottahed was the Managing Director, Investment Banking and Head of International Oil & Gas at Raymond James in Calgary where he created the International Exploration & Production practice.

Sean Phelan has been the Vice President, Finance at Alberta Environmental Rubber Products since March 2021. Previous to this role, he worked in various positions in oil and gas finance, management, leadership, sales and operations with both small private Canadian service companies and large multinational public corporations. Mr. Phelan co-founded private start-up Matrix Drilling Fluids in 2004 where he served as Vice President, Finance until its recent sale in 2020. Prior thereto, Mr. Phelan held positions of increasing responsibility at Newpark, Baker Hughes and the Government of Alberta. Mr. Phelan has well-rounded experience in accounting, finance, corporate governance, banking, insurance, IT and HSE related functions. Mr. Phelan is a results-driven entrepreneur, has completed the Queen's University Executive Program and is a Chartered Professional Accountant and Certified Management Accountant.

Each member of the Audit Committee has:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
- (b) the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

### ***Audit Committee Oversight***

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

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

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors, and approve in advance the provision of services other than audit services and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized to approve any non-audit services or additional work, which the Chairman of the Audit Committee deems as necessary.



**External Auditor Service Fees (By Category)**

The fees for auditor services billed by the Corporation's external auditors for the last two fiscal years are as follows:

<b>Financial Year Ending December 31</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit-related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees</b>
2020	\$257,870	\$16,050	\$18,197	-
2019	\$222,000	\$20,000	\$2,600	-

**Notes:**

- 1) Audit fees were for professional services rendered by KPMG for the audit of the Company's annual financial statements and review of the Company's interim quarterly financial statements, as well as services provided in connection with statutory and regulatory filings or engagements.
- 2) Audit-related fees are for assurance and related services provided by KPMG that are reasonably related to the performance of the audit of the Company's financial statements and not reported under "Audit fees" above.
- 3) Tax fees were for tax compliance, tax advice and tax planning.

**Reliance on Certain Exemptions**

The Corporation is relying on the exemption in section 6.1 of NI 52-110.

**ADDITIONAL INFORMATION**

Financial information of the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. A copy of these documents may be obtained by contacting the Corporation's Chief Financial Officer at Suite 800, 500 – 5<sup>th</sup> Avenue S.W. Calgary, Alberta T2P 3L5.

Copies of these documents, as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities, may also be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "A"**  
**STOCK OPTION PLAN**

**1. Purpose**

The purposes of the Plan are: (i) to provide an incentive to the directors, officers, employees and consultants of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; (ii) to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and (iii) to attract and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

**2. Definitions And Interpretation**

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"Black Out Period"** means any period during which a policy of the Corporation prevents an Insider from trading in the Common Shares;
- (b) **"Board of Directors"** means the board of directors of the Corporation;
- (c) **"Common Shares"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (d) **"Corporation"** means Razor Energy Corp. and any successor corporation, and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (e) **"Exchange"** means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) **"Exchange Policies"** means, collectively, Policy 4.4 of the Exchange entitled "Incentive Stock Options", Policy 1.1 of the Exchange entitled "Interpretation" and any other policies set forth in the Corporate Finance Manual of the Exchange applicable to incentive stock options;
- (g) **"Option"** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (h) **"Option Period"** means the period determined by the Board of Directors during which an Optionee may exercise an Option not to exceed the maximum period permitted by the Exchange, which maximum period is 5 years from the date the Option is granted;
- (i) **"Optionee"** means a person who is a director, officer, employee or consultant of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan;
- (j) **"Plan"** means the Corporation's incentive stock option plan as embodied herein and as amended from time to time; and
- (k) **"Stock Option Agreement"** has the meaning ascribed thereto in Section 7 of the Plan.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policies, including without limitation “Consultant”, “Discounted Market Price”, “Employee”, “Insider”, “Investor Relations Activities”, “Management Company Employee”, “Tier 1 Issuer” and “Tier 2 Issuer”.

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

### **3. Administration**

The Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan, subject to the approval of the Exchange (including shareholder approval if required by the Exchange). Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of the Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

### **4. Eligibility**

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon the approval of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Pursuant to Exchange Policies, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee in respect of Options granted to such Optionee.

### **5. Participation**

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee’s relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or employee of or a consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect of Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

### **6. Common Shares Subject to Options**

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time, together with the number of Common Shares reserved for issuance under all other equity based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis, and such number shall increase or decrease as the number of issued and outstanding Common Shares changes.

Subject to Exchange Policies, the aggregate number of Common Shares reserved for issuance to any one Optionee under Options granted, together with all other equity based compensation arrangements of the Corporation, in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares determined at the date of grant, or 2% of the issued and outstanding Common Shares determined at the date of grant in the case of an Optionee who is a Consultant. In addition, no more than an aggregate of 2% of the issued and outstanding Common Shares determined at the date of grant may be granted to Employees conducting Investor Relations Activities.

Appropriate adjustments shall be made as set forth in Section 6 hereof in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unexercised Common Shares subject thereto shall again be available for the purpose of the Plan.

No fractional shares may be purchased or issued hereunder.

If the Expiry Date occurs during or within 10 days after the last day of a Black Out Period, the Expiry Date for the Option will be the last day of such 10 day period.

Each Option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation is continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

#### **7. Option Agreement**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the “**Stock Option Agreement**”). The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of the Exchange or any other regulatory body having jurisdiction over the Corporation.

#### **8. Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which date shall be no later than the expiry of the Option Period (the “**Expiry Date**”), subject to earlier termination as provided in Sections 10, 11 and 16 hereof.

Subject to Exchange Policies and any limitations imposed by any other regulatory authority having jurisdiction over the Corporation, the exercise price of an Option granted under the Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount equal to or greater than the Discounted Market Price of the Common Shares. In the event that the Corporation proposes to reduce the exercise price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the reduction of the exercise price, if required by the rules and policies of the Exchange then in effect.

#### **9. Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to such Optionee at any time prior to the Expiry Date, subject to Sections 10, 11 and 16 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted as set out in the Stock Option Agreement. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised.

**10. Ceasing to be a Director, Officer, Employee or Consultant**

If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, any Options granted to such Optionee will terminate on the 30<sup>th</sup> day following the effective date such Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries or the expiry time of such Option, whichever occurs first, and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised; however, such Options may be exercised by an Optionee who has ceased to be a director, officer, employee or consultant only if the Optionee was entitled to exercise the Options at the date of such cessation pursuant to the terms of the Optionee's Stock Option Agreement.

**11. Death of Optionee**

In the event of the death of an Optionee, any Options previously granted to such Optionee shall be exercisable within one year following the date of the death of the Optionee or prior to the Expiry Date, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under such Options shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise such Options at the date of the Optionee's death pursuant to the terms of the Optionee's Stock Option Agreement.

**12. Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except pursuant to Section 11 hereof, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of the Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

**13. Takeover or Change of Control**

The Corporation shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation; or
- (b) any change in control of the Corporation,

to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

#### 14. Adjustments

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;
- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change; or
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereon he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustment shall be made successively whenever any event referred to in this section shall occur. Appropriate adjustments to: (i) the number of Shares subject to the Plan and, as regards to Options granted or to be granted, in the number of Shares optioned; and (ii) the Exercise Price, shall be made by the Board of Directors to give effect to adjustments in the number of Shares resulting from any of the above mentioned subdivisions, consolidations or reclassifications of the Shares, the payment of distributions or dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the authorized or issued capital of the Corporation, which changes occur subsequent to the approval of the Plan by the Board of Directors.

#### 15. Costs

The Corporation shall pay all costs of administering the Plan.

#### 16. Termination and Amendment

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any other regulatory authority having jurisdiction over the Corporation, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such other regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 16(a) hereof, subject to the approval of the Exchange or any other regulatory authority having jurisdiction over the Corporation, and the approval of the shareholders of the Corporation if required by the Exchange or such other regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an

Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to such Optionee prior to the effective date thereof.

- (c) The Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

**17. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of Canada applicable therein.

**18. Prior Plans**

On the effective date (as defined in Section 19 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) the Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to the Plan.

**19. Effective Date**

This Plan shall become effective as of and from, and the effective date of the Plan shall be, the date of shareholder approval for the Plan, if such approval is required by the Exchange, subject to final Exchange approval for the Plan, or the date of final Exchange approval for the Plan if the Exchange does not require shareholder approval for the Plan.

**SCHEDULE "B"**  
**BOARD OF DIRECTORS MANDATE**

**1. GENERAL**

The Board of Directors (the "**Board**") of Razor Energy Corp. (the "**Corporation**") is responsible for the stewardship of the Corporation's affairs and the activities of management of the Corporation in the conduct of day to day business, all for the benefit of its shareholders.

The primary responsibilities of the Board are:

- (a) to maximize long term shareholder value;
- (b) to approve the strategic plan of the Corporation;
- (c) to ensure that processes, controls and systems are in place for the management of the business and affairs of the Corporation and to address applicable legal and regulatory compliance matters;
- (d) to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Corporation;
- (e) to ensure that the Corporation meets its obligations on an ongoing basis and operates in a safe and reliable manner; and
- (f) to monitor the performance of the management of the Corporation to ensure that it meets its duties and responsibilities to the shareholders.

**2. COMPOSITION AND OPERATION**

The number of directors shall be not less than the minimum and not more than the maximum number specified in the Corporation's articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. At least 25 percent of the directors must be Canadian residents. The Board will analyze the application of the "independent" standard as such term is referred to in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, to individual members of the Board on an annual basis and disclose that analysis. The Board will in each year appoint a chairman of the Board (the "**Chairman**").

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chairman, nominating candidates for election to the Board, constituting committees of the Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Alberta) (the "**ABCA**"), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

**3. MEETINGS**

The Board shall have a minimum of four regularly scheduled meetings per year. Special meetings are called as necessary. Occasional Board trips are scheduled, if possible, in conjunction with regular Board meetings, to offer directors the opportunity to visit sites and facilities at different operational locations. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

The Board will schedule executive sessions where directors meet with or without management participation at each regularly-scheduled meeting of the Board.



#### 4. SPECIFIC DUTIES

##### (a) Oversight and Overall Responsibility

In fulfilling its responsibility for the stewardship of the affairs of the Corporation, the Board shall be specifically responsible for:

- (i) providing leadership and direction to the Corporation and management with the view to maximizing shareholder value. Directors are expected to provide creative vision, initiative and experience in the course of fulfilling their leadership role;
- (ii) satisfying itself as to the integrity of the Chief Executive Officer (the "**CEO**") and other senior officers of the Corporation and ensuring that a culture of integrity is maintained throughout the Corporation;
- (iii) approving the significant policies and procedures by which the Corporation is operated and monitoring compliance with such policies and procedures, and, in particular, compliance by all directors, officers and employees with the provisions of the Code of Business Conduct and Ethics;
- (iv) reviewing and approving material transactions involving the Corporation, including the acquisitions and dispositions of material assets by the Corporation and material capital expenditures by the Corporation;
- (v) approving budgets, monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary;
- (vi) establishing methods by which interested parties may communicate directly with the Chairman or with the independent directors as a group and cause such methods to be disclosed;
- (vii) developing written position descriptions for the Chairman and for the chair of each Board committee; and
- (viii) making regular assessments of the Board and its individual members, as well as the effectiveness and contributions of each Board committee.

##### (b) Legal Requirements

- (i) The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
- (ii) The Board has the statutory responsibility to:
  - A. manage the business and affairs of the Corporation;
  - B. act honestly and in good faith with a view to the best interests of the Corporation;
  - C. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and

- D. act in accordance with its obligations contained in the Business Corporations Act (Alberta) and the regulations thereto, the articles and by-laws of the Corporation, and other relevant legislation and regulations.
- (iii) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
- A. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - B. the filling of a vacancy among the directors or in the office of auditor;
  - C. the appointment of additional directors;
  - D. the issuance of securities except in the manner and on the terms authorized by the Board;
  - E. the declaration of dividends;
  - F. the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
  - G. the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;
  - H. the approval of management proxy circulars;
  - I. the approval of any financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and
  - J. the adoption, amendment or repeal of any by-laws of the Corporation.

**(c) Independence**

The Board shall have the responsibility to:

- (i) implement appropriate structures and procedures to permit the Board to function independently of management (including, without limitation, through the holding of meetings at which non-independent directors and management are not in attendance, if and when appropriate);
- (ii) implement a system which enables an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances; and
- (iii) provide an orientation and education program for newly appointed members of the Board.

**(d) Strategy Determination**

The Board shall:

- (i) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business; and

- (ii) annually review operating and financial performance results relative to established strategy, budgets and objectives.

**(e) Managing Risk**

The Board has the responsibility to identify and understand the principal risks of the Corporation's business, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that appropriate systems are in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

**(f) Appointment, Training and Monitoring of Senior Management**

The Board shall:

- (i) appoint the CEO and other senior officers of the Corporation, approve (upon recommendation from the Corporate Governance and Compensation Committee) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
- (ii) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
- (iii) establish limits of authority delegated to management; and
- (iv) develop a written position description for the CEO.

**(g) Reporting and Communication**

The Board has the responsibility to:

- (i) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (ii) verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;
- (iii) verify that the financial results of the Corporation are reported fairly and in accordance with International Financial Reporting Standards from time to time;
- (iv) verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- (v) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and
- (vi) develop appropriate measures for receiving stakeholder feedback.

**(h) Monitoring and Acting**

The Board has the responsibility to:

- (i) review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;

- (ii) verify that the Corporation operates at all time within applicable laws and regulations to the highest ethical and moral standards;
- (iii) approve and monitor compliance with significant policies and procedures by which the Corporation operates;
- (iv) monitor the Corporation's progress towards its goals and objectives and to work with management to revise and alter its direction in response to changing circumstances;
- (v) take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant; and
- (vi) verify that the Corporation has implemented appropriate internal control and management information systems.

**(i) Other Activities**

The Board may perform any other activities consistent with this mandate, the articles and by-laws of the Corporation and any other governing laws as the Board deems necessary or appropriate including, but not limited to:

- (i) preparing and distributing the schedule of Board meetings for each upcoming year;
- (ii) calling meetings of the Board at such time and such place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Corporation; and
- (iii) ensuring that all regularly-scheduled Board meetings and committee meetings are properly attended by directors. Directors may participate in such meetings by conference call if attendance in person is not possible.

**(j) Code of Business Conduct and Ethics**

The Board shall be responsible to adopt a "Code of Business Conduct and Ethics" for the Corporation which shall address:

- (i) conflicts of interest;
- (ii) the protection and proper use of the Corporation's assets and opportunities;
- (iii) the confidentiality of information;
- (iv) fair dealing with various stakeholders of the Corporation;
- (v) compliance with laws, rules and regulations; and
- (vi) the reporting of any illegal or unethical behaviour.

**5. BOARD COMMITTEES**

The Board shall at all times maintain: (a) an Audit Committee; (b) a Reserves and Environment Committee; and (c) a Corporate Governance and Compensation Committee, each of which must report to the Board. Each such committee must operate in accordance with the by-laws, applicable law, its committee charter and the applicable rules of any stock exchange on which the shares are traded. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by its by-laws and

applicable law, and as the Board sees fit. The purpose of the Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the charter of a particular committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

**6. DIRECTOR ACCESS TO MANAGEMENT**

The Corporation shall provide each director with complete access to the management of the Corporation, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation's management, business and operations. Prior to any director of the Corporation initiating a discussion with any employee of the Corporation, including management, such director shall have the obligation to provide notice to the Chairman and the Chief Executive Officer of the Corporation that the director intends on initiating such a discussion.

**7. DIRECTOR COMPENSATION**

The Board, upon recommendation of the Corporate Governance and Compensation Committee, will determine and review the form and amount of compensation to directors.

**SCHEDULE "C"**  
**AUDIT COMMITTEE CHARTER**

**I. THE BOARD OF DIRECTORS' MANDATE FOR THE AUDIT COMMITTEE**

1. The Board of Directors ("**Board**") has responsibility for the stewardship of Razor Energy Corp. (the "**Corporation**"). To discharge that responsibility, the Board is obligated by the *Business Corporations Act* (Alberta) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.
2. Public financial reporting and disclosure by the Corporation are fundamental to the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure is to gain reasonable assurance of the following:
  - (a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirement of governments, regulatory agencies and stock exchanges, if applicable, relating to financial reporting and disclosure;
  - (b) that the accounting principles, significant judgements and disclosures which underlie or are incorporated in the Corporation's financial statements are appropriate in the prevailing circumstances;
  - (c) that the Corporation's quarterly and annual financial statements are accurate within a reasonable level of materiality and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles; and
  - (d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public, to the extent required by applicable securities laws, in a timely manner in accordance with corporate and securities law and with stock exchange regulations, if applicable.
3. The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reliably met unless the following activities (the "**Fundamental Activities**") are, in all material respects, conducted effectively:
  - (a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions and consistent with internal financial controls implemented by companies of similar size and peer group as the Corporation;
  - (b) the internal financial controls are regularly assessed for effectiveness and efficiency consistent with assessments performed by companies of similar size and peer group as the Corporation;
  - (c) the Corporation's quarterly and annual financial statements are properly prepared by management to comply with International Financial Reporting Standards ("**IFRS**"); and
  - (d) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

4. To assist the Board in its monitoring of the Corporation's financial reporting and disclosure and to conform to applicable corporate and securities law, the Board has established the Audit Committee (the "**Committee**") of the Board.
5. The role of the Committee is to assist the Board in its oversight of the integrity of the financial and related information of the Corporation, including its consolidated financial statements, the internal controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements and to review the independence, qualifications and performance of the external auditor of the Corporation. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them.

## **II. COMPOSITION OF COMMITTEE**

1. The Committee shall be appointed annually by the Board and consist of at least two members from among the directors of the Corporation, each of whom shall be an independent director (as determined under applicable laws). Officers of the Corporation, who are also directors, may not serve as members of the Committee.
2. The Board shall designate the Chairman of the Committee.
3. In the event of a vacancy arising in the Committee or a loss of independence of any member, the Committee will fill the vacancy within six months or by the following annual shareholders' meeting if sooner.

## **III. Reliance on Experts**

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation represented to him by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

## **IV. Limitations on Committee's Duties**

In contributing to the Committee's discharging of its duties under Terms of Reference, each member of the Corporation shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to endeavor to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

## **V. Audit Committee Terms of Reference**

The Committee's Terms of Reference outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. Terms of Reference reflect the following:

- Operating Principles;
- Operating Procedures; and

- Specific Responsibilities and Duties.

While the Committee has the responsibilities set forth in its terms of reference, it is not the duty of the Committee to prepare the financial statements, plan or conduct audits or to determine the Corporation's financial statements and disclosures are complete and accurate and are in accordance with IFRS and applicable rules and regulations. Primary responsibility for the financial reporting, information systems, risk management and disclosure controls and internal controls of the Corporation is vested in management.

## 1. **Operating Principles**

The Committee shall fulfill its responsibilities within the context of the following principles:

### (a) Committee Values

The Committee expects the management of the Corporation to operate in compliance with corporate policies; reflecting laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

### (b) Communications

The Committee and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee chair, the external auditors, and other key Committee advisors or Corporation staff members as applicable.

### (c) Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

### (d) Financial Literacy

All Committee Members should be sufficiently versed in financial matters to read and understand the Corporation's financial statements and also to understand the Corporation's accounting practices and policies and the major judgements involved in preparing the financial statements.

### (e) Annual Audit Committee Work Plan

The Committee, in consultation with management and the external auditors, shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in these Terms of Reference. In addition, the Committee, in consultation with management and the external auditors, shall participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The work plan will be focused primarily on the annual and interim financial statements of the Corporation; however, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the Committee's Terms of Reference.

### (f) Meeting Agenda

Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with Committee members, senior management and the external auditors.



(g) Committee Expectations and Information Needs

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.

(h) Access to Committee

Representatives of the external auditor and management of the Corporation shall have access to the Committee each in the absence of the other.

(i) External Resources

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise, including independent counsel.

(j) In Camera Meetings

At the discretion of the Committee, the members of the Committee shall meet in private session with the external auditors. In addition, at the discretion of the Committee, the members of the Committee shall meet in private with the management of the Corporation, without the auditors being present at such meeting.

(k) Reporting to the Board

The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

(l) Committee Self-Assessment

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

(m) The External Auditors

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall report directly to and be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

2. **Operating Procedures**

(a) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chair, upon the request of two members of the Committee or at the request of the external auditors.

(b) A quorum shall be a majority of the members.

(c) Unless the Committee otherwise specifies, the Secretary (or his or her deputy) of the Corporation shall act as Secretary of all meetings of the Committee.

(d) In the absence of the Chair of the Committee, the members shall appoint an acting Chair.

- (e) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.
- (f) Notice of the time and place of every meeting shall be given in writing by any means of transmitted or recorded communication, including facsimile, email or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member of the Committee may in any manner waive a notice of the meeting. Attendance of a member of the Committee at a meeting constitutes waiver of notice of the meeting, except where a member of the Committee attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called for.
- (g) Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with the other members of the Committee, senior management and the external auditors.
- (h) Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceeds and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board).

### 3. **Specific Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### **(a) Financial Reporting**

- (i) Review, prior to public release, the Corporation's annual and quarterly financial statements with management and the external auditors with a view to gaining reasonable assurance that the statements (i) are accurate within reasonable levels of materiality, (ii) complete, (iii) represent fairly the Corporation's financial position and performance in accordance with IFRS. The Committee shall report thereon to the Board before such financial statements are approved by the Board;
- (ii) Receive from the external auditors reports of their review of the annual and quarterly financial statements and any management letters issued to the management of the Corporation;
- (iii) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- (iv) Review, prior to public release, to the extent required pursuant to applicable securities laws, and, if appropriate, recommend approval to the Board, of news releases, to the extent required pursuant to applicable securities laws, and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;
- (v) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents that may be issued by the Corporation; and
- (vi) Review and validate procedures for the receipt, retention and resolution of complaints received by the Corporation from any party regarding accounting, auditing or internal controls. For greater certainty, the Committee's responsibilities in this area will not include complaints about minor operational issues. (Examples of minor operational issues include late payment of invoices, minor disputes over accounts owing or receivable, revenue and expense allocations and other

similar items characteristic of the normal daily operations of the accounting department of an oil and gas company.)

**(b) Accounting Policies**

- (i) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgements, including changes or variations thereto.
- (ii) Obtain reasonable assurance that they are in compliance with IFRS from management and external auditors and report thereon to the Board.
- (iii) Review with management and the external auditors the apparent degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgements and provisions along with quality of financial reporting.
- (iv) Participate, if requested, in the resolution of disagreements, between management and the external auditors.
- (v) Review with management the policies and procedures used for categorization of flow-through expenditures and the qualification of such expenditures to satisfy the Corporation's existing obligations.

**(c) Risk and Uncertainty**

- (i) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:
  - A. reviewing with management the Corporation's tolerance for financial risks;
  - B. reviewing with management its assessment of the significant financial risks facing the Corporation;
  - C. reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks; and
  - D. reviewing with management its plans, processes and programs to manage and control such risks;
- (ii) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- (iii) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
- (iv) Review the adequacy of insurance coverages maintained by the Corporation; and
- (v) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

**(d) Financial Controls and Control Deviations**

- (i) Review the plans of the external auditors to gain reasonable assurance that the evaluation and testing of applicable internal financial controls is comprehensive, coordinated and cost-effective;
- (ii) Receive regular reports from management and the external auditors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto;
- (iii) Institute a procedure that will permit any employee, including management employees, to bring to the attention of the Chair of the Committee, under conditions of confidentiality, concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgement, through existing reporting structures in the Corporation; and
- (iv) Receive and periodically assess reports from management on the policies and procedures over the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements.

**(e) Compliance with Laws and Regulations**

- (i) Review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
  - A. tax and financial reporting laws and regulations;
  - B. legal withholding requirements; and
  - C. other laws and regulations which expose directors to liability;
- (ii) Review the filing status of the Corporation's tax returns, flow-through share renunciation filings and those of its subsidiaries.

**(f) Relationship with External Auditors**

- (i) Recommend to the Board the nomination of the external auditors;
- (ii) Approve the remuneration and the terms of engagement of the external auditors as set forth in the Engagement Letter. The Chair of the Committee has the authority to pre-approve non-audit services which may be required from time to time;
- (iii) Review the performance of the external auditors annually or more frequently as required;
- (iv) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (v) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (vi) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ;
- (vii) Meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;

- (viii) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee; and
- (ix) Establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the judgement of the external auditors, merit the Committee's attention. In particular, the external auditors will advise the Committee as to disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved.

**(g) Other Responsibilities**

- (i) Approve annually the reasonableness of the expenses of the Chairman of the Board and the Chief Executive Officer;
- (ii) After consultation with the Chief Financial Officer and the external auditors, consider at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- (iii) Approve in advance non-audit services, including tax advisory and compliance services, provided by the external auditors. However, the Committee can establish a threshold amount for fees for non-audit services to be provided by the external auditors without advance approval of the Committee. The nature of such services and the associated cost will be provided to the Committee at the next following meeting.
- (iv) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- (v) Perform such other functions as may from time to time be assigned to the Committee by the Board;
- (vi) Review and update the Terms of Reference on a regular basis for approval by the Board; and
- (vii) The Committee will review disclosures regarding the organization and duties of the Committee to be included in any public document, including quarterly and annual reports to shareholders, information circulars and annual information forms.