



**BRIKO ENERGY CORP.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON**

**SEPTEMBER 9, 2020**

**MANAGEMENT INFORMATION CIRCULAR**

**AUGUST 3, 2020**

# **BRIKO ENERGY CORP.**

Suite 1710, 736 – 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3T7

## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the annual meeting (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of Briko Energy Corp. (the “**Corporation**”) will be held at the offices of the Corporation, which are located at Suite 1710, 736 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta on Wednesday, September 9, 2020 at 9:00 a.m. (Calgary time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2019 and the report of the auditors thereon;
2. to fix the number of directors to be elected at the Meeting at five (5);
3. to elect the board of directors of the Corporation (the “**Board**”) for the ensuing year;
4. to appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Corporation for the ensuing year, at a remuneration to be fixed by the Board; and
5. to transact such other business as may be properly brought before the Meeting or any adjournment or adjournments thereof.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Information Circular accompanying this Notice of Meeting. Only shareholders of record at the close of business on July 31, 2020, are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat.

**DATED** at the City of Calgary, in the Province of Alberta this 3<sup>rd</sup> day of August, 2020.

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

(signed) “*John Van de Pol*”  
President and CEO

### **IMPORTANT**

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Corporation remains mindful of the well-being of our shareholders and their families, our industry partners and other stakeholders as well as the communities in which we operate. The Corporation currently intends on holding a physical shareholder meeting. However, as COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning or postponing the Meeting.

In light of current provincial government gathering restrictions, at this time, only registered Shareholders or their duly appointed proxy holders will be permitted to attend the Meeting in person. In addition, in view of current and potential future guidance regarding physical distancing and further restrictions on large gatherings, the Corporation encourages Shareholders and proxyholders not to attend the meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms. Shareholders can listen to the Meeting via teleconference at 1-833-431-1287 (Conference ID: 975 645 775) however will not be permitted to vote their Common Shares via teleconference. As always, the Corporation encourages Shareholders to vote their Common Shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such Shareholders.

If you do not expect to attend and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. In order to be effective, a proxy must be forwarded so as to reach or be deposited with Alliance Trust Company at Suite 1010, 407

– 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 2Y3; or by facsimile: (403) 237-6181, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof. Shareholders may also use the internet site at [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/) to transmit their voting instructions.

# **BRIKO ENERGY CORP.**

## **MANAGEMENT INFORMATION CIRCULAR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 9, 2020**

This management information circular (“**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Briko Energy Corp. (“**Briko**” or the “**Corporation**”) for use at the annual meeting of the holders of common shares (the “**Common Shares**”) of the Corporation to be held at the offices of the Corporation, which are located at Suite 1710, 736 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta on the 9<sup>th</sup> day of September, 2020 at 9:00 a.m. (Calgary time) (the “**Meeting**”), or at any adjournment thereof, for the purposes set forth in the Notice of Meeting. The information contained herein is given as of the 3<sup>rd</sup> day of August, 2020 except where otherwise indicated. There is enclosed herewith an Instrument of Proxy for use at the Meeting. Each shareholder who is entitled to attend at meetings of shareholders is encouraged to participate in the Meeting and shareholders are urged to vote in person or by proxy on matters to be considered.

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Corporation remains mindful of the well-being of our shareholders and their families, our industry partners and other stakeholders as well as the communities in which we operate. The Corporation currently intends on holding a physical shareholder meeting. However, as COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning or postponing the Meeting.

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### **PERSONS MAKING THE SOLICITATION**

This solicitation is made on behalf of the management of the Corporation. The cost incurred in the preparation and mailing of both the Instrument of Proxy and this Information Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication by directors, officers and employees of the Corporation who will not be directly compensated therefor. Any third party costs thereof will be borne by the Corporation.

### **APPOINTMENT AND REVOCATION OF PROXIES**

In order to be effective, a proxy must be forwarded so as to reach or be deposited with Alliance Trust Company (“**Alliance**”) at Suite 1010, 407 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, T2P 2Y3; or by facsimile: (403) 237-6181, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof. Shareholders may also use the internet site at [www.alliancetrust.ca/shareholders/](http://www.alliancetrust.ca/shareholders/) to transmit their voting instructions. A proxy must be executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. A proxy is valid only at the Meeting in respect of which it is given or any adjournment of the Meeting.

**Each shareholder submitting a proxy has the right to appoint a person to represent him or it at the Meeting other than the persons designated in the Instrument of Proxy furnished by the Corporation.** The shareholder may exercise this right by striking out the names of the persons so designated and inserting the name of the desired representative in the blank space provided, or by completing another form of proxy and in either case depositing the proxy with Alliance at the place and within the time specified above for the deposit of proxies.

**An instrument of proxy may be revoked by the person giving it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person by depositing an instrument in writing executed by the shareholder or its attorney authorized in writing with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.** In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or its attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized, and deposited with Alliance at the place specified above for the deposit of proxies and at any time up to and including the last business day preceding the Meeting, or any adjournment thereof.

### **EXERCISE OF DISCRETION**

The Common Shares represented by the enclosed Instrument of Proxy will be voted or withheld from voting in accordance with the instructions of the shareholder. **The persons appointed under the enclosed Instrument of Proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. If any such matters should come before the Meeting, it is the intention of the persons named in the enclosed Instrument of Proxy to vote such proxy in accordance with their best judgment unless the shareholder has specified to the contrary or that Common Shares are to be withheld from voting. At the time of printing this Information Circular, management of the Corporation is not aware of any such amendment, variation or other matter.**

**Unless otherwise specified, proxies in the accompanying form will be voted: (i) in favour of fixing the number of directors to be elected at the Meeting at five (5); (ii) in favour of the individual election of the nominees, hereinafter set forth, as directors of the Corporation (provided that in the event that a nominee is unable to serve as a director, the persons designated in the accompanying Instrument of Proxy reserve the right to vote for other nominees in their discretion unless the shareholder has specified in the accompanying form that such shareholder's Common Shares are to be withheld from voting on the election of directors); and (iii) in favour of the appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Corporation;**

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") are advised that only proxies from shareholders of record can be recognized and voted 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 The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity.

There are two kinds of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own (called “**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of securities they own knowing who they are (called “**NOBOs**” for Non-Objecting Beneficial Owners).

The Corporation has decided to take advantage of those provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) that permit it to directly deliver proxy-related materials to NOBOs of the Corporation who have not waived the right to receive such materials. As a result, NOBOs of the Corporation can expect to receive a form of proxy from the Corporation’s registrar and transfer agent, Alliance. These proxies are to be completed and returned to Alliance following the instructions provided in the form. Alliance will tabulate the results of the proxies received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the proxies received by it. Should a NOBO of the Corporation wish to vote at the Meeting in person, the NOBO must, as set forth in the form of proxy, print their name in the Appointee box and return it to Alliance. This will grant the NOBO the right to attend the Meeting and vote in person. NOBOs of the Corporation that wish to change their vote must, in sufficient time in advance of the Meeting, contact Alliance to change their vote. These securityholder materials are being sent to registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from OBOs in advance of the Meeting. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by OBOs in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). The Corporation does not know the names of the OBOs. As a result, OBOs will not be recognized at the Meeting for the purposes of voting their Common Shares in person or by proxy, without following the procedures set out by their broker or its agent. Broadridge typically mails the proxy-related materials to the OBOs along with a scannable voting instruction form (“**VIF**”). The OBO is requested to complete and return their voting instructions to them as directed. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a VIF cannot use that VIF to vote Common Shares directly at the Meeting as the Beneficial Shareholder’s voting instructions must be returned, as directed, well in advance of the Meeting in order to have the Common Shares voted. Beneficial Shareholders may revoke their VIFs in accordance with the procedure established by their broker or its agent. Management of the Corporation does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and in the case of an OBO, the OBO will not receive the Meeting materials unless the OBO’s intermediary assumes the cost of delivery.

If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance. All references to shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to shareholders of record, unless specifically stated otherwise.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The close of business on July 31, 2020 is the record date for the determination of shareholders who are entitled to notice of, and to attend and vote at, the Meeting (the “**Record Date**”). Only those shareholders of record on the Record Date are entitled to notice of, and to attend and vote at the Meeting. Any transferee or person

acquiring Common Shares after the Record Date may, on proof of ownership of Common Shares, demand of Alliance not later than 10 days before the Meeting that his or its name be included in the list of persons entitled to attend and vote at the Meeting. As at the Record Date, the Corporation had 11,211,149 Common Shares outstanding. Each Common Share confers upon the holder thereof the right to one vote.

The quorum for the transaction of business at any meeting of the shareholders shall consist of at least two persons holding or representing by proxy not less than five (5%) percent of the outstanding shares of the Corporation entitled to vote at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to all of the outstanding Common Shares as at the date of this Information Circular.

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

No director, proposed nominee for election as a director of the Corporation, executive officer, employee or former executive officer, director or employee of the Corporation, or any associate of any such director, officer or employee is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation, nor, at any time since the beginning of the most recently completed financial 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.

### **AUDIT COMMITTEE**

The Audit Committee of the Board (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.

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) requires that if management of a venture issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting the audit committee be included in its management information circular.

The prescribed Audit Committee disclosure for the Corporation is that contained in Form 52-110F2 which is attached to NI 52-110 (“**Form 52-110F2 Disclosure**”). Set out below is a description of the Audit Committee, relative to the Form 52-110F2 Disclosure.

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

The Corporation must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The Audit Committee Charter is attached as Schedule A hereto.

## 2. Composition of the Audit Committee

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

<u>Name of Director</u>	<u>Independent<sup>(1)</sup> (Yes/No)</u>	<u>Financially Literate (Yes/No)</u>
Michael Kohut (Chair)	No	Yes
Mark Dickinson	Yes	Yes
David G. Anderson	Yes	Yes

**Note:**

(1) As defined in NI 52-110.

## 3. Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. Michael Kohut is currently Senior Vice President and Chief Financial Officer of Hammerhead Resources Inc. Previously, Michael Kohut was the Vice President, Finance of Paramount Resources Ltd. from November 2017 to April 2018 and Chief Financial Officer of Trilogy Resources Corp. from June 2006 to October 2017. Mr. Kohut also serves as a member of the audit committee for Big Rock Brewery Inc. Mr. Kohut also has over 21 years of public issuer experience as an officer and/or director. Mark Dickinson is currently principal at KES 7 Capital Inc., a merchant bank and exempt market dealer. Mr. Dickinson also has over 11 years of experience, both as an officer and as a director in the investment and financial advisory business. David G. Anderson is currently the President and Chief Executive Officer of Winsome Capital Inc., a private venture capital firm. Mr. Anderson also has over 25 years of public issuer experience, both as an officer and as a director.

Each director 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 estimates, accruals and reserves; (c) experience in 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 issuer's financial statements, or experience actively supervising individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

## 4. 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.

## 5. Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on an exemption from Section 2.4 of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (securities regulatory authority exemption).

## 6. 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 in advance any non-audit services, including tax advisory and compliance services, provided by the external auditors.

## 7. External Auditor Service Fees (By Category)

Financial Year Ending December 31 <sup>(1)</sup>	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees <sup>(2)</sup>
2019	\$50,000	\$30,000	\$3,500	\$6,500
2018	\$50,000	nil	nil	nil

### Notes:

- (1) The Corporation was incorporated pursuant to the provisions of the ABCA on August 13, 2018 and commenced carrying on business on December 20, 2018.
- (2) "All Other Fees" consist of fees for products and services other than those described under the heading of "Audit Fees," "Audit-Related Fees" and "Tax Fees" above. For the financial year ending December 31, 2019, All Other Fees includes audit services in connection with the adoption of IFRS 16.

## CORPORATE GOVERNANCE

National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that if management of a venture issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F2 which is attached to NI 58-101 ("**Form 58-101F2 Disclosure**"). Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F2 Disclosure.

### 1. Board of Directors

As of the date hereof, the Board is comprised of five directors, of whom three are currently considered independent directors.

In determining whether a Board member is independent or not, the Corporation follows the meaning of independence as set out at Section 1.4 of NI 52-110. As disclosed above, sixty (60%) percent of the Board is comprised of independent directors. The independent judgement of the Board in carrying out its responsibilities is the responsibility of all directors. The Board facilitates independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board has free access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers.

Each of Tim de Freitas, Mark Dickinson and David G. Anderson are independent directors. John Van de Pol is not independent because he occupies the position of President and CEO of the Corporation. Michael Kohut was President and CEO of the Corporation until his resignation from that position on April 11, 2019 and he will therefore not be considered independent under NI 52-110 until April 11, 2022.

#### *Board Mandate*

The Board has approved a formal written mandate in its Corporate Governance Manual (as hereinafter defined). 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. The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. Subject to the articles and by-laws of the Corporation and the ABCA, the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

The Board has developed written position descriptions for the Chairman of the Board and the CEO of the Corporation as well as for the chairs of the committees of the Board. Each director who serves on a Board committee is responsible for carrying out the mandate outlined in that committee's charter.

## 2. Directorships

The following table identifies directors that are presently also directors of other issuers that are reporting issuers (or the equivalent), as at the date hereof:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Exchange</u>
Tim de Freitas	Arrow Exploration Inc.	TSX Venture Exchange
Michael Kohut	Big Rock Brewery Inc.	Toronto Stock Exchange

## 3. Orientation and Continuing Education

While the Corporation does not currently have a formal orientation and education program for new directors, the Corporation expects to provide such orientation and education on an informal basis. New directors will be provided with a corporate governance manual (the "**Corporate Governance Manual**") that outlines the corporate governance policies of the Corporation. These include a Code of Business Conduct and Ethics (the "**Code**"), a Disclosure Policy, a Whistleblowing Policy, charters for each of the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Reserves Committee of the Board (the "**Reserves Committee**") and position descriptions for the chairs of the committees of the Board. The Corporate Governance Manual is updated as the Corporation's business, governance documents and policies change. Directors are encouraged to visit the Corporation's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

## 4. Ethical Business Conduct

The Board has adopted the Code, which states the standard of conduct expected from every director, officer, employee, consultant and contractor of the Corporation. In addition to the Code, the Board has also adopted a Whistleblowing Policy wherein interested parties, such as an employee, are provided with the mechanism by which they may raise concerns with respect to a possible violation of the Corporation's disclosure standards in a confidential, anonymous process. The Board also encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Corporate Governance Manual and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere.

Under the ABCA, directors and officers are required to disclose any direct or indirect interest in any material contract or material transaction or proposed material contract or proposed material transaction and, except in a few limited cases, not vote on any resolution to approve any such contract or transaction.

## 5. Nomination of Directors

The Corporate Governance Committee is responsible for considering and recommending nominees for election as directors and recommending members and chairs of Board committees. In addition, the Corporate Governance

Committee will accept the suggestions of the officers and directors of the Corporation in carrying out this function. The Corporate Governance Committee is comprised of three directors, one of whom, the CEO, is an employee of the Corporation.

## **6. Compensation**

The Corporation's executive compensation program is administered by the Compensation Committee. The Compensation Committee's mandate includes reviewing and recommending to the Board: (i) executive compensation policies, practices and overall compensation philosophy; (ii) total compensation packages for all officers, employees and consultants of the Corporation; (iii) bonus and stock options; and (iv) major changes in the Corporation's benefit plans. The Compensation Committee's mandate also includes reviewing the adequacy and form of directors' compensation to ensure it realistically reflects the responsibilities and risks of membership on the Board. The Compensation Committee is currently comprised of three directors, Mark Dickinson (Chair) and Tim de Freitas, each of whom are independent and John Van de Pol, who is not independent.

The Compensation Committee reviews and makes recommendations to the Board, at least once annually regarding compensation to be provided to the directors, officers, employees and consultants of the Corporation and in doing so, receives input from the President and CEO of the Corporation in respect of all officers other than the CEO. The Board is also responsible for monitoring and assessing the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value. Compensation for all officers, including the CEO is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contribution of the individuals involved and the overall performance of the Corporation.

As the President and CEO is also a member of the Board, the Board meets in the absence of the President and CEO to discuss the recommendations made by the Compensation Committee for executive compensation, including the recommendation for the President and CEO's compensation.

## **7. Other Board Committees**

Other than the Audit Committee and the Compensation Committee, the Corporation has established a Corporate Governance Committee and a Reserves Committee.

### *Corporate Governance Committee*

The Board has a strong commitment to effective corporate governance. The Corporate Governance Committee's primary responsibilities are twofold. First, the Corporate Governance Committee is responsible for proposing to the full Board new nominees to the Board and for assessing directors on an ongoing basis. Second, the Corporate Governance Committee is responsible for the Corporation's response to and implementation of the guidelines set forth from time to time, by any applicable regulatory authorities (the "**Guidelines**"). The specific functions of the Corporate Governance Committee in carrying out these two areas of responsibility are: (1) Nominating and Assessment: (a) to consider and recommend candidates to fill new positions on the Board created by either expansion or vacancies that occur by resignation, retirement or for any other reason; (b) to review candidates recommended by shareholders; (c) to conduct inquiries into the backgrounds and qualifications of possible candidates; (d) to recommend the director nominees for approval by the Board and the shareholders; (e) to consider questions of possible conflicts of interest of Board members; (f) to recommend members and Chairs of the Committees; (g) to review the performance of directors and the performance of the Board; (h) to establish director retirement policies; and (i) to establish and implement an orientation and education program for new members of the Board; and (2) Corporate Governance: (a) to consider and review the Corporation's corporate governance principles and process and to compare the same to the Guidelines; (b) to propose changes to the Board necessary to respond to or comply with the Guidelines; and (c) to review the Corporation's disclosure of its corporate governance program and compliance with the Guidelines in the management proxy circular for each annual general meeting.

### *Reserves Committee*

The Reserves Committee is responsible for assisting the Board in its oversight of the reliability and integrity of the reporting and evaluations in respect of the oil and gas activities of Briko in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The Reserves Committee reports to the Board and its responsibilities are: (a) to discuss and review with management of the Corporation the selection of an independent engineer for undertaking each reserves evaluation of the Corporation as the same may be required from time to time; (b) to consider and review the impact of changing independent engineering firms; (c) to receive the engineering report and consider the principal assumptions upon which it is based; (d) to consider and review management's input into the independent engineering report and the key assumptions used; (e) to review the appropriateness of and update the Corporation's environmental policies, management systems and programs annually and report to the Board thereon, with appropriate recommendations; (f) to ensure that the Corporation has the necessary tools to measure its environmental performance and compliance with applicable regulatory standards; (g) to review the environmental performance and, whenever relevant, any non-compliance situation of the Corporation, to recommend the required corrective measures; (h) to ensure that environmental risk management procedures and emergency response measures are in place, periodically updated and distributed within the Corporation. The Reserves Committee will review the appropriateness of these procedures and measures and make appropriate recommendations; and (i) to report to the Board on the Corporation's environmental policies, programs and situations and make appropriate recommendations. Such report shall contain sufficient information, indicating the nature and object of each of the Reserves Committee's recommendations, to ensure an efficient follow-up.

### **8. Assessments**

The Corporate Governance Committee is responsible by its terms of reference to review the performance of the directors and the performance of the Board. While no formal evaluation has been conducted to date, the Corporate Governance Committee will rely on informal evaluation of the effectiveness through both formal and information communications with Board members and through participation with other Board members on committees and matters relating to the Board. The Corporate Governance Committee may consider more formal evaluation processes in the future.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

### **1. Financial Statements and Auditors' Report**

At the Meeting, shareholders will receive the financial statements of the Corporation for the year ended December 31, 2019 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

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

At the Meeting, shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

Unless otherwise directed, it is the intention of the persons designated in the accompanying Instrument of Proxy to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five (5). In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at five (5) must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

### 3. Election of Directors

At the Meeting, it is proposed that five (5) directors be elected to hold office until the next annual meeting or until their successors are elected or appointed. There are presently five (5) directors of the Corporation, the term of each of which expires at the Meeting.

**Unless otherwise directed, it is the intention of the persons designated in the accompanying Instrument of Proxy to vote in favour of the election as directors of the five (5) nominees hereinafter set forth.**

Management has no reason to believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the accompanying Instrument of Proxy reserve the right to vote for other nominees in their discretion unless the shareholder has specified in the accompanying Instrument of Proxy that such shareholder's Common Shares are to be withheld from voting on the election of directors. In order to be effective, the ordinary resolution in respect of the election of each nominee director must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, their province and country of residence, their principal occupation, the period served as a director and the number of voting Common Shares that each proposed nominee beneficially owns, or exercises control or direction over, directly or indirectly, as of the Record Date. The information as to Common Shares owned beneficially, not being within the knowledge of the Corporation, has been provided by each nominee.

Name and Province and Country of Residence	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Director Since	Principal Occupation
<b>Mark Dickinson</b> <sup>(2)(3)(5)</sup> Ontario, Canada	12,619	October 2018	Principal at KES 7 Capital Inc. since May 2018. Prior thereto, President of Carlin Capital Corp. from February 2018 to May 2018. Prior thereto, Managing Director of Desjardin Securities Inc. from August 2012 to February 2018.
<b>Tim de Freitas</b> <sup>(3)(5)</sup> Alberta, Canada	116,638	October 2018	Chief Operating Officer at Pieridae Energy Limited since December 2018. Prior thereto, President and Chief Executive Officer of Ikkuma Resources Corp. from May 2014 to December 2018.
<b>John Van de Pol</b> <sup>(3)(4)</sup> Alberta, Canada	65,474	December 2018	President and Chief Executive Officer of the Corporation since April 2019. Prior thereto, Senior Vice President and Chief Financial Officer of Ikkuma Resources Corp. from January 2018 to December 2018. Prior thereto, Senior Vice President and Chief Financial Officer of Painted Pony Energy Ltd. from January 2015 to August 2017. Prior thereto, Vice President, Finance and Chief Financial Officer of Painted Pony Energy Ltd. from September 2013 to January 2015.

Name and Province and Country of Residence	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Director Since	Principal Occupation
<b>Michael Kohut</b> <sup>(2)(4)(5)</sup> Alberta, Canada	55,665	August 2018	Senior Vice President and Chief Financial Officer at Hammerhead Resources Inc. since January 2019. Prior thereto, Vice President, Finance of Paramount Resources Ltd. from November 2017 to April 2018. Prior thereto, Chief Financial Officer of Trilogy Energy Corp. from June 2006 to October 2017.
<b>David G. Anderson</b> <sup>(2)(4)</sup> Alberta, Canada	651,910	February 2020	Chief Executive Officer at Winsome Capital Inc. since 1993. Executive Chairman at Ember Partners since 2015.

**Notes:**

- (1) In addition to the Common Shares beneficially owned, controlled or directed, directly or indirectly, the nominees for director hold an aggregate 475,000 Options,
- (2) Member of the Audit Committee. The Corporation is required to have an audit committee pursuant to the ABCA.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance Committee.
- (5) Member of the Reserves Committee.

*Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

Other than as set forth below, none of those persons who are proposed directors of the Corporation is, or has been within the past 10 years, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or after such persons ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity. In addition, none of those persons who are proposed directors of the Corporation is, or has been within the past 10 years, a director or executive officer of any company, including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. None of the persons who are proposed directors of the Corporation have, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets. None of those persons who are proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Mr. Michael Kohut was a director of Great Prairie Energy Services Inc. (“**Great Prairie**”) on January 22, 2016 when it applied for and obtained an order from the Court of Queen’s Bench of Alberta under the *Companies’ Creditors Arrangement Act*. Mr. Kohut resigned as a director of Great Prairie on January 22, 2016.

Mr. Anderson was at all relevant times, the Chief Executive Officer and a director of EmberClear Corp. (“**EmberClear**”). Each of the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission (collectively, the “**Commissions**”) issued a cease trade order against EmberClear on October 30, 2014, November 5, 2014 and November 5, 2014, respectively, as a result of EmberClear not having filed its annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended June 30, 2014. As a result of such cease trade orders, the TSXV halted trading of EmberClear’s common shares (the “**EmberClear Shares**”). The cease trade orders were subsequently revoked on January 3, 2015, January 12, 2015 and January 13, 2015, respectively and the EmberClear Shares resumed trading on February 3, 2015 on the TSXV. Subsequently, the Commissions issued further cease trade orders on November 3, 2015, November 4, 2015 and November 6, 2015, respectively, as a result of EmberClear not having filed its annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended June 30, 2015. As a result of such cease trade orders, the TSXV halted trading of the EmberClear Shares and subsequently listing of EmberClear Shares was transferred to the NEX on February 9, 2016. On June 24, 2016, the Court of Queen’s Bench of Alberta approved a proposal under the *Bankruptcy and Insolvency Act* (the “**Proposal**”) upon application of Emberclear’s trustee, Ernst & Young Inc. The Proposal allowed EmberClear to wind up its operations and transfer assets to Houston based Ember Partners LP, an entity organized by EmberClear’s previous management.

#### **4. Appointment of Auditors**

KPMG LLP, Chartered Professional Accountants, of Calgary, Alberta are the auditors of the Corporation and were appointed as the auditors of the Corporation on September 26, 2018.

At the Meeting, shareholders will be asked to pass an ordinary resolution appointing KPMG LLP, Chartered Professional Accountants, to serve as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders or until such firm is removed from office or resigns as provided by law, at a remuneration to be fixed by the Board.

**Unless otherwise directed, it is the intention of the persons designated in the accompanying Instrument of Proxy to vote in favour of the ordinary resolution to appoint the firm of KPMG LLP, Chartered Professional Accountants, to serve as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders or until such firm is removed from office or resigns as provided by law, at a remuneration to be fixed by the Board.** In order to be effective, the ordinary resolution in respect of the appointment of auditors must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

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

None of the Corporation’s directors or executive officers or companies or persons that beneficially own or control or direct, directly or indirectly, or a combination of both, more than 10% of the Common Shares, a director or executive officer of such 10% holder, or any of their respective associates and affiliates, or any proposed nominee for election as a director of the Corporation, has any material interest in any transaction with the Corporation since the commencement of the Corporation’s last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation which has not been previously disclosed.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

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

No director or executive officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, or any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, except as described in this Information Circular under the heading “*Matters to be Acted Upon at the Meeting – Election of Directors*”.

**OTHER MATTERS TO BE ACTED UPON**

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying Instrument of Proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

**ADDITIONAL INFORMATION**

Additional financial information is provided in the Corporation’s audited financial statements and management’s discussion and analysis for the financial year ended December 31, 2019.

Any request for these documents can be made by contacting the Kim Benders, Vice President and Chief Financial Officer of Briko Energy Corp. at Suite 1710, 736 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3T7. Information relating to the Corporation can also be obtained on SEDAR under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).



## SCHEDULE A

### BRIKO ENERGY CORP.

#### AUDIT COMMITTEE CHARTER

##### **I. The Board of Directors' Mandate for the Audit Committee**

- A.** The Board of Directors ("**Board**") has responsibility for the stewardship of Briko 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.

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:

- 1) 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;
- 2) 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;
- 3) 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
- 4) 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.

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**");

- (d) the Corporation's annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

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.

**B. *Composition of Committee***

- 1) The Committee shall be appointed annually by the Board and consist of at least three 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; and
- 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.

**C. *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:

- 1) 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
- 2) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

**D. *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.

**II. *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;
- Specific Responsibilities and Duties.

**A. *Operating Principles***

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

1) **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.

2) **Communications**

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

3) **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.

4) **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.

5) **Meeting Agenda**

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

6) **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.

7) **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.

8) **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.

9) **Reporting to the Board**

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

10) **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.

11) **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.

**B. *Operating Procedures***

- 1) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two members of the Committee or at the request of the external auditors.
- 2) A quorum shall be a majority of the members.
- 3) 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.
- 4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- 5) 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.

**C. *Specific Responsibilities and Duties***

To fulfill its responsibilities and duties, the Committee shall:

1) **Financial Reporting**

- (a) Review, prior to public release, the Corporation's annual and quarterly financial statements with management and the external auditors (annually) 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;

- (b) Receive from the external auditors reports of their review of the annual financial statements and any management letters issued to the management of the Corporation;
- (c) 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;
- (d) 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;
- (e) 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
- (f) 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.)

## 2) **Accounting Policies**

- (a) 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.
- (b) Obtain reasonable assurance that they are in compliance with IFRS from management and external auditors and report thereon to the Board.
- (c) 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.
- (d) Participate, if requested, in the resolution of disagreements, between management and the external auditors.
- (e) Review with management the categorization of flow-through expenditures and the qualification of such expenditures to satisfy the Corporation's existing obligations.

## 3) **Risk and Uncertainty**

- (a) 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:

- (i) reviewing with management the Corporation's tolerance for financial risks;
  - (ii) reviewing with management its assessment of the significant financial risks facing the Corporation;
  - (iii) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks;
  - (iv) reviewing with management its plans, processes and programs to manage and control such risks;
- (b) 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;
  - (c) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
  - (d) Review the adequacy of insurance coverages maintained by the Corporation;
  - (e) 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.

4) **Financial Controls and Control Deviations**

- (a) 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;
- (b) 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;
- (c) Institute a procedure that will permit any employee, including management employees, to bring to the attention of the Chairman 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;
- (d) Review, and periodically assess the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements.

5) **Compliance with Laws and Regulations**

- (a) 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:

- (i) tax and financial reporting laws and regulations;
  - (ii) legal withholding requirements;
  - (iii) other laws and regulations which expose directors to liability;
- (b) Review the filing status of the Corporation's tax returns, flow-through share renunciation filings and those of its subsidiaries.

6) **Relationship with External Auditors**

- (a) Recommend to the Board the nomination of the external auditors;
- (b) Approve the remuneration and the terms of engagement of the external auditors as set forth in the Engagement Letter;
- (c) Review the performance of the external auditors annually or more frequently as required;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) 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
- (i) 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.

7) **Other Responsibilities**

- (a) Approve annually the reasonableness of the expenses of the Chairman of the Board and the Chief Executive Officer;

- (b) 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;
- (c) 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.
- (d) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- (e) Perform such other functions as may from time to time be assigned to the Committee by the Board;
- (f) Review and update the Terms of Reference on a regular basis for approval by the Board; and
- (g) 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.