



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF TENAZ ENERGY CORP.**

**TO BE HELD ON MAY 31, 2022**

**MANAGEMENT INFORMATION CIRCULAR**

**APRIL 27, 2022**

*The TSX Venture Exchange has not in any way passed upon the merits of the information contained herein and any representation to the contrary is an offence.*

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## TENAZ ENERGY CORP.

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

#### TO THE HOLDERS OF COMMON SHARES

**NOTICE** is hereby given that an annual general meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Tenaz Energy Corp. (“**Tenaz**” or the “**Company**”) will be held on Tuesday, May 31, 2022 at 2:30 p.m. (Mountain Time) in a virtual format for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the financial year ended December 31, 2021 and the auditors’ report thereon;
2. to fix the number of directors to be elected at the Meeting at five (5);
3. to elect five (5) directors of the Company for the ensuing year;
4. to appoint the auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution to approve the Tenaz Incentive Plan, the Company’s new omnibus security-based compensation arrangement; and
6. to transact such further and other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

The nature of the business to be transacted at the Meeting and the specific details of the matters proposed to be put to the Meeting are described in further detail in the accompanying Management Information Circular dated April 27, 2022 (the “**Information Circular**”).

**Tenaz intends to graduate the listing of its Common Shares from the TSX Venture Exchange to the Toronto Stock Exchange (“TSX”) and, as of the date hereof, has received conditional approval from the TSX to proceed with the listing graduation. Pursuant to Tenaz’s TSX listing application and subject to final approval by the TSX, the Common Shares are expected to commence trading on the TSX prior to the date of the Meeting.**

#### **Virtual Meeting**

The Company is conducting the Meeting entirely online by way of live webcast to mitigate potential risks to the health and safety of its Shareholders, employees and other stakeholders in consideration of ongoing concerns related to COVID-19. As such, there will be no in-person component to the Meeting and Shareholders who wish to attend the Meeting must do so in accordance with the directions set out in the Information Circular under the heading “*General Proxy Information*”.

Registered Shareholders (as defined in the Information Circular) and duly appointed proxyholders can attend the Meeting online by visiting <https://web.lumiagm.com> and entering the meeting ID: 241-208-809 (password: tenaz2022) where they can participate, vote, or submit questions during the Meeting’s live webcast. Beneficial Shareholders (as defined in the Information Circular) who have not appointed themselves as proxyholders and guests can attend the Meeting online but will not be able to participate, vote or submit questions during the Meeting.

Beneficial Shareholders who receive these materials through their broker or other intermediary should carefully follow the instructions provided by their broker or intermediary and the instructions set out in the Information Circular under “*General Proxy Information*”.

A link to the live webcast of the Meeting will be available on the Company's website at [www.tenazenergy.com](http://www.tenazenergy.com). Following the formal business of the Meeting, the Company is planning a brief presentation by management. A recording of the presentation will be available on Tenaz's website following the Meeting.

### **General Information**

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is April 26, 2022 (the "**Record Date**"). Shareholders whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of his, her or its Common Shares after such date and the transferee of those Common Shares establishes that he, she or it owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

In accordance with the by-laws of the Company, all proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Company, Odyssey Trust Company, Stock Exchange Tower, Suite 1230, 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4, Attention: Proxy Department, no later than 2:30 p.m. (Mountain Time) on May 27, 2022, or not less than 48 hours (excluding Saturdays and holidays) preceding any adjournment(s) or postponement(s) of the Meeting. Registered Shareholders may also use the internet site at <https://login.odysseytrust.com/pxlogin> to transmit their voting instructions. A proxy must be executed by the Shareholder or his or her attorney authorized in writing, or if the Shareholder is a corporation, under its seal by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are officers of Tenaz. Each Shareholder has the right to appoint a proxyholder other than such persons, who need not be a Shareholder, to attend and to act for such Shareholder and on such Shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a Shareholder should be delivered by facsimile to Odyssey Trust Company at 1-800-517-4553.

**DATED** April 27, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Anthony Marino"*

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Anthony Marino

President, Chief Executive Officer and Director

## TENAZ ENERGY CORP.

### MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Tenaz Energy Corp. (“**Tenaz**”, the “**Company**”, “**we**” or “**us**”) for use at the annual general meeting of the holders (“**Shareholders**”) of common shares (the “**Common Shares**”) of the Company (the “**Meeting**”) to be held on Tuesday, May 31, 2022 at 2:30 p.m. (Mountain Time) in a virtual format, and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the Notice of Annual General Meeting.

The information presented in this Information Circular is current as at April 27, 2022, except as otherwise noted. Unless otherwise specified, all dollar amounts or references to “\$” herein are expressed in Canadian dollars.

No person has been authorized by Tenaz to give any information or make any representations in connection with the transactions herein described other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by Tenaz.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

Each outstanding Common Share is entitled to one vote on each resolution voted on a ballot at the Meeting. The Board of Directors of Tenaz (the “**Board**”) has fixed the record date for the Meeting at the close of business on April 26, 2022 (the “**Record Date**”). Tenaz will prepare, as of the Record Date, a list of Shareholders entitled to receive the Notice of Annual General Meeting, showing the number of Common Shares held by each such Shareholder. Only Shareholders as of the Record Date will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than ten (10) days before the Meeting, establishes ownership of such Common Shares and demands that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting.

As always, the Company encourages Shareholders to vote their Common Shares by proxy not later than (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof.

**Non-registered or beneficial Shareholders (“Beneficial Shareholders”) who do not hold Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf.**

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, by a duly authorized officer or attorney of the company.

#### Advice to Beneficial Holders of Common Shares

The information set forth in this section is provided to Beneficial Shareholders who do not hold their 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 Company 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 Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder’s name on the records of the Company. Such

Common Shares will more likely be registered under the name of the Beneficial 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 nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Company does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders 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**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

**A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.**

This Information Circular and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. The Company does not send proxy-related materials directly to Beneficial Shareholders and is not relying on the notice-and-access provisions of securities laws for delivery to either registered or Beneficial Shareholders. The Company will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Beneficial Shareholders. If you are a Beneficial Shareholder, your nominee should send you a voting instruction form or proxy form along with this Information Circular. The Company has elected to pay for the delivery of its proxy-related materials to Beneficial Shareholders.

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 or her broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend 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 form 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.

### **Appointment of Proxy Holders**

Those Shareholders desiring to be represented by proxy at the Meeting must deposit their respective forms of proxy with Odyssey Trust Company at Stock Exchange Tower, Suite 1230, 300 - 5th Avenue S.W., Calgary, Alberta T2P 3C4, Attention: Proxy Department in the enclosed self-addressed envelope, by no later than 2:30 p.m. (Mountain Time) on May 27, 2022 or not less than 48 hours (excluding Saturdays and holidays) preceding any adjournment(s) or postponement(s) of the Meeting. A proxy must be executed by the Shareholder or by his or her attorney authorized in writing, or if the Shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. Registered Shareholders may also cast their vote by faxing their proxy to 1-800-517-4553 or by internet (<https://login.odysseytrust.com/pxlogin>) by following the instructions provided on the form. If you choose to vote by telephone or internet, your vote must also be cast no later than 48 hours, excluding Saturdays, Sundays and holidays prior to the time of the Meeting. A proxy

is valid only at the Meeting in respect of which it is given or any adjournment(s) or postponement(s) of the Meeting.

**The persons named in the accompanying proxy are officers of Tenaz (“Management Proxyholders”). A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act on such Shareholder’s behalf at the Meeting other than the persons named in the proxy.** To exercise this right, the Shareholder must strike out the name of the persons named in the proxy and insert the name of his or her nominee in the space provided or complete another appropriate form of proxy and, in either case, deposit the proxy with Tenaz at the place and within the time specified above for the deposit of proxies.

### **How to Attend the Meeting**

The Company is conducting the Meeting entirely online by way of live webcast to mitigate potential risks to the health and safety of its Shareholders, employees and other stakeholders in consideration of ongoing concerns related to COVID-19. As such, there will be no in-person component to the Meeting and Shareholders who wish to attend the Meeting must do so in accordance with the directions set out in this Information Circular.

Registered Shareholders and duly appointed proxyholders can attend the Meeting online by visiting <https://web.lumiagm.com> and entering the meeting ID: 241-208-809 (password: tenaz2022) where they can participate, vote, or submit questions during the Meeting’s live webcast. Beneficial Shareholders who have not appointed themselves as proxyholders and guests can attend the Meeting online but will not be able to participate, vote or submit questions during the Meeting.

Beneficial Shareholders who receive these materials through their broker or other intermediary should carefully follow the instructions provided by their broker or intermediary and the instructions set out in this Information Circular.

A link to the live webcast of the Meeting will be available on the Company’s website at [www.tenazenergy.com](http://www.tenazenergy.com). Following the formal business of the Meeting, the Company is planning a brief presentation by management. A recording of the presentation will be available on Tenaz’s website following the Meeting.

### **Revocation of Proxies**

A Shareholder who has given a proxy has the power to revoke it. If a person who has given a proxy attends personally at the Meeting at which the proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed by the Shareholder or his or her attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and signed by a duly authorized officer or attorney for the corporation, and deposited at the registered office of Tenaz at any time up to and including the last day (other than Saturdays, Sundays and holidays) preceding the day of the Meeting at which the proxy is to be used, or any adjournment or adjournments thereof, or with the chair of the Meeting on the day of the Meeting, or on the day of any adjournment thereof, prior to the commencement of the Meeting.

### **Persons Making the Solicitation**

**The solicitation is made on behalf of the management of Tenaz.** The costs incurred in the preparation and mailing of the form of proxy, Notice of Annual General Meeting and this Information Circular will be borne by Tenaz. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or by other means of communication and by directors and officers of Tenaz, who will not be specifically remunerated therefor. While no arrangements have been made to date by Tenaz, Tenaz may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by Tenaz in soliciting proxies will be paid by Tenaz.

## **Exercise of Discretion by Proxy**

The Common Shares represented by proxy in favour of Management Proxyholders shall be voted on each item of business at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted for or against/withheld from voting on each item of business in accordance with the specification so made.

**In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon at the Meeting. The persons appointed under the form of proxy furnished by the Company are conferred with discretionary authority with respect to amendments or variations of those matters specified in the enclosed form of proxy, the Notice of Annual General Meeting and this Information Circular. The directors and management of the Company are not aware of any amendment or variation to any matter to be acted upon at the Meeting or other matter to be brought before the Meeting.**

## **QUORUM**

A quorum for the transaction of business at the Meeting shall be present if two Shareholders holding in the aggregate five percent (5%) of the Common Shares entitled to vote at the Meeting are present in person or represented by proxy.

If a quorum is not present at the opening of the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

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

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at the Record Date, there were 28,458,074 Common Shares issued and outstanding, with each Common Share carrying the right to one (1) vote on a ballot at the Meeting.

To the knowledge of the directors and management of the Company, as at the date hereof, no person or company beneficially owned or controlled or directed, directly or indirectly, more than 10% of the Common Shares.

## **ADVANCE NOTICE BY-LAW**

On May 16, 2019, Shareholders ratified the adoption by the Company of a By-law regarding advance notice of nominations of directors of the Company (the "**Advance Notice By-law**"), which was filed and is available on Tenaz's website ([www.tenazenergy.com](http://www.tenazenergy.com)). The Advance Notice By-law provides that advance notice to the Company must be made where nominations of persons for election to the Board are made by Shareholders other than pursuant to:

- a "proposal" made in accordance with the *Business Corporations Act* (Alberta) (the "**ABCA**"); or
- a requisition of a meeting made pursuant to the ABCA.

Among other things, the Advance Notice By-law fixes a deadline by which Shareholders must submit director nominations to the Company prior to any meeting of Shareholders. It also outlines the information that a nominating Shareholder must provide to the Company to make an effective nomination. No person may be nominated for election as a director unless nominated in accordance with the Advance Notice By-law. In the case of an annual meeting, notice to the Company must be made not less than thirty days prior to the date of the meeting, provided that if the meeting is to be held less than fifty days after the date the annual meeting was made public, notice must be made by the tenth day following that announcement.



In the case of a special meeting of Shareholders (which is not also an annual meeting), notice must be made by the fifteenth day following the announcement of the meeting. Shareholders making a nomination must also provide certain information to the Company regarding themselves and the nominee, including the qualification of the nominee to act as a director and any conflicts that may affect the nominee's ability to discharge the nominee's duties to the Company.

The Board may, in its sole discretion, waive any provisions of the Advance Notice By-law.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2021 and the auditors' report thereon, will be placed before the Meeting. No formal action is required or proposed to be taken at the Meeting with respect to the financial statements and the auditors' report thereon.

### 2. Number of Directors

At the Meeting, Shareholders will be asked to fix the number of directors for the present time at five (5) as may be adjusted between shareholders' meetings by way of resolution of the Board. Unless otherwise directed, the Management Proxyholders intend to vote **FOR** the ordinary resolution setting the number of directors to be elected at the Meeting at five (5).

### 3. Election of Directors

At the Meeting, Shareholders will be asked to elect the proposed director nominees set forth below to hold office until the next annual meeting or until their successors are elected or appointed. The Company's Advance Notice By-Law provides timeframes in which any additional director nominations for the Meeting must have been received by the Company. At the date of this Information Circular, no such nominations had been received. Unless otherwise directed, the Management Proxyholders intend to vote **FOR** the election of the proposed nominees as directors of the Company.

The names and places of residence of the persons nominated for election as directors, the number of Common Shares beneficially owned, directly or indirectly, or over which each exercises control or direction, the period served as a director and the principal occupation during the last five (5) years of each are as follows:

Name, Position(s) Held with the Company and Place of Residence	Director Since	Present and Past Principal Occupation, Business or Employment	Common Shares Owned, Controlled, or Directed
<b>Marty Proctor</b> <sup>(1)(2)(3)</sup> Independent Director and Board Chair Calgary, Alberta, Canada	October 8, 2021	Vice-Chair of ARC Resources Ltd. since April, 2021. Director of GreenFirst Forest Products Inc. since May 2021. President and Chief Executive Officer (" <b>CEO</b> ") of Seven Generations Energy Ltd. from July 2017 until April 2021, and President and Chief Operating Officer (" <b>COO</b> ") of Seven Generations Energy Ltd. from May 2014 to June 2017.	111,200

Name, Position(s) Held with the Company and Place of Residence	Director Since	Present and Past Principal Occupation, Business or Employment	Common Shares Owned, Controlled, or Directed
<b>Anna Alderson</b> <sup>(1 Chair)(2)</sup> Independent Director Calgary, Alberta, Canada	October 8, 2021	Director of YMCA Calgary since 2017 and Past Chair of its Audit and Investment Committee.  Member of the Audit Committees for both the Calgary Stampede and Calgary Foundation since June 2021.  Retired Audit Partner following a 36-year career with KPMG LLP.	19,500
<b>John Chambers</b> <sup>(1)(2)(3 Chair)</sup> Independent Director Calgary, Alberta, Canada	June 4, 2019	Independent businessman. Chairman of Westside Capital Inc. Director of Sun God Resources Inc. Director of Infra Fund IAL. Member of the Advisory Board of BlueX Energy Corp. Vice-Chairman and President of GMP FirstEnergy from 2016 to 2018. Former Chair of the Investment Industry Association of Canada.	167,450
<b>Mark Rollins</b> <sup>(2 Chair)(3)</sup> Independent Director Gryon, Vaud, Switzerland	October 8, 2021	Non-Executive Chairman of Advance Energy plc (United Kingdom) since February 2020.  Non-Executive Director of Roquefort Therapeutics plc (United Kingdom) from March 2021 to April 2022.  CEO and Chairman of the Executive Board of Ukrnafta (Ukraine) from 2015 to 2019. Former Senior Vice President of BG Group plc (United Kingdom) from 2008 to 2015.	69,500
<b>Anthony Marino</b> President, CEO and Non-Independent Director Calgary, Alberta, Canada	October 8, 2021	President and CEO of Tenaz since October 2021. President and CEO of Vermilion Energy Inc. from 2016 to May 2020, President and COO from 2014 to 2016, and COO from 2012 to 2014.  Former President and CEO of Baytex Energy Corp. and Dominion Exploration Canada Ltd.	920,000

*Notes:*

*(1) Member of the Audit Committee.*

*(2) Member of the Sustainability, HSE, and Reserves Committee.*

*(3) Member of the Governance and Human Resources Committee.*

## **Nominee Profiles**

Further background information with respect to the director nominees is set forth below:

### ***Marty Proctor***

Mr. Proctor became the Chair of the Board following the Change of Management in October 2021. Mr. Proctor is a seasoned energy executive with more than 35 years' experience in Canada and other international markets. Mr. Proctor is the Vice Chair of ARC Resources Ltd.'s ("**ARC**") board of directors and director of GreenFirst Forest Products Inc. Prior to its merger with ARC in April 2021, Mr. Proctor was the President and CEO of Seven Generations Energy Ltd. ("**7G**") from July 2017 to April 2021, the President and COO of 7G from May 2014 to June 2017 and the COO of Baytex Energy Corp. ("**Baytex Energy**") from 2009 to 2014.

Mr. Proctor holds Bachelor of Science and Master of Science degrees in Petroleum Engineering from the University of Alberta, earned the ICD.D designation from the Institute of Corporate Directors, and is registered as a Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta.

### ***Anna Alderson***

Ms. Alderson joined the Board following the Change of Management in October 2021. Ms. Alderson served as an Audit Partner with KPMG prior to her retirement in 2019 following a 36-year career. Ms. Alderson has extensive experience providing audit and other services to domestic and international oil and gas companies. Ms. Alderson is a director of YMCA Calgary since 2017 and past Chair of its Audit and Investment Committee. Ms. Alderson is also a member of the Audit Committees for both the Calgary Stampede and Calgary Foundation since June 2021.

Ms. Alderson is a Chartered Professional Accountant (Alberta), holds a Bachelor of Commerce degree in Accounting from the University of Saskatchewan and holds an ICD.D designation from the Institute of Corporate Directors.

### ***John Chambers***

Mr. Chambers has been an independent businessman since November 2018 and has over 29 years experience in energy capital markets and merger and acquisition advisory. He is the Chairman of Westside Capital Inc., a director of Sun God Resources Inc., a director of Infra Fund IAL and sits on the Advisory Board of BlueX Energy Corp. Previously, Mr. Chambers was Vice-Chairman and President of GMP FirstEnergy from 2016 to 2018, the President and then CEO of FirstEnergy Capital Corp. from 2006 to 2016 and a former Chair of the Investment Industry Association of Canada.

Mr. Chambers holds a Master of Business Administration in International Finance from McGill University, holds a Bachelor of Science in Geophysics from the University of British Columbia and holds an ICD.D designation from the Institute of Corporate Directors.

### ***Mark Rollins***

Mr. Rollins joined the Board following the Change of Management in October 2021. Mr. Rollins' career spans more than 33 years in the oil and gas industry including senior leadership positions across international markets, midstream and downstream oil and gas and deregulated utility sectors with a proven commercial track record with extensive experience in business development, government negotiation and private equity. Mr. Rollins is the Non-Executive Chairman of Advance Energy plc (United Kingdom) since February 2020 and a Non-Executive Director of Roquefort Therapeutics plc (United Kingdom) from March 2021 until April 2022. From 2015 to May 2019, Mr. Rollins was the CEO and Chairman of the Executive Board of Ukrnafta, a publicly-listed company responsible for a significant proportion of oil production in Ukraine, and from 2008 to 2015 he was a Senior Vice President of BG Group plc (United Kingdom).

Mr. Rollins holds a Doctorate in Engineering Science from the University of Oxford as well as a Masters in Mathematics from the University of Cambridge.

### ***Anthony Marino***

Anthony Marino serves as the President, CEO and a director of Tenaz since the completed Change of Management in October 2021. Mr. Marino has more than 39 years of oil and gas industry experience with an extensive background in operations management, business development, and capital markets. Mr. Marino has been CEO for several Canadian oil and gas companies executing growth-and-income capital markets models. From 2016 to May 2020, he led Vermilion Energy Inc. ("**Vermilion**") as President and CEO, which produced over 100 Mboe/d in ten countries across North America, Europe and Australia. Before becoming CEO of Vermilion, he was President and COO from 2014 to 2016 and COO from 2012 to 2014. Prior to Vermilion, Mr. Marino was President and CEO of Baytex Energy and Dominion Exploration Canada Ltd.

Mr. Marino holds a Bachelor of Science degree with Highest Distinction in Petroleum Engineering from the University of Kansas, holds a Master of Business Administration from California State University at Bakersfield (Outstanding Graduate) and he holds the Chartered Financial Analyst designation.

### **Majority Voting Policy**

The Board has adopted a Majority Voting Policy stipulating that if, at a Shareholder meeting to which the Majority Voting Policy applies, a director nominee is not elected by at least a majority (50% +1 vote) of the votes cast with respect to his or her election (with "withheld" votes considered "against" votes and counted in the total votes cast) the nominee will immediately submit his or her resignation after the meeting and receipt of the final voting results, for the Board's consideration. Under the Majority Voting Policy, the Board is required to determine whether or not to accept the resignation within 90 days after the date of the subject shareholders' meeting, which resignation shall be accepted absent exceptional circumstances (which resignation pursuant to the Majority Voting Policy shall be effective upon acceptance by the Board). The Board's decision to accept or reject the director's resignation will be disclosed by the Company by news release and, if the Board determines not to accept a resignation, will fully state the reasons for that decision. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered (but otherwise shall be permitted to participate in all other meetings of the Board and any applicable committees of the Board on which such director serves until such time, if applicable, as the Board decides to accept the director's resignation). The Majority Voting Policy does not apply to a contested meeting, being a meeting at which the number of directors nominated for election is greater than the number of seats available on the Board.

### **Director Share Ownership Guidelines**

On April 22, 2022, Tenaz implemented new Director Share Ownership Guidelines for non-management directors. Pursuant to the Director Share Ownership Guidelines, non-management directors are required to hold Common Shares with a value of not less than three times the annual fees to the director. The value of the Common Shares will be based on the greater of (i) the closing price of the Common Shares as at December 31 in the year prior to such determination, except in the present year where such determination will be made as at March 31, 2022; and (ii) the average purchase price of the Common Shares in respect of each director. Any new directors will be expected to achieve this level within three years of their election or appointment to the Board.

The following table sets out the value of the holdings of each of Tenaz's non-executive directors based on the greater of: (i) the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**") on the last trading day of the first quarter of 2022, being \$2.60 per Common Share on March 31, 2022; and (ii) the average purchase price of the Common Shares in respect of each director.

Director	Equity Ownership Guideline	Shareholdings		Guideline Met or Investment Required to Meet Guideline (\$) <sup>(2)(3)</sup>
		Common Shares Held as at March 31, 2022	Value of Equity Holdings as at March 31, 2022 (\$) <sup>(1)(3)</sup>	
<b>Marty Proctor</b> Independent Director	Common Shares with a value of not less than three times annual fees to director	111,200	289,120	Guideline Met
<b>Anna Alderson</b> Independent Director	Common Shares with a value of not less than three times annual fees to director	19,500	50,700	Investment Required to Meet Guideline
<b>John Chambers</b> Independent Director	Common Shares with a value of not less than three times annual fees to director	167,450	435,370	Guideline Met
<b>Mark Rollins</b> Independent Director	Common Shares with a value of not less than three times annual fees to director	69,500	180,700	Guideline Met

Notes:

(1) Valued as at March 31, 2022 based on the closing price on the TSXV of \$2.60 per Common Share.

(2) Directors have three years from their appointment to meet the target Common Share ownership and therefore each director has until March 31, 2025 to meet the target Common Share ownership.

(3) Continuing and newly appointed directors participated in the Non-Brokered Private Placement of Units and as a result the directors hold outstanding Warrants which once fully vested would give rights to acquire additional Common Shares totaling 311,400 Common Shares.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no proposed director of the Company (nor any personal holding company of any such persons):

- is, as at the date of this Information Circular, or has been, within ten (10) years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company, that:
  - was subject to a cease trade order (including a management 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, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - was subject to an Order 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;
- is, as at the date of this Information Circular, or has been, within ten (10) years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- has, within the ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

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

#### 4. Appointment of Auditors

At the Meeting, Shareholders will be asked to appoint KPMG LLP (“**KPMG**”), Chartered Professional Accountants, as the auditors of the Company to hold office until the next annual meeting of Shareholders and that the Board be authorized to fix their remuneration. KPMG was appointed the auditors of the Company on October 16, 2013.

Unless otherwise directed, the Management Proxyholders intend to vote **FOR** the appointment of KPMG as the auditors of the Company and to authorize the Board to fix their remuneration.

#### 5. Approval of Tenaz Incentive Plan

Tenaz intends to graduate the listing of its Common Shares from the TSXV to the Toronto Stock Exchange (“**TSX**”) and as of the date hereof has received conditional approval from the TSX to proceed with the listing graduation (“**Graduation**”). Pursuant to Tenaz’s TSX listing application and subject to final approval by the TSX, the Common Shares are expected to commence trading on the TSX prior to the date of the Meeting.

On April 22, 2022, in anticipation of potential Graduation, the Board approved a new omnibus security-based compensation arrangement referred to as the Tenaz Incentive Plan (the “**TIP**”) pursuant to which the Company is able to issue share-based long-term incentives. All directors, officers, employees and independent contractors of the Company and/or its affiliates (collectively, “**Service Providers**”) are eligible to receive all or some of awards under the TIP. The purpose of the TIP is to: (i) promote the interest of Service Providers in the growth and development of the Company by providing such persons with the opportunity to acquire a proprietary interest in the Company; (ii) attract and retain valuable Service Providers to the Company through a competitive compensation program; and (iii) align the interests of Service Providers with those of Shareholders by devising a compensation program which encourages the long-term growth of the Company and returns to Shareholders.

The TIP will replace the Company’s existing Stock Option Plan (the “**Stock Option Plan**”) and no further options (“**Options**”) will be granted under the Stock Option Plan following Graduation and Shareholder approval of the TIP. Outstanding Options granted under the Stock Option Plan will continue to be governed by the Stock Option Plan.

The types of awards available under the TIP include Options, restricted share units (“**RSUs**”), performance share units (“**PSUs**”), deferred share units (“**DSUs**”) and dividend-equivalent rights (“**Dividend-Equivalent Rights**”) (collectively, “**Awards**”). Under the TIP, the maximum number of Common Shares issuable from treasury pursuant to Awards shall not exceed 10% of the total outstanding Common Shares from time to time (on a non-diluted basis) less the number of Common Shares issuable pursuant to all other security-based compensation arrangements of the Company (being the Stock Option Plan). As of April 27, 2022, there were 2,010,500 Options outstanding and unexercised under the Stock Option Plan. If the TIP is approved at the Meeting, then as of the date hereof there will be 835,307 Common Shares available for issuance under the TIP. The TIP is administered by the Board or a committee of the Board.

The TIP is attached to this Information Circular as Appendix “A” and a summary thereof is included below. The summary, however, is qualified in its entirety by the terms of the TIP.

<b>Purpose</b>	To attract and retain key talent who are necessary or essential to the Company’s success, image, reputation or activities. It also allows the Company to reward Service Providers for their performance and greater align their interests with those of the Shareholders.
<b>Eligible Participants</b>	Any bona fide employee, officer, director, or independent contractor of the Company or any of its affiliates is a “Service Provider” and considered eligible to be selected to receive an Award under the TIP, provided that only non-employee directors of the Company are eligible to receive DSUs.
<b>Award Types</b>	Options, RSUs, PSUs, DSUs and Dividend Equivalent Rights – each an “Award”. RSUs, PSUs and DSUs, including any Dividend-Equivalent Rights credited with respect to a DSU, PSU or RSU, shall be collectively referred to as “Share Units”.
<b>Pricing</b>	The Board will establish the exercise price at the time each Option award is granted (which shall not be less than the fair market value of a Common Share as of the applicable grant date). The TIP provides that the fair market value shall be calculated based on the volume weighted average price of the Common Shares on the TSX for the five days preceding the date of the grant of the Award.
<b>Share Reserve</b>	The maximum number of Common Shares available for issuance pursuant to the exercise or redemption of Awards under the TIP, existing Options granted under the Stock Option Plan and any awards that may be granted under all other security-based compensation arrangements of the Company will not exceed 10% of the Company’s issued and outstanding common shares from time to time (on a non-diluted basis). In addition, the maximum number of Common Shares that can be issued in settlement of RSUs, PSUs and DSUs (and related Dividend-Equivalent Rights, if applicable) cannot exceed 5% of the total number of issued and outstanding Common Shares from time to time (on a non-diluted basis).
<b>Share Recycling</b>	<p>If an outstanding award of Options is exercised, the Common Shares covered by such Option will again be available for subsequent issuance under TIP. If a Share Unit is settled for Common Shares, such Common Shares will again be available for subsequent issuance under the TIP.</p> <p>If an Award expires or is forfeited, disposed of, surrendered, cancelled, or otherwise terminated for any reason without having been exercised or settled, the Common Shares covered by such Award, if any, will again be available for subsequent issuance under the TIP. The TIP is a “rolling plan” in respect of all Awards and as a result, any and all increases in the number of issued and outstanding Common Shares will result in an increase to the number of Awards available for grant.</p>
<b>Maximum Term and Vesting of Options</b>	The term of any Options granted pursuant to the TIP will not exceed a period of five years from the date of grant. Options shall vest (i) over a period of three years from the date on which the Award is made, with no more than one third of such Options vesting in any 12-month period, or (ii) as otherwise determined by the Board.
<b>Maximum Term, Vesting and Settlement of RSUs, PSUs and DSUs</b>	<p>RSUs and PSUs granted under the TIP will generally become fully vested over a period no shorter than 3 years from grant date, unless otherwise determined by the Board.</p> <p>At the time of the grant of an RSU or PSU, the Board will specify the year of service of the participant in which the RSU or PSU, as applicable, is granted (the “<b>Service Year</b>”). On the date that is no later than December 15 of the third year following the end of the relevant Service Year, as determined by the Board, RSUs or PSUs that have vested (in accordance with the applicable award agreement) will be redeemed and the participant will receive one Common Share for each such vested RSU or PSU, as applicable.</p>

	<p>The Board may direct that all or a portion of a non-employee director's annual cash fees (paid quarterly) be received in the form of DSUs and each non-employee director shall have the right, but not the obligation, to elect to receive his or her cash fees in DSUs. DSUs vest immediately upon grant and may not be redeemed until the non-employee director has ceased to hold all directorships with the Company and any affiliate.</p> <p>After the occurrence of a "Triggering Event" (being the earlier of the participant's death or the latest time that the participant ceases to be a director of the Company or an affiliate), on December 15 of the year commencing immediately following the date of the Triggering Event or on such other earlier date determined by the Board, all vested DSUs will be redeemed and the director will receive one Common Share for each such vested DSU.</p> <p>If the Company does not have sufficient Common Shares to redeem all RSUs, PSUs or DSUs, as applicable, in Common Shares, it will redeem such remaining RSUs, PSUs or DSUs, in cash (at fair market value), through market purchases of Common Shares or a combination of cash and market purchases of Common Shares.</p> <p>The Board may at any time permit the acceleration of vesting of any or all Awards.</p>
<b>Blackout Restriction Period</b>	<p>If the expiry date for an Option occurs during a blackout restriction period applicable to the relevant participant, then the expiry date for that Option will be the date that is the 10th business day after the expiry date of the blackout restriction period.</p> <p>If the redemption date for RSUs, PSUs or DSUs occurs during a blackout restriction period applicable to the relevant participant then payment in respect of the RSUs, PSUs or DSUs will be made by delivering cash (equal to the fair market value (as of the redemption date) of the Common Shares otherwise deliverable), provided that, if the Board determines in its sole discretion (outside of a blackout restriction period) to settle the RSUs, PSUs or DSUs in Common Shares and such determination does not result in the extended redemption date for the Award being later than December 31 of (i) for RSUs and PSUs, the third year after the end of the relevant service year in respect of which the Award was granted, and (ii) for DSUs, the calendar year immediately after the occurrence of the Triggering Event, then, in each case, the redemption date for the Awards will be the date that is the 10th business day after the expiry date of the blackout restriction period.</p>
<b>Dividend Equivalent Rights</b>	<p>Unless otherwise determined by the Board, on the payment date for cash dividends paid on the Common Shares (the "<b>Dividend Payment Date</b>"), each participant will be credited with additional RSUs, PSUs or DSUs (Dividend Equivalent Rights) in respect of RSUs, PSUs or DSUs held by the participant as of the record date for payment of such dividends (the "<b>Dividend Record Date</b>"). The number of such additional Dividend Equivalent Rights to be credited to the participant will be calculated by dividing the total amount of the dividends that would have been paid to such participant if the RSUs, PSUs or DSUs, as applicable, held by the participant as of the Dividend Record Date, were Common Shares, by the fair market value of a Common Share on the Dividend Payment Date. The terms and conditions of any such Dividend Equivalent Rights will be identical to the terms and conditions of the RSUs, PSUs or DSUs held by participant in respect of which they were credited.</p>
<b>Insider Participation Limits</b>	<p>The aggregate number of Common Shares reserved for issuance pursuant to Awards granted to Insiders (as defined in the TSX Company Manual) (as a group) under the TIP, Options granted under the Stock Option Plan and all other security-based compensation arrangements of the Company at any point in time shall not exceed 10% of the then issued and outstanding Common Shares.</p> <p>The aggregate number of Common Shares reserved for issuance pursuant to Awards granted to Insiders (as a group) under the TIP, Options granted under the Stock Option Plan and all other security-based compensation arrangements</p>



	of the Company within any twelve-month period shall not exceed 10% of the issued and outstanding Common Shares at the time of the grant of the Award.
<b>Director Participation Limit</b>	<p>The maximum number of Common Shares that may be reserved for issuance to non-employee directors under the TIP, the Stock Option Plan and all other security-based compensation arrangements shall not exceed 1% of the issued and outstanding Common Shares from time to time.</p> <p>In addition, the value of Awards under the TIP and any grant of awards under all other security-based compensation arrangements of the Company to non-employee directors cannot exceed \$150,000 in value, of which no more than \$100,000 may be attributable to stock options, in any one-year period.</p> <p>These provisions do not apply to Awards and awards under other security-based compensation arrangements of the Company granted as part of a non-employee director's annual retainer or in lieu of cash fees payable for serving as a director.</p>
<b>Cessation and Forfeitures (Options, RSUs and PSUs)</b>	<p>Except as otherwise provided in the applicable award agreement or a written employment contract between the Company (or an affiliate) and a participant, and subject to any express resolution passed by the Board or exercise of discretion by the Board, the following provisions will apply to Awards.</p> <p>If, prior to the expiry of any Options, a participant ceases to be a Service Provider: (i) by reason of the death or long term disability, then: (A) a pro rata portion of the unvested Options held by the participant will vest based on the number of days elapsed between the applicable grant date and the date of death or long term disability and all remaining unvested Options that are outstanding will immediately terminate; and (B) only such participant or the participant's beneficiary will have the right to exercise such participant's outstanding and vested Options at any time up to and including (but not after) the earlier of: (i) the date which is up to twelve (12) months following the date of death or long term disability; or (ii) the applicable expiry date(s) of such Options, following which time the unexercised Options will immediately and automatically terminate; or (ii) for any other reason, then (A) all outstanding unvested Options granted to such participant shall immediately terminate on the participant's termination date; and (B) such participant will have the right to exercise outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the date which is ninety (90) days following the participant's termination date; and (ii) the expiry date(s) of the vested Option, following which time the unexercised Options will immediately terminate.</p> <p>If, prior to the redemption date of any PSUs or any RSUs, a participant ceases to be a service provider: (i) for any reason including, without limitation, termination of employment for cause or voluntary resignation (but excluding death, long term disability, retirement from active employment, termination of employment without cause or other reason specifically approved by the Board), then all PSUs and RSUs shall be immediately forfeited upon such event, all rights of the participant under the TIP shall terminate; (ii) by reason of death, long term disability, retirement from active employment or for any other reason as may be specifically approved by the Board (other than a termination for cause or without cause or a voluntary resignation), then all PSUs and RSUs will continue in accordance with the TIP and the applicable award agreement(s) and the participant or the participant's beneficiary will be entitled to redeem and receive payment for such PSUs and RSUs on each applicable redemption date in accordance with the terms of the TIP; or (iii) by reason of termination of employment without cause, then the participant will be entitled to redeem and receive payment for all PSUs and RSUs that such participant would be entitled to on each applicable redemption date in accordance with the terms of the TIP, provided that, in respect of each such RSU and PSU, the redemption date falls within the notice period provided to such participant upon termination of such participant's employment and, if the redemption date falls after completion of the notice period provided in connection with such termination of employment, then</p>

	such PSU will be immediately forfeited and all rights of the participant under the TIP relating thereto will terminate.
<b>Change of Control</b>	If a change of control occurs, the Board may provide that (i) the successor corporation will assume each Award or replace it with a substitute Award on terms substantially similar to the existing Award, (ii) all Options, RSUs and DSUs (and related Dividend-Equivalent Rights, if applicable) will immediately vest and a certain number of PSUs (and related Dividend-Equivalent Rights, if applicable) will vest based on performance achieved up to the change of control as determined by the Board, and (iii) the vested Awards may be surrendered for a cash payment equal to the fair market value of such Awards, or (iv) a combination of the foregoing will occur.
<b>Amendments</b>	<p>Subject to the TSX requirements, the Board may amend, alter, suspend, discontinue or terminate the TIP and any Awards by resolution of the Board. Any such amendment, alteration, suspension, discontinuance or termination will only apply to Awards granted after the effective date of such amendment, alteration, suspension, discontinuance or termination, provided that, subject to the terms of the TIP, any such amendment, alteration, suspension, discontinuance or termination may apply to outstanding Awards with the consent of the Company and the applicable participants. Without limiting the generality of the foregoing, the Board may, without shareholder approval, amend or alter the TIP or Awards to reflect amendments or alterations: (i) of a “housekeeping” nature; (ii) to change the termination provisions of Options which does not entail an extension beyond the original expiry date; (iii) to comply with any TSX or other applicable stock exchange requirements; (iv) amendments necessary for Awards to be effective or comply with applicable laws; (v) respecting administration of the TIP or Awards (including suspension or termination of the TIP); or (vi) to correct any ambiguity, error or omission in the TIP or any Award, provided that, without shareholder approval (in accordance with applicable TSX requirements) no amendment or alteration shall: (A) increase the total number of Common Shares reserved for issuance under the TIP; (B) reduce the exercise price of Awards granted to Insiders of the Company or extend the term of any Award granted to Insiders of the Company, except in connection with a blackout restriction period; (C) have the effect of cancelling any Awards and concurrently reissuing such Awards on different (or substantially similar) terms; (D) remove or exceed the Insider Participation Limits; (E) remove or exceed the Director Participation Limits; (F) amend the amendment provisions; (G) modify or amend the provisions of the TIP in any manner which would permit Awards, including those previously granted, to be transferable or assignable in a manner other than by will, by the laws of descent or by the designation of a beneficiary by a participant; or (H) change the eligible participants under the TIP which would have the potential of broadening or increasing participation by Insiders.</p> <p>Subject to the above, the Board may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award previously granted, prospectively or retroactively; provided, however, that, subject to the Company’s rights to adjust Awards under the TIP, any amendment, alteration, suspension, discontinuation, cancellation or termination that would impair the rights of any participant or holder or beneficiary of any Award previously granted, will not (to that extent) be effective without the consent of the participant or holder or beneficiary of an Award, as the case may be.</p>

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

**“BE IT HEREBY RESOLVED** as an ordinary resolution of Tenaz Energy Corp. (the **“Company”**) that:

- (1) The Tenaz Incentive Plan as set out in Appendix “A” to the Management Information Circular of the Company dated April 27, 2022 and approved by the Board of Directors of the Company on April 22, 2022, is hereby approved;

- (2) The Company is authorized to grant awards pursuant to and in accordance with the Tenaz Incentive Plan from time to time and the Company is authorized to reserve and issue Common Shares upon exercise or settlement of awards granted pursuant to the Tenaz Incentive Plan until May 31, 2025, which is the date that is three years from the date of the shareholder meeting at which shareholder approval is being sought; and
- (3) Any one director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

Shareholders are being asked to approve the TIP. The TIP is a “rolling” equity incentive plan. In accordance with the policies of the TSX, a plan with a rolling 10% maximum must be confirmed by Shareholders at an annual general meeting every three years.

The Board believes the passing of the above resolution is in the best interests of the Company and recommends that Shareholders vote **FOR** the resolution. Unless otherwise directed, the Management Proxyholders intend to vote **FOR** the proposed resolution.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

Upon completion of the Reorganization (as defined below), a new executive team was appointed with several of the former executive officers being offered new positions at Tenaz and one former executive accepting a termination agreement. In addition, the Board was reconstituted such that only one member of the Board prior to the Reorganization was still a member of the Board, with the majority of the Board (four out of five) appointed as part of the Change of Management and the Board. Prior to the Reorganization, the Company’s compensation programs were administered by the Compensation Committee. A new committee was formed with the reconstituted Board and the ongoing responsibilities of the compensation program are administered by the Governance and Human Resources Committee of the Board. As a result of these significant changes to the Board, management team and constitution of the committees of the Board, the compensation practices and policies of the Company are being constructed to align with the new strategy of Tenaz. See “*Interests of Informed Persons in Material Transactions - Investment Agreement, Change of Management and Reorganization*” for details regarding the Reorganization.

The following Compensation Discussion and Analysis provides a brief description of the historic compensation practices as well as the historic elements of compensation awarded to the executive officers prior to the Change of Management. In addition, the Compensation Discussion and Analysis provides a prospective view of the intended compensation practices and policies of the Company going forward as well as the compensation decisions made by the Board and the Governance and Human Resources Committee since the completion of the Reorganization.

### **Compensation Practices Prior to the Reorganization**

Prior to the Reorganization, the Company’s compensation program was administered by the Compensation Committee which consisted of Robert Maitland, John Chambers and John McAleer. Messrs. Maitland and McAleer resigned from the Board on October 8, 2021 in connection with the Reorganization. Mr. Chambers continued as a director following the Reorganization. Each of Messrs. Maitland, Chambers and McAleer were considered independent by the Board.

The Compensation Committee was responsible for the oversight, review, and approval of the Company’s compensation policies, human resources policies and development and succession planning. The objectives of the Company’s executive compensation policy were to: (a) align the interests of the executive officers with

the long-term interests of Shareholders; (b) link compensation to the achievement of business objectives and financial and operational results; and (c) attract and retain highly qualified management and key executives for leadership succession.

Compensation of all executive officers was based on the philosophy that compensation should be “performance based” and competitive with the Company’s peer group and should reflect the experience, performance and contribution of the individuals involved and the overall performance of the Company.

At no time in the two most recently completed financial years has the Company retained a compensation consultant or advisor to assist the Board or the Compensation Committee in determining the compensation of the directors or executive officers of the Company.

Prior to the Reorganization, employee compensation, including executive officer compensation, was comprised of the following elements: (i) base salaries; (ii) bonus payments under a discretionary bonus plan; (iii) periodic grants of long-term incentive compensation, being Options under the Stock Option Plan; and (iv) other typical benefits and any perquisites.

#### *Base Salaries*

The base salary component was intended to provide a fixed level of pay that reflected each executive officer’s primary duties and responsibilities. It also provided a foundation upon which performance-based incentive compensation elements were assessed and established. The Company intended to pay base salaries to its executive officers, including the CEO, that were competitive for similar positions within its selected peer group. Generally, the base salary compensation target was the 25th to 50th percentile and was not determined based on benchmarks, performance goals or a specific formula.

#### *Short-term Incentive Compensation - Cash Bonuses*

The Company had a discretionary bonus plan pursuant to which the Board awarded annual cash bonuses to executive officers and employees if some or all of the corporate performance objectives were achieved. The size of the bonus as a percentage of salary was dependent on achievement of the corporate performance targets achieved.

The Compensation Committee recommended specific performance objectives, which were approved by the Board, and then used along with its experience and judgement in assessing the performance of the executive officers to determine bonuses for the executive officers. The annual performance bonus was designed to reward contributions toward the achievement of the Company’s goals. The annual performance bonus, if any, was paid after year-end results were reviewed and approved by the Board.

#### *Long-term Incentive Compensation – Options*

Executive officers, along with all of Tenaz’s officers, directors, employees, contractors and other service providers, were eligible to participate in the Stock Option Plan (see “*Equity Compensation Plan Information – Stock Option Plan*”). The Stock Option Plan promoted share ownership among executives, encouraged the retention of key executives and provided a longer-term incentive to grow Tenaz’s asset value on a per share basis in order to increase value for Shareholders. Awards were granted at varying levels depending on the individual’s level of responsibility within the Company and individual performance. All awards were approved by the Board. All employees and directors of the Company participated in the Stock Option Plan.

Options were normally awarded by the Board upon the commencement of an individual’s employment with the Company based on the level of responsibility within the Company. Additional grants were made periodically to ensure that there continued to be sufficient longer-term incentive and to ensure that the number of Options granted to any individual was commensurate with the individual’s level of ongoing responsibility within the Company, which may change over time. In considering additional grants, the Board evaluated the

number of Options an individual had been granted, the exercise price and value of the Options and the term remaining on those Options.

#### *Other Benefits and Perquisites*

The executive officers also participated in other group benefit plans and perquisites (life, disability, health and dental insurance, and parking) that were available to all employees of the Company, and which were comparable to those offered to industry peers.

#### ***Compensation Practices and Compensation Decisions following the Reorganization***

Following the Reorganization, the Company's compensation program is administered by the Governance and Human Resources Committee which consists of John Chambers (Chair), Marty Proctor, and Mark Rollins, each of whom are highly experienced executives, directors and/or businesspeople who have dealt with compensation issues in the course of their respective leadership roles and each of whom is independent. The skills and experience that enable the members of the Committee to make decisions on the suitability of the Company's compensation policies and practices are outlined in "*Matters to be Acted Upon at the Meeting – 3. Election of Directors – Nominee Profiles*".

Under its Terms of Reference, the Governance and Human Resources Committee has the responsibility for the following in respect of human resource matters:

- Recommend a performance evaluation process for the President and CEO, and, when approved, lead the implementation of the process, and approve and recommend compensation based on this evaluation to the Board for approval.
- Review and recommend for Board approval short-term and long-term corporate performance incentive plan scorecards.
- Establish peer group selection criteria and recommend for Board approval.
- Determine the corporate performance and executive compensation peer group and review the appropriateness of the peer group at least annually, against agreed upon selection criteria.
- Review and recommend to the Board for approval the compensation philosophy, guidelines and plans for the Company's employees and executives.
- In consultation with the President and CEO, review and make recommendations to the Board regarding the compensation, incentives, bonuses and benefit plans for the executive officers, other than the President and CEO.
- Review the incentive compensation arrangements with the President and CEO including:
  - designation of the employees who will participate; and
  - affordability and dilution considerations.
- Review and endorse major changes in the organizational structure of management as proposed.
- Review with the President and CEO any significant public service commitments and/or outside Board appointments being considered by the President and CEO.

Following the Reorganization, the new management team together with the Governance and Human Resources Committee, considered an appropriate compensation structure for both the executive officers and

directors given the Company's strategy going forward. In the near term, Tenaz has operations in Canada, and intends to focus on making strategic global acquisitions in the areas identified by management during the Reorganization. As a result, the compensation structure in the near term is focused on maintaining general and administrative expenses at a relatively low level to preserve the Company's balance sheet strength for acquisition opportunities in the short-term and to align the interests of the executive officers with the Shareholders' interests in increasing the value of the Common Shares over the long-term. To accomplish these goals, the current elements of the compensation for the executive officers consist of: (i) base salary; (ii) bonus payments under a discretionary bonus plan; (iii) Options under the Stock Option Plan and proposed TIP; and (iv) other typical benefits and any perquisites. The TIP will replace the Stock Option Plan and no further Options will be granted under the Stock Option Plan following Graduation and Shareholder approval of the TIP. Outstanding Options under the Stock Option Plan will continue to be governed by the Stock Option Plan.

The Governance and Human Resources Committee intends to continue to evaluate the compensation programs as the Company's assets change and anticipates adjusting such compensation programs over time as appropriate to reflect the operational scale and complexity of the Company's operations.

#### *Base Salary*

Following the Reorganization, the salary of each new executive officer, including the CEO, was set at comparable levels to those at similar market capitalization entities in the Calgary market. The purpose of the base salary was to create a base level of compensation for the executive officers while maintaining the general and administrative expenses of the Company at relatively low levels.

#### *Short-term Incentive Compensation - Cash Bonuses*

Following the Reorganization, the Company continues a discretionary bonus plan pursuant to which the Board may award annual cash bonuses to executive officers and employees if some or all of the corporate performance objectives are achieved. The size of the bonus as a percentage of salary is dependent on achievement of the corporate performance targets achieved.

For 2021, the cash bonus award was designed to address the achievement of the corporate performance objectives for the base operations in Alberta and the achievement of the Reorganization that was completed in the fourth quarter of 2021. The factors that influenced the bonus for 2021 included: (i) execution of the Company's operational goals and vision towards international acquisitions; (ii) absolute and relative Shareholder return; (iii) production per share growth; (iv) reserve additions; (v) performance-based metrics commonly used in the oil and gas industry; and (vi) health, safety and environmental metrics. It is the Board's philosophy that an individual bonus should be tied primarily to that individual's contribution to achieving the Company's strategic objectives. Bonus awards for individuals who joined the organization in October 2021 with the Reorganization reflect reduced payouts, based on duration of service and to maximize the cash position of the Company.

#### *Long-term Incentive Compensation*

Following the Reorganization, long-term incentive compensation, in the form of the issuance of equity awards to officers of the Company, is designed to align the interests of the executive officers with the long-term accretion in the value of the Common Shares through strategic acquisitions and development of the Company's assets.

The Company granted Options pursuant to the existing Stock Option Plan to executive officers following the Reorganization. In determining the number of Options to be granted, the Governance and Human Resources Committee considered the modest base salaries paid to the executive officers and the intended heavy weighting of compensation to equity compensation rather than forms of cash payments. All of these Options granted to the executive officers vest at one-third on the first, second and third anniversary of the date of

grant, expire five years from the date of grant and have an exercise price based on the closing price of the Common Shares on the TSXV on the trading day immediately prior to the grant date.

Subsequent to the grant of these Options, the Board approved the TIP (subject to Shareholder approval) pursuant to which it is expected to be able to issue share-based long-term incentives. The TIP is intended to replace the Stock Option Plan as long-term incentive compensation awards and be supplemental to the Company's cash-based incentive compensation arrangements.

The types of Awards available under the TIP include Options, RSUs, PSUs, DSUs and Dividend-Equivalent Rights. Previous grants of option-based awards are and will be taken into account when considering new grants under the TIP. Management, and key staff in the future, will be awarded PSUs. These awards will have a multiplicative performance factor applied to the base awards ranging from a multiplier of between zero and two. After application of the multiplier, realized awards may be as low as zero, or as high as twice the granted number of Common Shares. The purpose of the performance factor is to adjust the number of vested awards to align compensation with performance in achieving corporate objectives, which have been endorsed by the Governance and Human Resource Committee and approved by the Board. The measurement of the performance of the Company will be based on a several key factors including health safety and environment ("HSE") performance, market performance relative to a peer group of companies, successful evaluation and integration of acquisitions and achieving production and cost targets associated with both existing and future assets.

HSE performance will be measured based on a set of criteria which includes achieving targets set for: safety record of the Company, spills and environment impact outcomes, and carbon intensity of the global operations. Tenaz will work to provide value to Shareholders and stakeholders in the jurisdictions in which we operate through continuous efforts to reduce fugitive greenhouse gas emissions, generation of waste, use of resources, and other avoidable impacts to the environment while providing a reliable source of energy for the regions in which we operate.

Market performance, in the form of total Shareholder return, will be used to rank Tenaz versus a group of its peers having similar financial characteristics, comparable corporate objectives and trading publicly on similar stock exchanges. Tenaz expects to establish a peer group of companies subsequent to the progression of its global acquisition strategy and establishment of an international operating region, prior to awarding performance-based incentives.

Overall, measuring the success of an acquisition strategy that seeks to provide long-term value for Shareholders may not necessarily be captured by single year's performance metrics. In an effort to improve the likelihood of sustained long-term success, the Board has endorsed a set of acquisition criteria to guide the objective evaluation of acquisition opportunities. The established criteria seek to address the following:

- Does the transaction deliver an appropriate return for Shareholders?
- Does the transaction create accretion across a majority of key metrics for the benefit of Shareholders?
- Does the purchase fit the free cash flow oriented growth-and-income strategy of the Company?
- Can Tenaz add value to the acquisition through technical, operating or organizational improvements?
- Is the transaction within Tenaz's geographic regions of focus?

#### *Other Benefits and Perquisites*

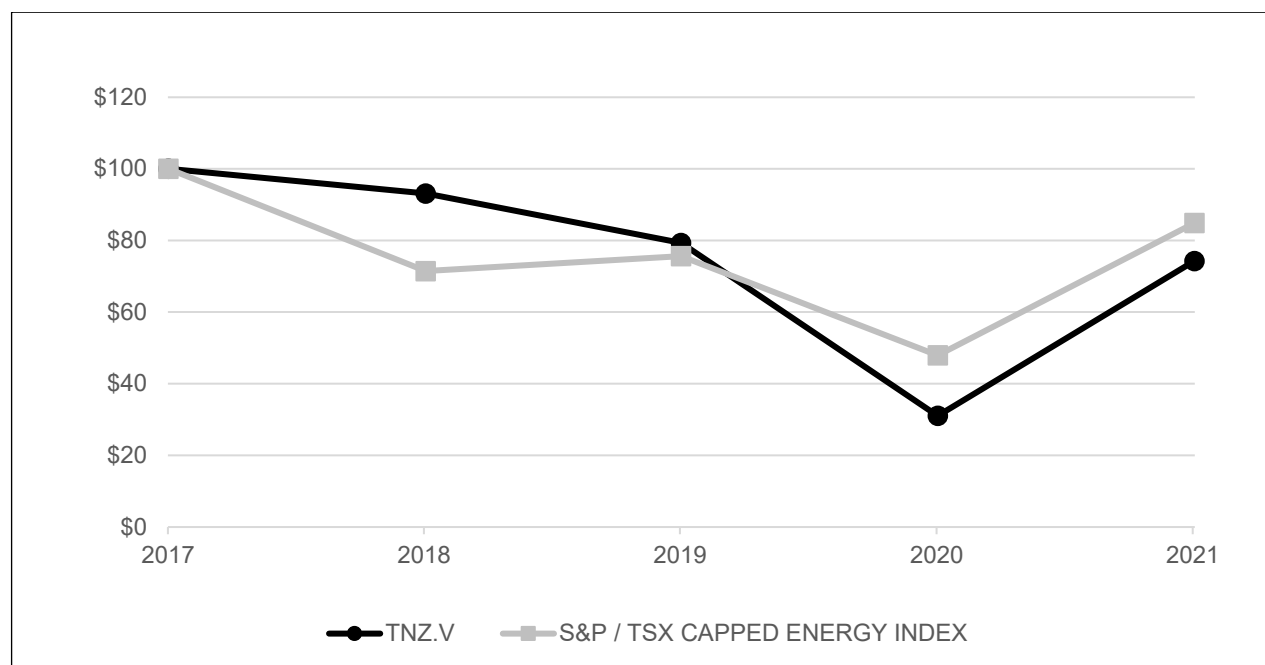
The executive officers also participate in other group benefit plans and perquisites (life, disability, health and dental insurance, parking and savings plan) that were available to all employees of the Company, and which were comparable to those offered to industry peers.



Following the Reorganization, the Company has a savings plan for all employees that includes a 1-for-1 matching of contributions up to a maximum of 5% of base salary. Participation in the savings plan is voluntary.

### Performance Graph

The following graph compares the change in the cumulative total Shareholder return for the five most recently completed financial years, of a \$100 investment in the Common Shares, with the cumulative total return of the S&P/TSX Capped Energy Index for the period commencing January 1, 2017 and ending December 31, 2021.



The trading price of the Common Shares on the TSXV is subject to fluctuation based on a number of factors, many of which are outside the control of the Company. These include, but are not limited to, fluctuations and volatility in commodity prices for crude oil and natural gas, global economic conditions, changes in government, environmental policies, legislation and royalty regimes, and other factors, some of which are disclosed and discussed under the heading “*Risk Factors*” in the Company’s annual information form dated March 24, 2022.

The trend shown in the above graph does not necessarily correspond to the Company’s trend of compensation for the NEOs for the period disclosed above. The Company considers a number of factors in connection with its determination of appropriate levels of compensation including, but not limited to, the demand for and supply of skilled professionals with experience in the oil and gas industry, individual performance and the Company’s performance as it relates to: (i) execution of the Company’s operational goals and vision towards international acquisitions; (ii) absolute and relative Shareholder return; (iii) production per share growth; (iv) reserve additions; (v) performance-based metrics commonly used in the oil and gas industry; and (vi) health, safety and environmental metrics (which is not necessarily tied exclusively to the trading price of the Common Shares and other factors discussed above).



## **Compensation Governance and Risk Management**

### ***Short Sales, Puts, Calls and Options***

The Company's Corporate Disclosure, Confidentiality and Trading in Securities by Directors, Officers and Employees Policy (Appendix A to the Company's Code of Business Conduct and Ethics (the "Code")) contains anti-hedging provisions. Directors, officers and employees of the Company shall not knowingly sell, directly or indirectly, a security of the Company if such person selling such security does not own or has not fully paid for the security to be sold. Directors, officers and employees of the Company shall not, directly or indirectly, engage in any of the following transactions: (i) buying or selling a call or put in respect of a security of the Company; (ii) selling the Company's securities short; or (iii) purchasing any other 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 securities of the Company. A copy of the Code is available on the Company's website at [www.tenazenergy.com/governance](http://www.tenazenergy.com/governance).

### ***Risk Adjusted Compensation***

As part of its review of the Company's compensation program, the Governance and Human Resources Committee expects to consider whether the compensation program provides executive officers of the Company with adequate incentives to achieve both short and long-term objectives without motivating them to take inappropriate or excessive risk. As at the date hereof, the Governance and Human Resources Committee has concluded that the compensation program and policies of the Company do not encourage its current executive officers to take inappropriate or excessive risks. This assessment is based on a number of considerations including, without limitation, the following: (a) the terms of Options granted provide that Options vest over a period of three years and expire five years from the date of grant, which encourages executive officers to continue to develop favorable results over a longer period of time and reduces the risk of actions that may have short-term advantages; (b) the Company's compensation program for executive officers is not structured significantly differently from the compensation program for other employees within the Company; (c) the overall compensation program is aligned with the Company's business plan and long-term strategies; (d) the share ownership guidelines for executive officers help to ensure that such executive officers maintain a significant equity interest in the Company, which encourages executive officers to continue to develop favorable results over a longer period of time and reduces the risk of actions that may have short-term advantages (see "Officer Share Ownership Guidelines" below); (e) the Recoupment of Incentive Compensation (as discussed below) gives the Board the ability to claw back any incentive compensation to the extent that an executive officer has undertaken inappropriate behaviour (see "Recoupment of Incentive Compensation" below); and (f) establishing robust restrictions on the ability of executives to participate in transactions that are designed to hedge or offset a decrease in market value of securities of the Company as discussed above under the heading "Short Sales, Puts, Calls and Options".

### ***Recoupment of Incentive Compensation***

The Code contains a Recoupment of Incentive Compensation clause, commonly known as a "Clawback Policy", providing for the reimbursement of incentive compensation in certain circumstances.

Where any incentive payment to an executive officer: (a) was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of the Company's financial statements; (b) the Board determines such executive officer engaged in intentional misconduct that caused or substantially caused the need for substantial restatement; and (c) lower payment would have been made to such executive officer based upon the restated financial results, then in such circumstances the Company shall, to the extent practicable, seek to recover from such executive officer the amount by which that executive officer's incentive payments for the relevant period exceeded the lower payment that would have been made based on the restated financial results.

## Officer Share Ownership Guidelines

New Officer Share Ownership Guidelines were implemented on April 22, 2022 for the Company's executive officers. Mr. Anthony Marino, the President and CEO, is subject to share ownership requirements which require him to hold Common Shares with a value of not less than three times his annual base salary. All other executive officers are required to hold Common Shares with a value of not less than one times such executive officer's annual base salary. The value of the Common Shares will be based on the greater of: (i) the closing price of the Common Shares as at December 31 in the year prior to such determination, except in the present year where such determination will be made as at March 31, 2022; and (ii) the average purchase price of the Common Shares in respect of each executive officer. Any new executive officer will be required to achieve this level within three years of such executive officer's appointment as an executive officer of the Company.

The following table sets out the value of the holdings of each of Tenaz's executive officers based on the greater of: (i) the closing price of the Common Shares on the TSXV on the last trading day of the first quarter of 2022 being \$2.60 per Common Share on March 31, 2022; and (ii) the average purchase price of the Common Shares in respect of each director or officer. Going forward, all such calculations will be done as at December 31 in the year prior to such determination.

Officer and Position Held with the Company	Equity Ownership Guideline		Shareholdings			Guideline Met or Investment Required to Meet Guideline <sup>(2)(3)</sup>
	Multiple of Annual Base Salary	Amount of Annual Base Salary (\$)	Common Shares Held as at March 31, 2022	Value of Equity Holdings Held as at March 31, 2022 (\$) <sup>(1)</sup>	Holdings as Multiple of Base Salary	
<b>Anthony Marino</b> President, CEO and Director	x3	225,000	920,000	2,392,000	x10.63	Guideline Met
<b>Bradley Bennett</b> CFO	x1	210,000	179,100	465,660	x2.21	Guideline Met
<b>Michael Kaluza</b> COO	x1	210,000	222,300	577,980	x2.75	Guideline Met
<b>David Burghardt</b> Senior VP, Canadian Business Unit	x1	200,000	322,592	838,739	x4.19	Guideline Met
<b>Jennifer Russel-Houston</b> VP, Geoscience	x1	195,000	111,200	289,120	x1.48	Guideline Met
<b>Jonathan Balkwill</b> VP, Business Development	x1	195,000	119,000	309,400	x1.59	Guideline Met
<b>Travis Stephenson</b> VP, Engineering	x1	190,000	106,333	276,466	x1.46	Guideline Met

### Notes:

(1) Valued as at March 31, 2022 based on the closing price on the TSXV of \$2.60 per Common Share.

(2) Executive officers have three years from their appointment to meet the target Common Share ownership.

(3) Newly appointed executive officers participated in the Non-Brokered Private Placement of Units (as defined below) and as a result hold outstanding Warrants which once fully vested would give rights to acquire additional Common Shares totaling 1,550,500 Common Shares.

## Named Executive Officers

The officers who are the focus of the Compensation Discussion and Analysis and who appear in the compensation tables herein are: (i) the CEO(s); (ii) the Chief Financial Officer(s) (“CFO”); and (iii) each of the three (3) most highly compensated executive officers of the Company, other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was individually more than \$150,000 (collectively, the “Named Executive Officers” or “NEOs”).

## Summary Compensation Table

The following table sets forth the compensation paid to the Named Executive Officers for the years ended December 31, 2021, 2020 and 2019, information concerning:

Name and principal position	Year	Salary (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		All other compensation <sup>(3)(6)</sup> (\$)	Total compensation (\$)
				Annual incentive plans <sup>(2)</sup>	Long-term incentive plans		
<b>Officers following the Reorganization</b>							
<b>Anthony Marino<sup>(4)</sup></b> President, CEO and Director <sup>(4)</sup>	2021	52,067	558,522	80,000	-	2,830	693,419
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
<b>Bradley Bennett</b> CFO	2021	48,596	422,666	65,000	-	3,768	540,030
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
<b>Michael Kaluza</b> COO	2021	48,596	422,666	60,000	-	2,194	533,456
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
<b>David Burghardt</b> Senior VP, Canada Business Unit (Former President and CEO)	2021	200,000	216,884	60,000	-	25,545	502,429
	2020	200,000	-	1,500	-	13,355	214,855
	2019	197,333	40,985	-	-	12,409	250,727
<b>Travis Stephenson</b> VP, Engineering (Former VP, Engineering)	2021	190,000	168,729	60,000	-	20,159	438,888
	2020	190,000	-	1,500	-	13,491	204,991
	2019	189,000	36,431	-	-	14,303	239,734
<b>Former Officers prior to the Reorganization</b>							
<b>Robert Pinckston<sup>(5)(6)</sup></b> Former VP, Exploration	2021	146,154	108,348	-	-	238,435	492,937
	2020	190,000	-	1,500	-	13,387	204,887
	2019	189,000	39,846	-	-	12,677	241,523
<b>Tavis Carlson<sup>(5)</sup></b> Corporate Controller (Former VP and CFO)	2021	190,000	149,860	20,000	-	23,782	383,642
	2020	190,000	-	1,500	-	11,713	203,213
	2019	189,000	36,431	-	-	14,319	239,750

### Notes:

(1) Option-based awards reflect the total fair market value on the date of grants, using the Black-Scholes option pricing model, for Options granted during the year under the Stock Option Plan, regardless of vesting conditions. The grant date fair values were determined in accordance with International Financial Reporting Standards. This methodology was chosen in order to be consistent with the accounting fair value used by the Company in its financial statements and since Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term (weighted average expected life), risk-free interest rate, dividend yield of stock and volatility of stock return.

On June 30, 2021, the Company granted: 130,000 Options to Mr. Burghardt; and 90,000 Options each to Messrs. Stephenson, Pinckston and Carlson. The actual assumptions and estimates used for the summary compensation table values were as follows:

Fair Value of \$1.20 per Option; Risk-Free Interest Rate of 0.81%; Expected Life of 4 years; Estimated Volatility of 78%; Estimated Forfeiture Rate of 4%; and \$nil Dividend per Share.

On November 22, 2021, the Company granted: 370,000 Options to Mr. Marino; 280,000 Options each to Messrs. Kaluza and Bennett; 40,000 Options each to Messrs. Burghardt and Stephenson and 27,500 Options to Mr. Carlson. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$1.51 per Option; Risk-Free Interest Rate of 1.37%; Expected Life of 4 years; Estimated Volatility of 75%; Estimated Forfeiture Rate of 10%; and \$nil Dividend per Share.

- (2) Reflects the cash amounts awarded to the NEO under the Company's cash bonus plan in the year, regardless of when the bonus was paid.
- (3) All other compensation includes savings plan contributions by the Company, other perquisites (parking and group benefits including life, disability, health and dental insurance) and other items as specified. In 2021, \$7,050 was paid out to each of Messrs. Burghardt, Stephenson, Pinckston and Carlson pursuant to the cancellation of certain Options. Total other compensation consists of the following:

Executive	Year	Savings Plan	Other Perquisites		Cancelled Options Payout	Termination Pay	Total Other Compensation
			Parking	Health Benefits			
Anthony Marino	2021	1,875	-	955	-	-	2,830
Bradley Bennett	2021	1,750	1,063	955	-	-	3,768
Michael Kaluza	2021	1,750	212	232	-	-	2,194
David Burghardt	2021	1,667	4,840	11,988	7,050	-	25,545
	2020	-	4,000	9,355	-	-	13,355
	2019	-	4,800	7,609	-	-	12,409
Travis Stephenson	2021	1,583	3,525	8,001	7,050	-	20,159
	2020	-	4,250	9,241	-	-	13,491
	2019	-	5,100	9,203	-	-	14,303
Robert Pinckston	2021	-	1,000	10,385	7,050	220,000	238,435
	2020	-	4,250	9,137	-	-	13,387
	2019	-	5,100	7,577	-	-	12,677
Tavis Carlson	2021	1,583	4,000	11,149	7,050	-	23,782
	2020	-	4,000	7,713	-	-	11,713
	2019	-	4,800	9,519	-	-	14,319

- (4) Mr. Marino did not receive any compensation for his services as a director of the Company.
- (5) Following the Reorganization, Mr. Pinckston resigned from the Company and Mr. Carlson continued as the Company's Corporate Controller. Mr. Carlson resigned as Corporate Controller on March 18, 2022.
- (6) Mr. Pinckston's other compensation includes \$220,000 termination pay on resignation.

## Incentive Plan Awards

### Outstanding Option-based Awards and Share-based Awards

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2021. The Company did not have any share-based awards outstanding at the end of the most recently completed financial year.

Name and principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Officers following the Reorganization</b>							
Anthony Marino President and CEO	370,000	2.70	22-Nov-26	196,100	-	-	-

Name and principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Bradley Bennett</b> CFO	280,000	2.70	22-Nov-26	148,400 -	-	-	-
<b>Michael Kaluza</b> COO	280,000	2.70	22-Nov-26	148,400	-	-	-
<b>David Burghardt</b> Senior VP, Canada Business Unit (Former President and CEO)	40,000 130,000	2.70 2.10	22-Nov-26 8-Oct-22	21,200 146,900	-	-	-
<b>Travis Stephenson</b> VP, Engineering (Former VP, Engineering)	40,000 90,000	2.70 2.10	22-Nov-26 8-Oct-22	21,200 101,700	- -	- -	- -
<b>Former Officers prior to the Reorganization</b>							
<b>Robert Pinckston</b> Former VP, Exploration	-	-	-	-	-	-	-
<b>Tavis Carlson<sup>(2)</sup></b> Corporate Controller (Former VP and CFO)	27,500 90,000	2.70 2.10	22-Nov-26 8-Oct-22	14,575 101,700	- -	- -	- -

Notes:

(1) Calculated based on the closing price of the Common Shares on December 31, 2021 on the TSXV of \$3.23 and the exercise price of the Options.

(2) Following the Reorganization, Mr. Carlson continued as the Company's Corporate Controller. Mr. Carlson resigned as Corporate Controller on March 18, 2022.

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

The following table sets forth, for each NEO, the value of option-based awards which vested during the year ended December 31, 2021 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2021. The Company did not have any share-based awards outstanding at the end of the most recently completed financial year.

Name and principal position	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(2)</sup> (\$)
<b>Officers following the Reorganization</b>			
<b>Anthony Marino</b> President and CEO	-	-	80,000

<b>Name and principal position</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year<sup>(2)</sup> (\$)</b>
<b>Bradley Bennett</b> CFO	-	-	65,000
<b>Michael Kaluza</b> COO	-	-	60,000
<b>David Burghardt</b> Senior VP, Canada Business Unit (Former President and CEO)	104,000	-	60,000
<b>Travis Stephenson</b> VP, Engineering (Former VP, Engineering)	72,000	-	60,000
<b>Former Officers prior to the Reorganization</b>			
<b>Tavis Carlson<sup>(3)</sup></b> Corporate Controller (Former VP and CFO)	72,000	-	20,000
<b>Robert Pinckston<sup>(3)</sup></b> Former VP, Exploration	72,000	-	-

Notes:

(1) Calculated based on the closing price of the Common Shares on the TSXV on the vesting date and the exercise price of the Options.

(2) Reflects the cash bonus earned by the NEO in respect of the last completed financial year.

(3) Following the Reorganization, Mr. Pinckston resigned from the Company and Mr. Carlson continued as the Company's Corporate Controller. Mr. Carlson resigned as Corporate Controller on March 18, 2022.

## **Pension Plan Benefits**

The Company does not have any pension plans including “defined benefit” plans, “defined contribution” plans or “deferred compensation” plans that provide for payments or benefits to the NEOs at, following, or in connection with retirement.

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

The Company has entered into executive employment agreements with the officers of the Company. Each executive is also entitled to participate in the Stock Option Plan (or the TIP once approved by the Shareholders and the TSX) and the bonus plan as established by the Company. Under each contract, if an executive is terminated without cause, such executive is entitled to a payment of between 100% to 200% (12-24 months) of their then annual salary, plus an amount equal to 100% to 200% of the average of the previous two years' cash bonuses, and an amount for loss of benefits and perquisites equal to 10% to 15% of their then annual salary. If a “change of control” occurs and if, within six months of such change of control, an event or events occur which constitute “good reason”, the executive has the right to terminate their employment with the Company upon providing 30 days written notice and to receive a payment of between 100% to 200% (12-24 months) of their then annual salary, plus an amount equal to 100% to 200% of the average of the previous two years' cash bonuses, and an amount for loss of benefits and perquisites equal to 10% to 15% of their then annual salary.

A “change of control” is defined as one of the following events:

- the liquidation, dissolution or winding-up of the Company;
- approval by the Shareholders of:

- the sale, lease or other disposition of all or substantially all of the assets of the Company; or
- the merger, amalgamation, consolidation or absorption of the Company with or into any other entity, in each case with respect to which persons who were Shareholders of the Company immediately prior to such merger, amalgamation, consolidation or absorption of the Company do not, immediately thereafter, own voting securities of the merged entity carrying more than 50% of the shares for the election of directors or the votes carried by such securities do not entitle such Shareholders to elect a majority of the board of directors of the merged entity;
- the purchase or acquisition of Common Shares or securities convertible into Common Shares or carrying the right to acquire Common Shares (“**Convertible Securities**”) as a result of which a person, group of persons or persons acting jointly or in concert, or any affiliates or associates of any such person, group of persons or any of such persons acting jointly or in concert (collectively, the “**Holders**”) beneficially own or exercise control or direction over the Common Shares or Convertible Securities such that, assuming after the conversion of the Convertible Securities beneficially owned or controlled by the Holders, the Holders would beneficially own or exercise control or direction over more than 50% of all of the outstanding Common Shares or otherwise have the right to cast more than 50% of the votes attached to all Common Shares, provided that, in the event that there is a question as to whether a Change of Control has occurred in any circumstances, the Board shall determine the matter (provided that the executive shall be entitled to contest such determination through court proceedings or other dispute resolution);
- the election at a Shareholder’s meeting of the Company of a number of directors of the Company, who were not included in the slate for election as directors proposed by the Board and would represent a majority of the Board;
- the appointment of a number of directors which would represent a majority of the Board and which were nominated by any holder of Common Shares or by any group of holders of Common Shares acting jointly or in concert and not approved by the Company’s prior Board; or
- the Board passes a resolution to the effect that, for the purposes of the executive employment agreements, an event comparable to an event set forth in this “change of control” section has occurred.

“Good Reason” is defined, in each case except as agreed to in writing by the executive, meaning:

- a materially detrimental change in the executive’s position or duties, title or office, which includes any removal of the executive from, or any failure to re-elect or re-appoint the executive to, any such positions or offices; provided that, such term shall not include:
  - a change consistent with the Company splitting a position into two or more positions based on the demands of such position so long as there is no reduction in the executive’s annual salary or a material reduction in benefits or other remuneration; or
  - a request by the Company for the executive to be employed by one of the Company’s affiliates if such employment would be on substantially the same terms as their employment with the Company (including with respect to geographic location) and there would be no reduction in the executive’s annual salary or a material reduction in benefits or other remuneration;
- any failure by the Company to continue to provide the executive any benefit, bonus, profit sharing, incentive, remuneration or compensation plan, stock ownership or purchase plan, stock option plan, life insurance, disability plan, pension plan or retirement plan in which the executive was entitled to participate in as at the date of the executive employment agreement (or as may be added to or amended to benefit the executive, from time to time) or the taking by the Company of any action materially adversely affecting the executive’s participation in or materially reducing their rights or benefits under or pursuant to any such plan.

The following table sets forth, for each of the NEOs who held their offices on December 31, 2021, the payments that would have been made to such individuals as of December 31, 2021 as a result of their termination or a change of control.

<b>Name and principal position</b>	<b>Payment made in the event of termination with cause (\$)</b>	<b>Payment made in the event of termination without cause or in the event of both a change of control and good reason (\$)</b>
<b>Anthony Marino</b> President and CEO	-	552,500
<b>Bradley Bennett</b> CFO	-	384,750
<b>Michael Kaluza</b> COO	-	381,000
<b>David Burghardt</b> SVP, Canada Business Unit	-	260,000
<b>Travis Stephenson</b> VP, Engineering	-	248,500

## **DIRECTOR COMPENSATION**

The Governance and Human Resources Committee is responsible for reviewing directors' compensation program and making any recommendations to the Board for approval.

Director compensation is determined in light of current market conditions and competitive practices.

### **Director Compensation Discussion**

The Governance and Human Resources Committee reviews the compensation paid to directors against industry practices for oil and gas companies of similar business model, size and scope. Director compensation is targeted at the median of the market.

The total director compensation package recognizes the increasing responsibilities, time commitments and accountability of Board members. Tenaz conducts a review of director compensation annually to ensure the Company provides a compensation package that allows the Company to attract and retain competent Board members. Recommendations are made to the Board and changes to director fees (if any) are approved by the Board.

The Board currently receive annual director fees payable in cash. In addition, Options were previously granted to directors in accordance with the Stock Option Plan. Under the proposed new TIP, directors will have the choice of allocation between DSUs and cash for the annual director fees. In addition to DSUs for annual director fees, directors may be given the opportunity to participate in awards of Options and RSUs (and related Dividend-Equivalent Rights), but will be excluded from receiving any performance-based awards.

The director fees are paid quarterly in arrears. Directors may also receive reimbursement for out-of-pocket expenses to attend meetings.



## Directors' Summary Compensation Table

The following table sets forth the details of compensation earned by the directors, other than directors who are also NEOs, during the Company's financial year ended December 31, 2021:

Name and principal position	Fees earned (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	All other compensation <sup>(2)</sup> (\$)	Total compensation (\$)
<b>Directors following the Reorganization</b>					
<b>Marty Proctor</b> Chair	10,000	90,571	-	-	100,571
<b>Anna Alderson</b> Director	7,500	75,476	-	-	82,976
<b>John Chambers</b> Director	27,719	69,363	-	-	97,082
<b>Mark Rollins</b> Director	7,500	75,476	-	-	82,976
<b>Former Directors who resigned upon the Reorganization</b>					
<b>Darren Gee</b> Director	20,219	24,077	-	2,700	46,996
<b>Robert Maitland</b> Director	20,219	24,077	-	-	44,296
<b>John McAleer</b> Director	23,589	24,077	-	2,700	50,366

Notes:

(1) Option-based awards reflect the total fair market value on the date of grants, using the Black-Scholes option pricing model, for Options granted during the year under the Stock Option Plan, regardless of vesting conditions. The grant date fair values were determined in accordance with International Financial Reporting Standards. This methodology was chosen in order to be consistent with the accounting fair value used by the Company in its financial statements and since Black-Scholes is a commonly used methodology for valuing options which provides an objective and reasonable estimate of fair value. The key assumptions of this valuation include current market price of the stock, exercise price of the option, option term (weighted average expected life), risk-free interest rate, dividend yield of stock and volatility of stock return.

On June 30, 2021, the Company granted: 20,000 Options each to Messrs. Chambers, Gee, Maitland and McAleer. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$1.20 per Option; Risk-Free Interest Rate of 0.81%; Expected Life of 4 years; Estimated Volatility of 78%; Estimated Forfeiture Rate of 4%; and \$nil Dividend per Share.

On November 22, 2021, the Company granted: 60,000 Options to Mr. Proctor; 50,000 Options to each of Ms. Alderson and Mr. Rollins; and 30,000 Options to Mr. Chambers. The actual assumptions and estimates used for the summary compensation table values were as follows: Fair Value of \$1.51 per Option; Risk-Free Interest Rate of 1.37%; Expected Life of 4 years; Estimated Volatility of 75%; Estimated Forfeiture Rate of 10%; and \$nil Dividend per Share.

(2) \$2,700 was paid out to each of Messrs. Gee and McAleer pursuant to the cancellation of certain Options.

## Incentive Plan Awards

### Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for each of the Company's directors other than directors who are also NEOs, all option-based awards outstanding at the end of the year ended December 31, 2021. The Company does not have any outstanding share-based awards.

Name and principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
<b>Directors following the Reorganization</b>							
<b>Marty Proctor</b> Chair	60,000	2.70	22-Nov-26	31,800	-	-	-
<b>Anna Alderson</b> Director	50,000	2.70	22-Nov-26	26,500	-	-	-
<b>John Chambers</b> Director	30,000 20,000	2.70 2.10	22-Nov-26 8-Oct-22	15,900 22,600	-	-	-
<b>Mark Rollins</b> Director	50,000	2.70	22-Nov-26	-	-	-	-
<b>Former Directors who resigned upon the Reorganization</b>							
<b>Darren Gee</b> Director	20,000	2.10	8-Jan-22	22,600	-	-	-
<b>Robert Maitland</b> Director	-	-	-	-	-	-	-
<b>John McAleer</b> Director	-	-	-	-	-	-	-

Note:

(1) Calculated based on the closing price of the Common Shares on December 31, 2021 on the TSXV of \$3.23 and the exercise price of the Options.

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

The following table sets forth for each of the Company's directors, other than directors who are also NEOs, the value of option-based awards which vested during the year ended December 31, 2021 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2021. The Company does not have any share-based awards outstanding.

Name and principal position	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Directors following the Reorganization</b>			
<b>Marty Proctor</b> Chair	-	-	-
<b>Anna Alderson</b> Director	-	-	-
<b>John Chambers</b> Director	16,000	-	-
<b>Mark Rollins</b> Director	-	-	-
<b>Former Directors who resigned upon the Reorganization</b>			
<b>Darren Gee</b> Director	16,000	-	-

Name and principal position	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Maitland Director	16,000	-	-
John McAleer Director	16,000	-	-

Note:

(1) Calculated based on the closing price of the Common Shares on the TSXV on the vesting date and the exercise price of the Options.

### EQUITY COMPENSATION PLAN INFORMATION

The following sets forth information in respect of Common Shares authorized for issuance under the Company's equity compensation plans as at April 27, 2022.

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)) (c)
Equity compensation plans approved by Shareholders (Stock Option Plan)	2,010,500	2.61	835,307
Equity compensation plans not approved by Shareholders (Tenaz Incentive Plan)	Nil	Nil	Nil
<b>Total</b>	2,010,500		835,307

#### Stock Option Plan

The Stock Option Plan permitted the granting of Options to purchase Common Shares to directors, officers, employees, consultants and other service providers of the Company and its subsidiaries. The Stock Option Plan was intended to afford persons who provide services to Tenaz an opportunity to obtain an increased proprietary interest in Tenaz by permitting them to purchase Common Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Tenaz. The Stock Option Plan was administered by the Board.

The Stock Option Plan limited the number of Common Shares that could be issued on exercise of Options to a number not exceeding 10% of the number of Common Shares outstanding from time to time. Options that were cancelled, terminated or expired prior to exercise of all or a portion thereof resulted in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Stock Option Plan. As the Stock Option Plan was a "rolling" plan, the issuance of additional Common Shares by the Company or the exercise of Options gave rise to additional availability under the Stock Option Plan.

The exercise price of the Options granted pursuant to the Stock Option Plan was determined by the Board at the time of grant, provided that the exercise price was not to be less than the discounted market price (as

determined in accordance with the rules of the TSXV of the Common Shares on the day preceding the date of grant).

The policies of the TSXV required that the Stock Option Plan be approved every year by Shareholders. The Stock Option Plan was last approved by Shareholders at the last annual general meeting held on June 3, 2021. The Stock Option Plan will not be voted at the Meeting as the new TIP is proposed for approval. The TIP will govern future share-based compensation awards.

### **Tenaz Incentive Plan**

See “Matters to be Acted upon at the Meeting – 5. Approval of Tenaz Incentive Plan”.

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

None of the directors and officers of the Company or the proposed directors of the Company, nor any of their associates or affiliates is now or has been indebted to the Company since incorporation, other than for routine indebtedness, nor is, or at any time since the beginning of the most recently completed financial year of the Company 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 Company.

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

Except as disclosed in this Information Circular, no director or executive officer of the Company holding such position since the beginning of the Company’s last financial year, nor any proposed nominee for director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

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

Except as disclosed below, there are no material interests, direct or indirect, of any informed person (including a director, officer, or holder of 10% or more Common Shares of Tenaz), any proposed director, or any known associate or affiliate of such persons in any transactions since the commencement of Tenaz’s last completed financial year (being the year ended December 31, 2021) or in any proposed transaction which has materially affected or would materially affect the Company.

### **Investment Agreement, Change of Management and Reorganization**

On August 30, 2021, the Company entered into the Reorganization and Investment Agreement (“**Investment Agreement**”) with a group of investors led by Anthony Marino, Michael Kaluza, Bradley Bennett, Jonathan Balkwill, Marty Proctor, and Mark Rollins which provided for, among other things: (i) a non-brokered private placement of units (“**Units**”) of the Company (“**Non-Brokered Private Placement**”) and a brokered private placement of subscription receipts (“**Subscription Receipts**”) of the Company (“**Brokered Private Placement**”) and together with the Non-Brokered Private Placement, the “**Private Placements**”) for aggregate gross proceeds of \$29.5 million; (ii) a reconstitution of the Board and appointment of a new management team (the “**Change of Management**”); and (iii) a change of the Company’s name from “Altura Energy Inc.” to “Tenaz Energy Corp.” (collectively, the “**Reorganization**”).

On September 22, 2021, the Company completed the Brokered Private Placement pursuant to which 136,112,000 Subscription Receipts were issued at a price of \$0.18 per Subscription Receipt for gross proceeds of \$24.5 million. The gross proceeds from the Brokered Private Placement were held in escrow pending completion of the Change of Management and the Non-Brokered Private Placement.

On October 8, 2021, the Company completed the Change of Management and the Non-Brokered Private Placement pursuant to which 27,778,000 Units were issued at a price of \$0.18 per Unit for gross proceeds

of \$5.0 million. Each Unit was comprised of one Common Share and one warrant (“**Warrant**”) of the Company, with each Warrant entitling the holder thereof to purchase one Common Share at a price of \$0.18 per Common Share for a period of five years from the issuance date, subject to certain terms and conditions. One-third of the Warrants will vest and become exercisable upon the 20-day VWAP of the Common Shares (the “**Market Price**”) equaling or exceeding \$0.25 per Common Share, an additional one-third upon the Market Price equaling or exceeding \$0.315 per Common Share and a final one-third upon the Market Price equaling or exceeding \$0.36 per Common Share. Officers and directors subscribed for and received an aggregate of 18,619,000 Units pursuant to the Non-Brokered Private Placement.

Immediately following the completion of the Change of Management and the Non-Brokered Private Placement, the Company issued 136,112,000 Common Shares pursuant to the conversion of the 136,112,000 Subscription Receipts previously issued by the Company in connection with the Brokered Private Placement, and \$24.5 million in gross proceeds was released from escrow.

On October 15, 2021, the Company changed its name from “Altura Energy Inc.” to “Tenaz Energy Corp.” and the symbol for trading on the TSXV was changed to TNZ (formerly ATU).

On November 15, 2021, the Company announced a rights (“**Rights**”) offering (the “**Rights Offering**”) pursuant to which each Shareholder on November 15, 2021 received one (1) Right for each Common Share held by such Shareholder. Each eight (8) Rights entitled the holder to subscribe for one Common Share upon payment of a subscription price of \$0.18 per Common Share. The Common Shares commenced trading on the TSXV on an ex-rights basis at the opening of business on November 12, 2021. The Rights Offering expired at 4:00 p.m. (Mountain Time) on December 13, 2021, after which time unexercised Rights were voided and of no value. Subscribers under the Private Placements agreed not to participate in the Rights Offering in respect of the securities subscribed for thereunder having undertaken not to exercise, sell, trade or otherwise convey any interest in the Right Offering. Under the Rights Offering, holders of Rights purchased an aggregate of 10,179,840 Common Shares at a subscription price of \$0.18 per Common Share for aggregate gross proceeds of approximately \$1.8 million. Officers and directors subscribed for and received an aggregate of 218,425 Common Shares pursuant to the Rights Offering.

## **AUDIT RELATED DISCLOSURE**

The Audit Committee was established to assist the Board in carrying out its oversight responsibilities with respect to, among other things, financial reporting, internal controls, and the external audit process of the Company. The Terms of Reference for the Audit Committee are attached as Appendix “B” to this Information Circular.

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

The Audit Committee is comprised of three (3) members: Anna Alderson (Chair), Marty Proctor and John Chambers each of whom is considered “independent” and “financially literate” in accordance with National Instrument 52-110 – *Audit Committees*. Each of the members of the Audit Committee has identified themselves as financial experts due to their relevant education and experience. Their backgrounds and qualifications which are relevant to their service on the Audit Committee are listed above – see “*Election of Directors – Nominee Profiles*”.

### **External Auditor Service Fees**

The Audit Committee shall review and pre-approve all audit and non-audit services to be provided to Tenaz by its external auditor.

The following table discloses fees billed to the Company for the last two financial years by the Company's independent auditors:

	Year ended December 31, 2021 (\$)	Year ended December 31, 2020 (\$)
Audit fees <sup>(1)</sup>	132,145	130,225
Audit-related fees <sup>(2)</sup>	-	-
Tax fees <sup>(3)</sup>	7,000	7,000
All other fees	16,050	-
<b>Total</b>	<b>155,195</b>	<b>137,225</b>

Notes:

(1) Audit fees include costs of professional services rendered by KPMG for the audit of the Company's annual financial statements, and the review of the Company's interim financial statements.

(2) Represents the aggregate fees incurred in each of the last two fiscal years by the Company for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements (and not reported under the heading "Audit Fees").

(3) Tax fees consist of fees in respect of services provided in connection with tax compliance relating to the Company's federal and provincial income tax returns, tax advice and tax planning.

## CORPORATE GOVERNANCE DISCLOSURE

Set forth below is a description of the Company's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Disclosure in respect of directors is based on the nominees for election as a director at the Meeting set forth in this Information Circular.

### Board of Directors

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

- Marty Proctor
- Anna Alderson
- John Chambers
- Mark Rollins

Anthony Marino is not independent as he is an officer of the Company.

### Directorships

The following current directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Director Positions held with Other Reporting Issuers
<b>Marty Proctor</b>	Vice-Chair of ARC Resources Ltd. Director of GreenFirst Forest Products Inc.
<b>Mark Rollins</b>	Non-Executive Chairman of Advance Energy plc (United Kingdom).

## **Orientation and Continuing Education**

Due to the size of the Board, no formal program currently exists for the orientation of new directors and existing directors provide orientation and education to new members on an informal and ad hoc basis. New directors of the Company will be given a copy of the terms of reference for the Board, and each of the Audit Committee, Governance and Human Resource Committee, and Sustainability, HSE, and Reserves Committee, Guidelines for Committees and a presentation will be made by management to new directors respecting the nature and operations of the Company's business.

No formal continuing education program currently exists for the directors of the Company; however, the Company encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Company has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director.

## **Ethical Business Conduct**

The Board has adopted the Code applicable to all members of the Company, including directors, officers and employees. Each director, officer and employee of the Company has been provided with a copy of the Code. The Board has also adopted a Whistleblower Policy wherein employees, consultants and external stakeholders of the Company are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

## **Nomination of Directors**

Nominees for directors are initially considered and recommended by the Governance and Human Resources Committee of the Board, approved by the entire Board and elected annually by the Shareholders.

In consultation with the Board Chair and the President and CEO, the Governance and Human Resources Committee shall recommend to the Board nominees for election as members of the Board and its subsidiaries, keeping in mind the competencies and skills each new nominee will bring to the Board.

At present, the Governance and Human Resources Committee does not have a process by which it identifies new candidates for Board nomination but rather the identification of new candidates is done on an informal and ad hoc basis.

## **Compensation**

See "*Statement of Executive Compensation – Compensation Discussion and Analysis*" and "*Director Compensation - Director Compensation Discussion*" for a discussion of the Company's approach to determining compensation for the directors and CEO of the Company, including who determines compensation and the process of determining compensation.

## **Other Board Committees**

In addition to the Audit Committee and the Governance and Human Resources Committee, the Company has a Sustainability, HSE, and Reserves Committee of the Board to which the Board has delegated responsibility.

## **Audit Committee**

The Audit Committee is discussed in more detail in "*Audit Related Disclosure*".

## **Governance and Human Resources Committee**

The Governance and Human Resources Committee's responsibilities with regards to human resources are discussed in more detail under "*Statement of Executive Compensation - Compensation Practices and Compensation Decisions following the Reorganization*".

In addition, the Governance and Human Resources Committee has the responsibility for the following in respect of governance matters:

- Review the Company's structures and procedures to ensure the Board functions independently of management.
- Review periodically, for Board approval, a Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for the Board and Committees.
- Assess the needs of the Board in terms of the frequency and location of Board and committee meetings, meeting agendas, discussion papers, reports and information, director orientation/development and the conduct of meetings and make recommendations to the Board as required.
- In consultation with the Board Chair and the President, recommend committee members and committee chair appointments to the Board for approval and review the need for, and the performance and suitability of, those committees and make recommendations as required.
- At least annually, review and consider the Board's current and long-term composition by taking into account:
  - the size of the Board;
  - the particular competencies and skills ideal for the Board, including requirements to staff certain Board committees; and
  - the competencies and skills each existing director possesses.
- In consultation with the Board Chair and the President and CEO, the Committee shall recommend to the Board nominees for election as members of the Board and its subsidiaries, keeping in mind the competencies and skills each new nominee will bring to the Board.
- Annually review the directors' compensation program and make any recommendations to the Board for approval.
- Implement evaluations of the Board, Board Chair, Board committees and individual directors.
- Ensure there is a system that enables a committee or director to engage separate independent counsel in appropriate circumstances, at the Company's expense, and be responsible for the ongoing administration of such a system.
- Oversee the Code, including:
  - periodically review the Code and recommend any necessary revisions to the Board; and
  - lead the Board in considering any explicit or implicit waivers of the Code, and ensure any waivers that are approved by the Board are reported to meet regulatory requirements.



- Oversee the Whistleblower Policy.
- Ensure that the Company's governance disclosure material is accurate and meets or exceeds all regulatory guidelines, including but not limited to:
  - Confirm that the Board has approved terms of reference;
  - independence of the Board and its committees;
  - establishment of all required and recommended Board committees;
  - description of Board, committee and individual director evaluation process; and
  - ensure that all documents that are required to be publicly disclosed are available on the corporate web site, or in hardcopy by request, including but not limited to:
    - Terms of Reference for the Board;
    - Terms of Reference for the Board Chair;
    - Terms of Reference for Board committees, with the added responsibility of ensuring the Terms of Reference for the Audit Committee are included in the Company's Annual Information Form; and
    - Terms of reference for President & CEO.
- Recommend to the Board any reports or initiatives on corporate governance that may be required or considered advisable.

### ***Sustainability, HSE, and Reserves Committee***

The Sustainability, HSE, and Reserves Committee is responsible for the following:

#### ***Sustainability***

- Oversee the development and evolution of the Company's policies, practises, and strategies relating to sustainability matters.
- Review and assess whether the Company's sustainability initiatives are effectively implemented, comply with applicable legislation, conform with industry standards and support the Company's business objectives.
- Review the Company's sustainability performance and the development of internal and external key performance indicators.
- Review the Company's disclosure, reporting and external communication practices pertaining to sustainability issues.
- Review emerging risks and opportunities associated with sustainability issues as they relate to the Company's operations.

- Assist the Board in respect of matters related to sustainability.

#### *Health, Safety & Environment*

- Oversee the development and evolution of the Company's policies, practises, and strategies related to health, safety, and environmental protection.
- Review and assess whether the Company's Health, Safety & Environment Policies are effectively implemented, comply with applicable legislation and conform with industry standards.
- Review the Company's health, safety, and environmental activities and performance, including:
  - performance and compliance with codes, standards, regulations and applicable laws;
  - significant external or internal audit reports;
  - emerging trends, issues and regulations that could materially impact the Company's business; and
  - outstanding litigation as it relates to environment, health or safety matters.
- Review the insurable risks related to health, safety and the environment and evaluate cost/insurance benefits associated with those risks; concerning insurance, the Committee shall consult with and review the recommendations of the Audit Committee.
- Assist the Board in respect of matters related to health, safety, and the environment.

#### *Reserves*

- Review the selection and qualifications of the independent engineering firm responsible for estimation of reserve and resource quantities ("the independent engineering firm"), the scope of its work and ensure the consistency of its practices, standards, and definitions.
- Review matters relating to the preparation, disclosure and/or filing of information related to the reserves and resources of the Company, and its affiliates, and make a recommendation to the Board as to whether to approve the disclosure and/or filing of such information.
- Review externally disclosed oil and gas reserve and resource estimates and ensure they meet the requirements of applicable securities legislation.
- Review the Company's practices against applicable engineering standards and any relevant "best practice" guidelines.
- Periodically review the Company's relationship with the independent engineering firm.
- Assist the Board in respect of matters related to evaluations of petroleum and natural gas reserves and resources.

#### **Assessments**

As part of its mandate, the Board is responsible for reviewing annually the composition of the Board and its committees and assessing the performance of the directors on an ongoing basis.

## **Other Governance Information**

The Terms of Reference of the Company's Board, Board Chair, President and CEO and its committees can be found on the "Governance" section of the Company's website at [www.tenazenergy.com](http://www.tenazenergy.com). The "Governance" section also contains certain Company policies including the Code of Business Conduct and Ethics, the Whistleblower Policy, the Anti-Corruption, Sanctions and Anti-Money Laundering Policy and Majority Voting Policy. In addition, the "Governance" section also contains the Company's constating documents, including by-laws.

## **ADDITIONAL INFORMATION**

Additional information relating to Tenaz may be found on SEDAR at [www.sedar.com](http://www.sedar.com) under Tenaz's SEDAR profile. Financial information is provided in Tenaz's audited consolidated financial statements for the year ended December 31, 2021 and the related management's discussion and analysis. Copies of Tenaz's financial statements and related management's discussion and analysis are available upon request from the Tenaz's head office at 2500, 605 – 5<sup>th</sup> Avenue SW Calgary, Alberta T2P 3H5 and on the Company's website at [www.tenazenergy.com](http://www.tenazenergy.com).

## **INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR**

Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

## APPENDIX "A"

### TENAZ ENERGY CORP. TENAZ INCENTIVE PLAN

#### 1. Purpose

The purpose of this Plan is to:

- (a) attract to, and retain with, the Corporation valuable officers, directors, employees and select consultants through a competitive compensation program;
- (b) promote the interest of valuable officers, directors, employees and select consultants of the Corporation in the future growth and success of the Corporation by providing officers, directors, employees and select consultants with the opportunity to acquire a proprietary interest in the Corporation; and
- (c) align the interests of officers, directors, employees and select consultants of the Corporation with those of Shareholders through a compensation program that encourages the long-term growth of the Corporation and returns to Shareholders.

The Plan seeks to achieve these purposes by providing for awards in the form of Options, RSUs, PSUs, DSUs and Dividend-Equivalent Rights.

#### 2. Definitions

Capitalized terms referred to in this Plan have the meanings set out below:

- (a) "**Account**" means a DSU Account, RSU Account or PSU Account, as applicable.
- (b) "**Act**" means the *Business Corporations Act (Alberta)* as amended from time to time, the regulations and policies thereunder and any replacement legislation.
- (c) "**Affiliate**" has the meaning set forth in the Act.
- (d) "**Applicable Withholding Taxes**" has the meaning set forth in Section 9(i)(ii).
- (e) "**Award**" means any Option, RSU, PSU, DSU or Dividend-Equivalent Right granted under or pursuant to the Plan.
- (f) "**Award Agreement**" means a written agreement evidencing an Award granted under the Plan.
- (g) "**Beneficiary**" means any person designated by a Participant by written instrument filed with the Corporation to receive any amount, securities or property payable under the Plan in the event of a Participant's death or, failing any such effective designation, the Participant's estate, provided that a Beneficiary in respect of DSUs granted to a Participant under the Plan shall be limited to an individual who is a dependent or relation of the Participant or the legal representative of the Participant.
- (h) "**Blackout Expiry Date**" has the meaning set forth in Section 6(a)(iv).
- (i) "**Blackout Restriction Period**" means the period during which no Options are permitted to be exercised and no RSUs, PSUs and a DSUs are permitted to be redeemed due to

trading restrictions imposed by the Corporation in accordance with its trading policies affecting trades by Service Providers in the Corporation's securities.

- (j) **"Board"** means the board of directors of the Corporation and, for the purposes of matters relating to the administration of the Plan, shall be deemed to include any committee of the Board to which such administration has been delegated by the Board.
- (k) **"Change of Control"** means:
  - (i) the acceptance by Shareholders, representing in the aggregate more than fifty percent (50%) of all issued and outstanding Shares, of any offer, whether by way of a takeover bid or otherwise, for all or any portion of the issued and outstanding Shares;
  - (ii) the acquisition, whether by way of an arrangement, merger, amalgamation or other business combination, by a Person, group of Persons or Persons acting jointly or in concert, directly or indirectly, of the beneficial ownership of Shares or rights to acquire Shares, together with such Person's then owned Shares and rights to acquire Shares (if any), representing more than fifty percent (50%) in aggregate of all issued and outstanding Shares (except where such acquisition is part of a bona fide reorganization of the Corporation in circumstances where the affairs of the Corporation are continued, directly or indirectly, and where the shareholdings remain substantially the same following the reorganization as existed prior to the reorganization);
  - (iii) the liquidation, winding-up or dissolution of the Corporation (except where such liquidation, winding-up or dissolution are part of a bona fide reorganization of the Corporation in circumstances where the affairs of the Corporation are continued, directly or indirectly, and where the shareholdings remain substantially the same following the reorganization as existed prior to the reorganization);
  - (iv) the sale, lease or other disposition of all or substantially all of the assets of the Corporation (other than to an affiliate of the Corporation in circumstances where the affairs of the Corporation are continued, directly or indirectly, and where the shareholdings remain substantially the same following the sale, lease or other disposition as existed prior to the sale, lease or other disposition);
  - (v) the election at a meeting of the Corporation's Shareholders of a number of directors of the Corporation, who were not director nominees proposed to the Corporation's Shareholders by the Corporation's prior Board, and would represent a majority of the Board; or
  - (vi) the appointment of a number of directors which would represent a majority of the Board and which were nominated by any holder of Common Shares of the Corporation or by any group of holders of Common Shares of the Corporation acting jointly or in concert and not approved by the Corporation's prior Board.
- (l) **"Corporation"** means Tenaz Energy Corp., and includes any corporate successor thereto.
- (m) **"DSU"** means a deferred share unit credited by means of a bookkeeping entry on the books of the Corporation to a Participant's DSU Account pursuant to Section 6(d) of the Plan or as a Dividend-Equivalent Right pursuant to Section 6(e) of the Plan, representing the right to receive one fully paid Share on the date of redemption, in the manner and subject to the provisions of the Plan.

- (n) **"DSU Account"** has the meaning set forth in Section 6(d)(ii).
- (o) **"DSU Redemption Date"** has the meaning set forth in Section 6(d)(iv).
- (p) **"Dividend-Equivalent Right"** means a dividend-equivalent right granted pursuant to Section 6(e).
- (q) **"Dividend Payment Date"** has the meaning set forth in Section 6(e)(i).
- (r) **"Dividend Record Date"** has the meaning set forth in Section 6(e)(i).
- (s) **"Effective Date"** has the meaning set forth in Section 10.
- (t) **"Employee"** means an employee, within the meaning of the Tax Act, of the Corporation or an Affiliate.
- (u) **"Exchange"** as at any date, means (i) the TSX if the Shares are listed on the TSX on the particular date; or (ii) if the Shares are not listed or posted for trading on such stock exchange at the particular date, any other stock exchange on which the majority of the trading volume and value of the Shares are listed or posted for trading.
- (v) **"Exercise Period"** has the meaning set forth in Section 6(a)(iii).
- (w) **"Exercise Price"** has the meaning set forth in Section 6(a)(ii).
- (x) **"Existing Option Plan"** means the stock option plan of the Corporation dated November 10, 2009.
- (y) **"Existing Options"** means the aggregate number of options to purchase Shares granted and issued and outstanding under the Existing Option Plan as of the Effective Date.
- (z) **"Expiry Date"** has the meaning set forth in Section 6(a)(iii).
- (aa) **"Fair Market Value"** as at any date means the volume weighted average trading price of the Shares on the Exchange for the five days preceding the particular date, provided that if the Shares did not trade during such period on an Exchange then the Fair Market Value will be the fair market value of the Shares as determined by the Board.
- (bb) **"Insider"** has the same meaning as found in the Toronto Stock Exchange Company Manual in respect of the rules governing Security Based Compensation Arrangements, as amended from time to time.
- (cc) **"Insider Participation Limits"** has the meaning set forth in Section 4(b)(i).
- (dd) **"NED"** has the meaning set forth in Section 4(b)(ii).
- (ee) **"NED Participation Limits"** has the meaning set forth in Section 4(b)(ii).
- (ff) **"Option"** means an option to acquire a Share granted pursuant to Section 6(a).
- (gg) **"Participant"** means any individual Service Provider granted an Award under the Plan or whose Award is stated to be governed by the Plan.
- (hh) **"Performance Criteria"** means, in respect of a PSU, the corporate performance criteria

determined by the Board set forth in an Award Agreement in respect of a grant of PSUs.

- (ii) **"PSU"** means a performance share unit credited by means of a bookkeeping entry on the books of the Corporation to a Participant pursuant to Section 6(c) or as a Dividend-Equivalent Right pursuant to Section 6(e), representing the right to receive one fully paid Share on the date of redemption, in the manner and subject to the provisions of the Plan.
- (jj) **"PSU Account"** has the meaning set forth in Section 6(c)(ii).
- (kk) **"PSU Redemption Date"** has the meaning set forth in Section 6(c)(iv).
- (ll) **"PSU Service Year"** has the meaning set forth in Section 6(c)(iii).
- (mm) **"Person"** means any individual or entity, including a corporation, company, partnership, association, joint-share corporation, trust, joint venture, plan or unincorporated organization.
- (nn) **"Plan"** means this Tenaz Incentive Plan, including all schedules, appendices and (or) exhibits as may be attached hereto from time to time, as may be amended, supplemented and (or) restated from time to time.
- (oo) **"Redemption Date"** means, in respect of a DSU, the DSU Redemption Date, in respect of a PSU, the PSU Redemption Date, and in respect of a RSU, the RSU Redemption Date.
- (pp) **"RSU"** means a restricted share unit credited by means of a bookkeeping entry on the books of the Corporation to a Participant pursuant to Section 6(b) or as a Dividend-Equivalent Right pursuant to Section 6(e), representing the right to receive one fully paid Share on the date of redemption, in the manner and subject to the provisions of the Plan.
- (qq) **"RSU Account"** has the meaning set forth in Section 6(b)(ii).
- (rr) **"RSU Redemption Date"** has the meaning set forth in Section 6(b)(iv).
- (ss) **"RSU Service Year"** has the meaning set forth in Section 6(b)(iii).
- (tt) **"Security Based Compensation Arrangements"** means any (1) deferred share unit, performance share unit, restricted share unit, securities for services, stock appreciation right, stock option or stock purchase plan of the Corporation; (2) security purchase from treasury by a Participant which is financially assisted by the Corporation by any means; and (3) other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Corporation from treasury to a Participant, but in all cases does not include arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Corporation or arrangements settled solely in cash and (or) securities purchased on the secondary market.
- (uu) **"Service Provider"** means a director, officer, employee, or independent contractor (directly or indirectly through a corporation) of the Corporation or any Affiliate.
- (vv) **"Shareholders"** means the holders of the Shares from time to time.
- (ww) **"Shares"** means the common shares in the capital of the Corporation.
- (xx) **"Share Units"** means DSUs, PSUs and RSUs, including any Dividend-Equivalent Rights

granted with respect to a DSU, PSU and (or) RSU.

- (yy) **"Tax Act"** means the *Income Tax Act* (Canada) as amended from time to time, the regulations and policies thereunder and any replacement legislation.
- (zz) **"Termination Date"** means, unless otherwise provided in a written employment contract between the Corporation (or an Affiliate) and a Participant, in respect of a Participant the date that the Participant ceases to be actively employed by the Corporation or any Affiliate, or ceases to provide services as a director or independent contractor, in each case for any reason, except as may be required by minimum requirements of applicable employment standards legislation, without regard to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment or services with the Corporation or any Affiliate, and, except as may be required by minimum requirements of applicable employment standards legislation, regardless of whether termination of the employment or services is with or without cause or the provision of any notice, pay in lieu of notice, severance or termination pay that may be required by applicable law, provided that (1) the Board will have sole discretion to determine whether a Participant has ceased active employment or ceased services as a director or independent contractor and the effective date on which the Participant ceased active employment or service as a director or independent contractor; and (2) a Participant will be deemed not to have ceased to be an employee of the Corporation or any of its Affiliates or an independent contractor in the case of a transfer of employment or service between the Corporation and any Affiliate or a transfer of employment or service between Affiliates.
- (aaa) **"Triggering Event"** has the meaning set out in Section 6(d)(iii).
- (bbb) **"Treasury Reserve"** has the meaning set forth in Section 4(a)(i).
- (ccc) **"TSX"** means the Toronto Stock Exchange.
- (ddd) **"Vested Award"** means an Award which has vested in accordance with the provisions of the Plan and the applicable Award Agreement or in respect of which the vesting date has been accelerated pursuant to Sections 4(d), 7 or 9(a).

### 3. Administration

- (a) The Plan will be administered by the Board, or a committee of the Board as determined by the Board in its sole discretion, which shall, from time to time, at its sole discretion: (i) interpret and administer the Plan and Award Agreements; (ii) establish, amend and rescind any rules and regulations relating to the Plan and Award Agreements; and (iii) make any other determinations that the Board deems necessary or desirable for the administration of the Plan and Award Agreements. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan and any Award Agreement in the manner and to the extent the Board considers, in its sole discretion, necessary or desirable. Any decision of the Board with respect to the administration and interpretation of the Plan and any Award Agreement shall be final, conclusive and binding on all parties concerned.
- (b) Notwithstanding any other provision of the Plan, Awards granted to Participants resident in any jurisdiction other than Canada may be made subject to such rules, regulations, provisions and (or) conditions as the Board, in its sole discretion, may determine.
- (c) Subject to the terms of the Plan and applicable law, the Board may delegate to one or



more officers of the Corporation, or to a committee of such officers, the authority, subject to such terms and limitations as the Board may determine, to grant, cancel, modify, waive rights with respect to, alter, discontinue, suspend, or terminate Awards.

#### 4. Treasury Reserve and Available Shares

- (a) The maximum number of Shares available for issuance pursuant to the exercise or redemption, as applicable, of Awards granted under the Plan, Existing Options granted under the Existing Option Plan and any awards that may be granted, issued or otherwise made under all other Security Based Compensation Arrangements of the Corporation is 10% of the total number of issued and outstanding Shares from time to time (on a non-diluted basis) (the "**Treasury Reserve**"), provided that the aggregate maximum number of Shares available for issuance under the Treasury Reserve pursuant to the redemption of all DSUs, RSUs and PSUs (and related Dividend-Equivalent Rights, if applicable) granted under this Plan shall not exceed 5% of the total number of issued and outstanding Shares from time to time (on a non-diluted basis). If an Option is exercised, the Shares covered by such Option will again be available for subsequent issuance under the Plan. If a Share Unit is settled for Shares under the Treasury Reserve, such Shares will again be available for subsequent issuance under the Plan. If an Award expires or is forfeited, disposed of, surrendered, cancelled, or otherwise terminated for any reason without having been exercised or settled, the Shares covered by such Award, if any, will again be available for subsequent issuance under the Plan. The Plan is a "rolling plan" in respect of all Awards and as a result, any and all increases in the number of issued and outstanding Shares will result in an increase to the number of Awards available for grant.
- (b)
  - (i) The number of the Shares (A) issued to Insiders, within any one-year period, and (B) issuable to Insiders, at any time, under the Plan, Existing Options and all other Security Based Compensation Arrangements of the Corporation, shall not exceed 10% of the then issued and outstanding Shares, respectively (the "**Insider Participation Limits**").
  - (ii) The (A) number of Shares issuable to non-employee directors of the Corporation ("**NED**") under the Plan, the Existing Option Plan and all other Security Based Compensation Arrangements of the Corporation shall not exceed 1% of the then issued and outstanding Shares; and (B) the value of Awards and any awards under all other Security Based Compensation Arrangements of the Corporation granted to a NED within any one year period shall not exceed \$150,000 (of which no more than \$100,000 may be attributable to stock options) based on the grant date fair value, other than Awards and awards under other Security Based Compensation Arrangements of the Corporation granted as part of an NED's annual retainer or in lieu of cash fees payable for serving as a director (collectively, the "**NED Participation Limits**").
- (c) In the event that the Board determines that any dividend (other than ordinary cash dividends) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, share split, share dividend, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Corporation, issuance of warrants or other rights to purchase Shares or other securities of the Corporation, or other similar corporate transactions or events affect the Shares (which effect is not adequately dealt with under Section 6(e)) such that an adjustment is determined by the Board to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan and any Awards granted under the Plan, then the Board will, in any manner as it may deem equitable, subject to, if applicable, approval of the Exchange, adjust any or all of: (i) the number and kind of Shares or other securities which

thereafter may be made the subject of Awards; (ii) the number and kind of Shares or other securities subject to outstanding Awards; and (iii) the Fair Market Value or the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; provided, however, that the number of Shares subject to any Award denominated in Shares will always be a whole number.

- (d) If a Change of Control occurs, and unless otherwise provided in an Award Agreement or a written employment contract between the Corporation (or an Affiliate) and a Participant and except as otherwise set out in this Section 4(d), the Board, in its sole discretion, may provide that: (1) the successor corporation will assume each Award or replace it with a substitute Award on terms substantially similar to the existing Award; (2) all Options, RSUs and DSUs (and related Dividend-Equivalent Rights, if applicable) held by the Participant on the Change of Control shall immediately vest and a certain number of PSUs (and related Dividend-Equivalent Rights, if applicable) held by the Participant on the Change of Control shall vest based on performance achieved up to the Change of Control as determined by the Board, in its sole discretion, and in each case, the vested Awards may be surrendered for a cash payment equal to the Fair Market Value thereof (minus any Applicable Withholding Taxes and, in respect of Options, the applicable Exercise Price); or (3) any combination of the foregoing will occur.

## 5. Eligibility

Any Service Provider shall be eligible to be designated a Participant by the Board.

## 6. Awards

- (a) **Options.** Subject to the Insider Participation Limits, the Board may grant Options to a Participant subject to the following terms and conditions and any additional terms and conditions, not inconsistent with the provisions of the Plan, as the Board determines at the time of the grant.
- (i) Award Agreement. Each Option shall be evidenced by an Award Agreement containing such terms and conditions as determined by the Board and such other terms and conditions not inconsistent with the Plan as the Corporation, in its sole discretion, may determine appropriate.
- (ii) Exercise Price. The purchase price per Share purchasable under an Option (the "**Exercise Price**") will be determined by the Board and set out in the Award Agreement, provided that the Exercise Price shall not be less than the Fair Market Value of a Share on the date of grant of that Option.
- (iii) Time and Method of Exercise. Subject to Section 7, the Option vesting provisions, the time or times at which an Option may be exercised (the "**Exercise Period**") in whole or in part, the date of expiry of the Exercise Period (the "**Expiry Date**") and the method or methods by which (including, without limitation, on a 'cashless' or 'net exercise' basis), and the form or forms in which payment of the Exercise Price may be made will be determined by the Board and set out in the Award Agreement, provided that no loan or other financial assistance shall be extended by the Corporation or any Affiliate to any Participant (or the Participant's Beneficiary, as applicable) for the purpose of exercising any Option.
- (iv) Blackout Restriction Periods. If the Expiry Date for an Option occurs during a Blackout Restriction Period applicable to the relevant Participant, then the Expiry Date for that Option shall be the date that is the 10<sup>th</sup> business day after the expiry

date of the Blackout Restriction Period (the "**Blackout Expiry Date**").

- (v) Vesting of Options. No Option may be exercised by a Participant unless it is fully vested. Subject to the provisions of this Plan, Options shall vest, and thereafter be exercisable:
    - (A) over a period of three (3) years from the date on which the Award is made, with no more than one third (1/3) of such Options vesting in any twelve (12) month period therein; or
    - (B) as otherwise determined by the Board in its sole discretion.
  - (vi) Existing Option Plan. No further options shall be granted under the Existing Option Plan from and after the Effective Date. From and after the Effective Date all Existing Options shall continue to be governed by the provisions of the Existing Option Plan and the applicable award agreements.
- (b) **RSUs**. Subject to the Insider Participation Limits and the NED Participation Limits, the Board may grant RSUs to a Participant. Each RSU which will consist of the right to receive one Share as at the date of redemption subject to such restrictions as the Board may impose, which restrictions may lapse separately or in combination at any time or times, in such installments or otherwise as the Board may determine. The Board may impose any conditions or restrictions on the vesting or redemption of RSUs as it may determine appropriate.
- (i) Award Agreement. Each RSU shall be evidenced by an Award Agreement containing the RSU vesting provisions and such conditions or restrictions imposed by the Board and such other terms and conditions not inconsistent with the Plan as the Corporation, in its sole discretion, may determine appropriate.
  - (ii) RSU Account. An Account, designated as a "Restricted Share Unit Account" ("**RSU Account**"), shall be maintained by the Corporation for each Participant. The RSU Account will be credited with RSUs granted to a Participant as of the date of grant of the RSUs.
  - (iii) RSU Service Year. At the time of grant of a RSU, the Board shall specify the year of service of the Participant in respect of which the RSU is granted (the "**RSU Service Year**").
  - (iv) Redemption of RSUs. Subject to Section 7, on the date that is no later than December 15 of the third year following the end of the relevant RSU Service Year as determined by the Board in its sole discretion (the "**RSU Redemption Date**"), RSUs that have vested in accordance with the provisions of the applicable Award Agreement shall be redeemed and, subject to Section 9(i), one Share shall be issued from the treasury of the Corporation to the Participant or the Participant's Beneficiary, as applicable, for each of such vested RSU. If the Corporation does not have sufficient Shares pursuant to the Treasury Reserve to redeem all RSUs in Shares, the Corporation may determine which Participants receive Shares issued from the Treasury Reserve (if any), and the Corporation shall, in the Board's sole discretion, redeem such remaining RSUs in cash (equal to the Fair Market Value (as of the RSU Redemption Date) of the Shares otherwise deliverable), through market purchases of Shares, or a combination thereof. Notwithstanding the foregoing, all payments in respect of a RSU following the applicable RSU Redemption Date shall, subject to Section 6(b)(v), be made no later than December 31<sup>st</sup> of the third year after the end of the relevant RSU Service Year.

- (v) Blackout Restriction Periods. If the RSU Redemption Date for RSUs occurs during a Blackout Restriction Period applicable to the relevant Participant then payment in respect of the RSUs shall be made by delivering cash (equal to the Fair Market Value (as of the RSU Redemption Date) of the Shares otherwise deliverable), provided that, if the Board determines in its sole discretion (outside of a Blackout Restriction Period) to settle the RSUs in Shares and such determination does not result in the extended RSU Redemption Date being later than December 31 of the third year after the end of the relevant RSU Service Year, then the RSU Redemption Date for the RSUs shall be the date that is the 10<sup>th</sup> business day after the expiry date of the Blackout Restriction Period.
- (c) **PSUs**. Subject to the Insider Participation Limits, the Board may grant PSUs to a Participant (other than a NED). Each PSU which will consist of the right to receive one Share as at the date of redemption subject to such restrictions as the Board may impose, which restrictions may lapse separately or in combination at any time or times, in such installments or otherwise as the Board may determine. The Board may impose any conditions or restrictions on the vesting or redemption of PSUs as it may determine appropriate. No PSUs shall be granted to a NED.
- (i) Award Agreement. Each PSU shall be evidenced by an Award Agreement containing the PSU vesting provisions and such conditions or restrictions imposed by the Board and such other terms and conditions not inconsistent with the Plan as the Corporation, in its sole discretion, may determine appropriate.
- (ii) PSU Account. An Account, designated as a "Performance Share Unit Account" ("**PSU Account**"), shall be maintained by the Corporation for each Participant. The PSU Account will be credited with the PSUs granted to a Participant as of the date of grant of the PSUs.
- (iii) PSU Service Year. At the time of grant of a PSU, the Board shall specify the year of service of the Participant in respect of which the PSU is granted (the "**PSU Service Year**").
- (iv) Redemption of PSUs. Subject to Section 7, on the date that is no later than December 15 of the third year following the end of the relevant PSU Service Year as determined by the Board in its sole discretion (the "**PSU Redemption Date**"), PSUs that have vested in accordance with the provisions of the applicable Award Agreement shall be redeemed and, subject to Section 9(i), one Share shall be issued from the treasury of the Corporation to the Participant or the Participant's Beneficiary, as applicable, for each such vested PSU. If the Corporation does not have sufficient Shares pursuant to the Treasury Reserve to redeem PSUs in Shares, the Corporation shall, in the Board's sole discretion, redeem such PSUs in cash (equal to the Fair Market Value (as of the PSU Redemption Date) of the Shares otherwise deliverable), through market purchases of Shares, or a combination thereof. Notwithstanding the foregoing, all payments in respect of a PSU following the applicable PSU Redemption Date shall, subject to Section 6(c)(v), be made no later than December 31<sup>st</sup> of the third year after the end of the relevant PSU Service Year.
- (v) Blackout Restriction Periods. If the PSU Redemption Date for PSUs occurs during a Blackout Restriction Period applicable to the relevant Participant then payment in respect of the PSUs shall be made by delivering cash (equal to the Fair Market Value (as of the PSU Redemption Date) of the Shares otherwise deliverable), provided that, if the Board determines in its sole discretion (outside of a Blackout

Restriction Period) to settle the PSUs in Shares and such determination does not result in the extended PSU Redemption Date being later than December 31 of the third year after the end of the relevant PSU Service Year, then the PSU Redemption Date for the PSUs shall be the date that is the 10<sup>th</sup> business day after the expiry date of the Blackout Restriction Period.

- (vi) Performance Criteria and Multiplier. The PSUs shall vest based in whole or in part on the Performance Criteria and any applicable performance or other multiplier(s) set forth in the applicable Award Agreement, provided that the maximum of all applicable multipliers (in aggregate) shall not exceed two times. Notwithstanding any other provision of the Plan, but subject to the limits described in Section 3 and Section 4 and any other applicable requirements of the Exchange, the Board reserves the right to make, in the applicable Award Agreement or otherwise, any additional adjustments to the number of Shares to be issued pursuant to any PSUs if, in the sole discretion of the Board, such adjustments are appropriate in the circumstances having regard to the principal purposes of the Plan and do not extend the PSU Redemption Date in respect of such PSUs to later than December 31<sup>st</sup> of the third year after the end of the relevant PSU Service Year.
- (d) **DSUs**. Subject to the Insider Participation Limits, the Board may direct that all or a portion of a NED's annual cash fees (paid quarterly) be received in the form of DSUs and each NED shall have the right, but not the obligation, to elect to receive his or her cash fees in DSUs. DSUs may not be redeemed until the Participant has ceased to hold all directorships with the Corporation and any Affiliate. DSUs shall only be granted to a Participant that is a NED.
  - (i) Award Agreement. Each DSU shall be evidenced by an Award Agreement containing such conditions or restrictions imposed by the Board and such other terms and conditions not inconsistent with the Plan as the Corporation, in its sole discretion, may determine appropriate.
  - (ii) DSU Account. An Account, to be designated as a "Deferred Share Unit Account" ("**DSU Account**") shall be maintained by the Corporation for each Participant. The DSU Account will be credited with the DSUs granted to a Participant as of the date of grant of the DSUs and all such DSUs shall vest immediately.
  - (iii) No Payment until Cessation of Employment. Notwithstanding any other provision of the Plan, no payment shall be made in respect of a DSU until after the earliest time of: (i) the Participant's death; or (ii) the latest time that the Participant ceases to be a director of the Corporation or any Affiliate (such time, the "**Triggering Event**").
  - (iv) Redemption of DSUs. After the occurrence of a Triggering Event in respect of a Participant, on December 15 of the calendar year commencing immediately after the date of the Triggering Event, or on such other earlier date determined by the Board, in its sole discretion (the "**DSU Redemption Date**"), all vested DSUs credited to the Participant's DSU Account shall be redeemed and, subject to Section 9(i), one Share shall be issued from treasury of the Corporation to the Participant or the Participant's Beneficiary, as applicable, for each of such vested DSU. If the Corporation does not have sufficient Shares pursuant to the Treasury Reserve to redeem DSUs in Shares, the Corporation shall redeem such DSUs in cash (equal to the Fair Market Value of such Shares as at the DSU Redemption Date), through market purchases of Shares, or a combination thereof. All payments in respect of a DSU following the applicable DSU Redemption Date shall, subject to Section 6(d)(v), be made no later than December 31<sup>st</sup> of the

calendar year commencing immediately after the occurrence of the Triggering Event.

- (v) Blackout Restriction Periods. If the DSU Redemption Date for DSUs occurs during a Blackout Restriction Period applicable to the relevant Participant then payment in respect of the DSUs shall be made by delivering cash (equal to the Fair Market Value (as of the DSU Redemption Date) of the Shares otherwise deliverable), provided that, if the Board determines in its sole discretion (outside of a Blackout Restriction Period) to settle the DSUs in Shares and such determination does not result in the extended DSU Redemption Date being later than December 31 of the calendar year commencing immediately after the occurrence of the Triggering Event, then the DSU Redemption Date for the DSUs shall be the date that is the 10<sup>th</sup> business day after the expiry date of the Blackout Restriction Period.
- (vi) Election to Receive Compensation in DSUs. Subject to such rules, regulations and conditions as the Board, in its sole discretion, may impose, a Participant may elect, irrevocably, no later than December 15<sup>th</sup> of the calendar year preceding the year in which the election is to be effective, to have all or a portion of the Participant's annual cash fees for directorship services in the calendar year following the date of the election, satisfied by way of DSUs (having the same grant value as the cash compensation elected to be received in DSUs) credited to the Participant's DSU Account (with the remainder to be received in cash), by completing and delivering to the Corporation an initial written election in such form as may be approved by the Board. Such election shall set out the percentage of annual cash fees that the Participant wishes to be satisfied in the form of DSUs (with the remaining percentage to be paid in cash), within the limitations of this Section 6(d)(vi), for the calendar year for which the election is made and for subsequent years unless the Participant amends the election pursuant to this Section 6(d)(vi). All DSUs granted pursuant to an election under this Section 6(d)(vi) shall vest immediately.
  - (A) A Participant may initiate or change the percentage of annual cash fees to be satisfied in the form of DSUs for any subsequent calendar year by completing and delivering to the Corporation a new written election no later than December 15 of the calendar year immediately preceding the calendar year to which the annual cash fees relates.
  - (B) Notwithstanding anything in this Section 6(d)(vi), an election can only be made during the time periods prescribed by the Board or otherwise in accordance with Corporation policy, provided that no election will be permitted to be made or altered after December 31<sup>st</sup> of the calendar year immediately preceding the year in which the election is to be effective.
  - (C) Any election made by a Participant under this Section 6(d)(vi) shall designate the percentage, if any, of the annual cash fees that is to be satisfied in the form of DSUs, all such designations to be in increments of five percent (5%).
  - (D) A Participant's election received by the Corporation under this Section 6(d)(vi) shall be irrevocable and shall continue to apply with respect to annual cash fees for any subsequent calendar year unless the Participant amends the election under this Section 6(d)(vi).
  - (E) Where there is no election that complies with this Section 6(d)(vi) in effect

for a Participant for a particular calendar year, such Participant shall be deemed to have elected to receive annual cash fees for the applicable calendar year in cash.

- (e) **Dividend-Equivalent Rights.** Subject to the Insider Participation Limits and the NED Participation Limits and the limitation on the number of issuable Shares hereunder, the Board may grant to eligible Participants the rights described below as Dividend-Equivalent Rights.
- (i) Unless otherwise determined by the Board in its sole discretion or as may otherwise be set out in the applicable Award Agreement, on the payment date for cash dividends paid on Shares (the "**Dividend Payment Date**"), each Participant's RSU Account, PSU Account and (or) DSU Account, as applicable, shall be credited with additional RSUs, PSUs or DSUs in respect of RSUs, PSUs or DSUs credited to and outstanding in the Participant's Account(s) as of the record date for payment of such dividends (the "**Dividend Record Date**"). The number of such additional RSUs, PSUs or DSUs, as applicable, to be credited to the Participant's Account(s) will be calculated (to two decimal places) by dividing the total amount of the dividends that would have been paid to such Participant if the RSUs, PSUs or DSUs, as applicable, in the Participant's Account(s) (including fractions thereof), as of the Dividend Record Date, were Shares, by the Fair Market Value of a Share on the Dividend Payment Date. The terms and conditions of any such additional RSUs, PSUs or DSUs shall be identical to the terms and conditions of the RSUs, PSUs or DSUs credited to and outstanding in the Participant's Account(s).
- (ii) Notwithstanding anything else in this Section 6(e), no additional RSUs, PSUs or DSUs will be credited or granted pursuant to this Section 6(e) where the Dividend Record Date relating to dividends falls after the Participant ceases to be a Service Provider.

## 7. Cessation of Employment and Forfeitures

Except as otherwise provided in the applicable Award Agreement or a written employment contract between the Corporation (or an Affiliate) and a Participant, and subject to any express resolution passed by the Board or exercise of discretion by the Board, and further subject to the conditions that no Option may be exercised in whole or in part after the expiration of the period specified in the applicable Award Agreement and that no redemption can be made in respect of a RSU, PSU or DSU other than during the time periods specified in Sections 6(b), 6(c) and 6(d) of the Plan, the following provisions shall apply to Awards.

- (a) **Options.** If, prior to the expiry of any Options, a Participant ceases to be a Service Provider:
- (i) by reason of the death or long-term disability (as reasonably determined by the Corporation) of such Participant, then:
- (A) a pro rata portion of the unvested Options held by the Participant will vest based on the number of days elapsed between the applicable grant date and the date of death or long-term disability of such Participant (as reasonably determined by the Corporation) and all remaining unvested Options that are outstanding granted to such Participant shall immediately and automatically terminate; and
- (B) only such Participant or the Participant's Beneficiary shall have the right

to exercise such Participant's outstanding and vested Options (including, for greater certainty, any Options which vest in accordance with Section 7(a)(i)(A)) at any time up to and including (but not after) the earlier of: (i) the date which is up to twelve (12) months following the date of death or long term disability (as reasonably determined by the Corporation) of such Participant; or (ii) the Expiry Date(s) of such Options unless otherwise determined by the Board at its sole discretion, following which time the unexercised Options shall immediately and automatically terminate; or

- (ii) for any reason, other than as provided in Section 7(a)(i), then:
  - (A) all outstanding unvested Options granted to such Participant shall, unless otherwise provided, immediately and automatically terminate on the Termination Date; and
  - (B) such Participant shall have the right to exercise outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the date which is ninety (90) days following the Termination Date; and (ii) the Expiry Date(s) of the vested Option unless otherwise determined by the Board in its sole discretion, following which time the unexercised Options shall immediately and automatically terminate.

(b) **PSUs and RSUs.** If, prior to the Redemption Date of any PSUs or any RSUs, a Participant ceases to be a Service Provider:

- (i) for any reason including, without limitation, termination of employment for cause or voluntary resignation (but excluding the circumstances described in Section 7(b)(ii) and Section 7(b)(iii)), then all PSUs and RSUs shall be immediately forfeited upon such event, all rights of the Participant under the Plan shall terminate and no cash shall be payable at any time in lieu of such forfeited PSUs and RSUs;
- (ii) by reason of death, long term disability, retirement from active employment (as reasonably determined by the Corporation) or for any other reason as may be specifically approved by the Board (other than for the reasons set forth in Section 7(b)(i) and Section 7(b)(iii)), then all PSUs and RSUs shall continue in accordance with the Plan and the applicable Award Agreement(s) and the Participant or the Participant's Beneficiary shall be entitled to redeem and receive payment for such PSUs and RSUs on each applicable Redemption Date in accordance with the terms of the Plan; or
- (iii) by reason of termination of employment without cause, then the Participant shall be entitled to redeem and receive payment for all PSUs and RSUs that such Participant would be entitled to on each applicable Redemption Date in accordance with the terms of the Plan, provided that:
  - (A) in respect of each such PSU, the PSU Redemption Date falls within the notice period provided to such Participant, as set forth by the Corporation, upon termination of such Participant's employment and, if the PSU Redemption Date falls after completion of the notice period provided in connection with such termination of employment, then such PSU of such Participant shall be immediately forfeited upon such event and all rights of the Participant under the Plan relating thereto shall terminate; and



- (B) in respect of each such RSU, the RSU Redemption Date falls within the notice period provided to such Participant, as set forth by the Corporation, upon termination of such Participant's employment and, if the RSU Redemption Date falls after completion of the notice period provided in connection with such termination of employment, then such RSU of such Participant shall be immediately forfeited upon such event and all rights of the Participant under the Plan relating thereto shall terminate.
- (c) **Awards.** Subject to the other paragraphs in this Section 7, if the relationship of the Participant is terminated for any reason prior to the expiry of an Option or prior to the Redemption Date of a PSU or RSU, whether or not such termination is with or without notice, adequate notice or legal notice, or is with or without legal or just cause, the Participant's rights shall be strictly limited to those provided for in this Section 7, or as otherwise provided in the applicable Award Agreement or written employment contract between the Participant and the Corporation, and, without limiting the generality of the foregoing, in the event that an Option is not vested and exercised prior to the applicable deadline in Section 7(a) or a PSU or RSU is not vested and redeemed prior to the applicable deadline in Section 7(b), such Award shall be forfeited and all rights of the Participant under the Plan to such Award shall immediately terminate upon the applicable deadline and no cash shall be payable at any time in lieu of such forfeited Award. Unless otherwise specifically provided in writing, the Participant shall have no claim to or in respect of any Award which may have or would have vested had due notice of termination of employment been given nor shall the Participant have any entitlement to damages or other compensation in respect of any Award or loss of profit or opportunity which may have or would have vested or accrued to the Participant if such wrongful termination or dismissal had not occurred or if due notice of termination had been given. This provision shall be without prejudice to the Participant's rights to seek compensation for lost employment income or lost employment benefits (other than those accruing under or in respect of the Plan) in the event of any alleged wrongful termination or dismissal.
- (d) **Transfers, Leaves and Transitions.** The transfer of a Service Provider from the Corporation to an Affiliate, from an Affiliate to the Corporation or from one Affiliate to another Affiliate, shall not be considered a cessation of employment or services, nor shall it be considered a cessation of employment if an Employee is placed on such other leave of absence or transition arrangement which is considered by the Corporation as continuing intact the employment relationship for the same period. In the case of a leave of absence or transition arrangement, the employment relationship shall be continued until the date when an Employee's right to employment with the Corporation or an Affiliate is terminated by operation of law or by contract, except that in the event the Employee chooses not to renew active employment at the end of any leave of absence or transition arrangement, the employment relationship shall be deemed to have ceased at the beginning of the leave of absence or transition arrangement.

## 8. Amendments and Adjustments

The following provisions shall apply to amendments and adjustments to the Plan and Awards.

- (a) **Amendments to the Plan.** Subject to the Exchange requirements, the Board may amend, alter, suspend, discontinue or terminate the Plan and any Awards by resolution of the Board. Any such amendment, alteration, suspension, discontinuance or termination shall only apply to Awards granted after the effective date of such amendment, alteration, suspension, discontinuance or termination, provided that, subject to Section 8(b), Section 8(c) and Section 8(d), any such amendment, alteration, suspension,

discontinuance or termination may apply to outstanding Awards with the consent of the Corporation and the applicable Participants. Without limiting the generality of the foregoing, the Board may, without Shareholder approval, amend or alter the Plan or Awards to reflect amendments or alterations:

- (i) of a "housekeeping" nature;
- (ii) to change the termination provisions of Options which does not entail an extension beyond the original Expiry Date;
- (iii) to comply with any Exchange requirements;
- (iv) amendments necessary for Awards to be effective or comply with applicable laws;
- (v) respecting administration of the Plan or Awards (including suspension or termination of the Plan); or
- (vi) to correct any ambiguity, error or omission in the Plan or any Award,

provided that, without Shareholder approval (in accordance with applicable Exchange requirements) no amendment or alteration shall:

- (A) increase the total number of Shares reserved for issuance under the Plan;
- (B) reduce the exercise price of Awards granted to Insiders of the Corporation or extend the term of any Award granted to Insiders of the Corporation, except in connection with a Blackout Restriction Period;
- (C) have the effect of cancelling any Awards and concurrently reissuing such Awards on different (or substantially similar) terms;
- (D) remove or exceed the Insider Participation Limits;
- (E) remove or exceed the NED Participation Limits;
- (F) amend these amendment provisions;
- (G) modify or amend the provisions of the Plan in any manner which would permit Awards, including those previously granted, to be transferable or assignable in a manner otherwise than as provided for by Section 9(e); or
- (H) change the eligible Service Providers under the Plan which would have the potential of broadening or increasing participation by Insiders.

- (b) **Amendments to Awards.** Subject to Section 8(a), the Board may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award previously granted, prospectively or retroactively; provided, however, that, subject to the Corporation's rights to adjust Awards under Section 8(c) and Section 8(d), any amendment, alteration, suspension, discontinuation, cancellation or termination that would impair the rights of any Participant or holder or Beneficiary of any Award previously granted, will not (to that extent) be effective without the consent of the Participant or holder or Beneficiary of an Award, as the case may be.

- (c) **Adjustment of Awards upon Certain Acquisitions.** In the event the Corporation or any Affiliate assumes outstanding employee awards or the right or obligation to make future awards in connection with the acquisition of another business or entity, the Board may, subject to Section 8(a) and applicable Exchange requirements (including approval of the Exchange), make any adjustments, not inconsistent with the terms of the Plan, in the terms of Awards as it deems appropriate in order to achieve reasonable comparability or other equitable relationship between the assumed awards and the Awards granted under the Plan as so adjusted.
- (d) **Adjustments of Awards in Certain Circumstances.** Subject to Section 8(a) and applicable Exchange requirements (including approval of the Exchange), the Board is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of particular events (including, without limitation, the events described in Sections 4(c) and 4(d)) affecting the Corporation or any Affiliate, the financial statements of the Corporation or any Affiliate, or changes in applicable laws, regulations, or accounting principles, whenever the Board determines such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

## 9. General Provisions

- (a) **Acceleration.** Subject to Section 8(a), the Board may, in its sole discretion, at any time permit the acceleration of vesting of any or all Awards.
- (b) **Awards May Be Granted Separately or Together.** Awards may, in the sole discretion of the Board, be granted either alone or in addition to, in tandem with, or, subject to Section 8(a), in substitution for any other Award. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.
- (c) **Payment.** Subject to the terms of the Plan and any applicable Award Agreement, payments or transfers to be made by the Corporation or an Affiliate upon the grant, exercise, surrender, redemption, payment or settlement of an Award may be made in such form or forms as the Board may determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Board and applicable Exchange requirements (including Exchange approval as required). Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments.

No Shares or other securities will be delivered pursuant to any Award until payment in full of any amount required to be paid pursuant to the Plan or the applicable Award Agreement is received by the Corporation (in such form as the Corporation may designate).

The Board may provide for financing broker dealers (including payment by the Corporation of commissions) and may establish procedures (including broker dealer assisted cashless exercise) for payment of Applicable Withholding Taxes.

- (d) **Recoupment.** In addition to the applicable requirements of the Code of Business Conduct and Ethics of the Corporation and any other policies of the Corporation, where: (i) the Award received by a Participant or former Participant was calculated based or contingent upon the achievement of certain financial results that were subsequently the subject of or affected by a material restatement of all or a portion of the Corporation's financial statements for any reason other than a change in accounting policy with retroactive effect;

(ii) the Participant or former Participant failed to comply with the Corporation's internal policies or engaged in intentional misconduct, gross negligence or fraud that, in the Board's opinion, caused, or potentially caused, the need for the restatement; and (iii) the Award received would have been lower had the financial results been properly reported, then the Board may, to the extent permitted by applicable laws and applicable Exchange requirements and to the extent it determines it is in the Corporation's best interest to do so, require reimbursement of all or any portion, as may be determined by the Board after a review of relevant facts and circumstances, of an Award(s) received, Shares issued upon exercise of an Option or payment made pursuant to a redemption of a Share Unit by a Participant or former Participant within 36 months of the date of the restatement.

(e) **Limits on Transfer of Awards.**

(i) No Award (or any right thereunder or in respect thereto) may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will, by the laws of descent or by the designation of a Beneficiary by a Participant and any such purported assignment, alienation, pledge, attachment, sale or other transfer or encumbrance will be void and unenforceable against the Corporation or any Affiliate.

(ii) Each Award, and each right under any Award, will be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative.

(f) **Terms of Awards.** Subject to the terms of the Plan, the term of each Award will be for such period as may be determined by the Board; provided, however, that the term of any Options granted pursuant to the Plan shall not exceed a period of five years from the date of grant.

(g) **No Shareholder Rights.** Under no circumstances shall Options, RSUs, PSUs, DSUs, Dividend-Equivalent Rights or any other Award made under the Plan be considered Shares or other securities of the Corporation, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Corporation, including, without limitation, voting rights or entitlement to rights on liquidation, nor shall any Participant be considered the owner of Shares by virtue of any Award.

(h) **No Right to Awards.** No Participant or other Person will have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants, or holders or Beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.

(i) **Taxes and other Withholdings.**

(i) Neither the Corporation nor any Affiliate is liable for any tax or other liabilities or consequences imposed on any Participant (or any Beneficiary) as a result of the granting or crediting, holding, exercise, surrender or redemption of any Awards under this Plan, whether or not such costs are the primary responsibility of the Corporation or Affiliate. It is the responsibility of the Participant (or Beneficiary) to complete and file any tax returns which may be required under any applicable tax laws within the period prescribed by such laws.

(ii) Notwithstanding anything in this Plan, the Corporation or any Affiliate is authorized to and may deduct or withhold from any Award granted, from any payment due, including any Shares issuable, or transfer made under any Award

or under the Plan or from any other compensation, remuneration or other amount owing to a Participant such amount as may be necessary so as to ensure the Corporation and any Affiliate will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions (the "**Applicable Withholding Taxes**"), and to take any other action as may be necessary in the opinion of the Corporation or Affiliate, acting reasonably, to satisfy all obligations for the payment of those Applicable Withholding Taxes, including, for greater certainty, requiring a Participant, as a condition to the exercise or redemption of an Award, to deliver or pay to the Corporation or Affiliate, as applicable, an amount equal to any Applicable Withholding Taxes. The Corporation or Affiliate may sell any Shares withheld in respect of a Participant, in such manner and on such terms as it deems appropriate, and shall apply the proceeds of such sale to the payment of Applicable Withholding Taxes or other amounts, and shall not be liable for any inadequacy or deficiency in the proceeds received or any amounts that would have been received, had such Shares been sold in a different manner or on different terms. Any residual proceeds shall be released to the Participant.

- (j) **Collection of Personal Information.** Each Participant shall provide the Corporation with all information that may be required in order to administer the Plan and (or) Awards. The Corporation may from time-to-time transfer or provide access to such information to the Board and (or) a third party service provider for purposes of the administration of the Plan and (or) Awards, provided that such service providers will be provided with such information for the sole purpose of providing such services to the Corporation. By participating in the Plan, each Participant acknowledges that information may be so provided and agrees to its provision on the terms set forth herein. Except as specifically contemplated in this Section 9(k), the Corporation and the Board shall not disclose the personal information of a Participant except: (i) in response to regulatory filings or other requirements for the information by the Exchange or a governmental authority with jurisdiction over the Corporation; (ii) for the purpose of complying with a subpoena, warrant or other order by a court or body having jurisdiction to compel production of the information; or (iii) as otherwise required by law. In addition, personal information of Participants may be disclosed or transferred to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Shares or assets of the Corporation or its Affiliates including through an asset or share sale, or other form of business combination, merger or joint venture, provided that such party is bound by appropriate confidentiality obligations.
- (k) **No Right to Employment.** The grant of an Award will not be construed as giving a Participant the right to be retained in the employ of, as an officer or director of, the Corporation or any Affiliate. Further, the Corporation or an Affiliate may at any time dismiss a Participant from employment, or as an officer or director, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan, any Award Agreement or any written employment contract between the Corporation and the Service Provider.
- (l) **No Right to Consultancy.** The grant of an Award will not be construed as giving a Participant the right to be retained in the service of the Corporation or any Affiliate.
- (m) **Other Employee Benefits.** The amount of any compensation received or deemed to be received by a Participant as a result of the Participant's participation in the Plan will not constitute compensation, earnings or wages with respect to which any other employee benefits of that Participant are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, insurance, termination, severance or salary continuation plan or any other employee benefit plans, nor under any applicable employment standards or other legislation, except as otherwise specifically determined

by the Board Except as otherwise provided in the applicable Award Agreement or a written employment contract between the Corporation (or an Affiliate) and a Participant.

- (n) **Governing Law.** The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan will be determined in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in Alberta.
- (o) **Severability.** If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, that provision will be construed or deemed amended to conform to applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the Award, that provision will be stricken and the remainder of the Plan and any such Award will remain in full force and effect.
- (p) **No Trust or Fund Created.** The Plan shall be unfunded in all respects. Neither the Plan nor any Award will create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Corporation or any Affiliate pursuant to an Award, that right will be no greater than the right of any unsecured general creditor of the Corporation or any Affiliate.
- (q) **No Fractional Shares.** No fractional Shares will be issued or delivered pursuant to the Plan or any Award, and, except as otherwise provided, the Board will determine whether cash, other securities, or other property will be paid or transferred in lieu of any fractional Shares or whether those fractional Shares or any rights thereto will be canceled, terminated, or otherwise eliminated.
- (r) **Headings.** Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Those headings will not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision of the Plan.

#### 10. **Effective Date of Plan**

The Plan shall be effective as of ■, 2022 (the "**Effective Date**").

## APPENDIX “B”

### Tenaz Energy Corp. Terms of Reference for the Audit Committee

#### I. PURPOSE

The primary function of the Audit Committee (the “**Committee**”) is to assist the Board of Directors (the “**Board**”) of Tenaz Energy Corp. (the “**Corporation**”) in fulfilling its oversight responsibilities with respect to the Corporation’s accounting and financing reporting processes and the audit of the Corporation’s financial statements, including oversight of:

- A. the integrity of the Corporation’s financial statements;
- B. the Corporation’s compliance with legal and regulatory requirements;
- C. the external auditors’ qualifications and independence and the performance of the audit processes;
- D. the financial information and the internal controls associated with the preparation of information, that will be provided to the shareholders and others;
- E. the Corporation’s risk management, legal compliance and ethics, which management and the Board have established; and
- F. such other matters required by applicable laws and rules of any stock exchange on which the Corporation’s shares are listed for trading.

While the Committee has the responsibilities and powers set forth in its terms of reference, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or to determine that the Corporation’s financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards 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.

#### II. COMPOSITION AND OPERATIONS

- A. The Committee shall be composed of not fewer than three directors, all of whom are “independent”<sup>1</sup> under the requirements or guidelines for audit committee service under applicable securities laws and rules of any stock exchange on which the Corporation’s shares are listed for trading.
- B. All Committee members shall be “financially literate,”<sup>2</sup> and at least one member shall have “accounting or related financial expertise” as such terms are interpreted by the

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<sup>1</sup> Committee members must be “independent”, as defined in Sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

<sup>2</sup> The Board has adopted the NI 52-110 definition of “financial literacy”, which is an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

Board in its business judgment in light of, and in accordance with, the requirements or guidelines for audit committee service under applicable securities laws and rules of any stock exchange on which the Corporation's shares are listed for trading. The Committee may include a member who is not financially literate, provided he or she attains this status within a reasonable period of time following his or her appointment and providing the Board has determined that including such member will not materially adversely affect the ability of the Committee to act independently.

- C.** No Committee member shall serve on the audit committees of more than two other public issuers without prior determination by the Board that such simultaneous service would not impair the ability of such member to serve effectively on the Committee.
- D.** The Committee shall operate in a manner that is consistent with the Committee Guidelines outlined in the Board Manual.
- E.** The Corporation's external auditors shall be advised of the names of the Committee members and will receive notice of and be invited to attend meetings of the Committee, and to be heard at those meetings on matters relating to the auditor's duties.
- F.** The Committee may request any officer or employee of the Corporation, or the Corporation's legal counsel, or any external or internal auditors to attend a meeting of the Committee to provide such pertinent information as the Committee requests or to meet with any members of, or consultants to the Committee. The Committee has the authority to communicate directly with the internal and external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.
- G.** The Committee shall have the authority to select, retain, terminate and approve the fees and other retention terms of special independent legal counsel and other consultants or advisers to advise the Committee, as it deems necessary or appropriate, at the Corporation's expense.
- H.** The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Corporation, (ii) compensation to any advisers employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out its duties.
- I.** The Committee shall meet periodically, but no less than quarterly, with the Chief Financial Officer, and the external auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.



### III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

#### A. Financial Statements and Other Financial Information

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes the responsibility to:

- i) review and recommend approval of the Corporation's annual financial statements, MD&A and earnings press release and report to the Board of Directors before the statements are approved by the Board of Directors;
- ii) review and recommend approval for release the Corporation's quarterly financial statements, MD&A and press releases and report to the Board of Directors before the statements are approved by the Board of Directors;
- iii) satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in items (i) and (ii) above, and periodically assess the adequacy of those procedures; and
- iv) review the Annual Information Form and any Prospectus/Private Placement Memorandums.

Review, and where appropriate, discuss:

- v) the appropriateness of critical accounting policies and financial reporting practices used by the Corporation;
- vi) major issues regarding accounting principles and financial statement presentations, including any significant proposed changes in financial reporting and accounting principles, policies and practices to be adopted by the Corporation and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
- vii) analyses prepared by management or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative International Financial Reporting Standards ("IFRS") methods on the financial statements of the Corporation and any other opinions sought by management from an independent or other audit firm or advisor with respect to the accounting treatment of a particular item;
- viii) any management letter or schedule of unadjusted differences provided by the external auditor and the Corporation's response to that letter and other material written communication between the external auditor and management;
- ix) any problems, difficulties or differences encountered in the course of the audit work including any disagreements with management or restrictions on the scope of the external auditor's activities or on access to requested information and management's response thereto;

- x) any new or pending developments in accounting and reporting standards that may affect the Corporation;
- xi) the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures on the financial statements of the Corporation and other financial disclosures;
- xii) any reserves, accruals, provisions or estimates that may have a significant effect upon the financial statements of the Corporation;
- xiii) the use of special purpose entities and the business purpose and economic effect of off balance sheet transactions, arrangements, obligations, guarantees and other relationships of Corporation and their impact on the reported financial results of the Corporation;
- xiv) the use of any “pro forma” or “adjusted” information not in accordance with generally accepted accounting principles;
- xv) any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements; and
- xvi) accounting, tax and financial aspects of the operations of the Corporation as the Committee considers appropriate.

**B. Risk Management, Internal Control and Information Systems**

The Committee will review and discuss with management, and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes the responsibility to:

- i) review the Corporation’s risk management policies and processes with specific responsibility for credit & counterparty, market & financial, and risks as identified from time to time; and
- ii) review management steps to implement and maintain appropriate internal control procedures including a review of significant policies.

**C. External Audit**

The external auditor is required to report directly to the Committee, which will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

- i) review and recommend to the Board, for shareholder approval, the appointment of the external auditor;
- ii) review and approve the annual external audit plan, including but not limited to the following:

- a) engagement letter between the external auditor and financial management of the Corporation;
  - b) objectives and scope of the external audit work;
  - c) procedures for quarterly review of financial statements;
  - d) materiality limit;
  - e) areas of audit risk;
  - f) staffing;
  - g) timetable; and
  - h) compensation and fees to be paid by the Corporation to the external auditor.
- iii) meet with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;
- iv) maintain oversight of the external auditor's work and advise the Board, including but not limited to:
- a) the resolution of any disagreements between management and the external auditor regarding financial reporting;
  - b) any significant accounting or financial reporting issue;
  - c) the auditors' evaluation (if applicable) of the Corporation's system of internal controls, procedures and documentation;
  - d) the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
  - e) any other matters the external auditor brings to the Committee's attention; and
  - f) evaluate and assess the qualifications and performance of the external auditors for recommendation to the Board as to the appointment or reappointment of the external auditor to be proposed for approval by the shareholders, and ensuring that such auditors are participants in good standing pursuant to applicable regulatory laws.
- v) review the auditor's report on all material subsidiaries (if applicable);
- vi) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence, including, without limitation:

- a) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditors, including a list of all relationships between the external auditor and the Corporation that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation;
  - b) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors; and
  - c) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence.
- vii) annually request and review a report from the external auditor regarding (a) the external auditor's quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, and (c) any steps taken to deal with any such issues;
  - viii) review and pre-approve any non-audit services to be provided to the Corporation or any affiliates by the external auditor's firm or its affiliates (including estimated fees), and consider the impact on the independence of the external audit;
  - ix) review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors; and
  - x) meet periodically, and at least annually, with the external auditor without management present.

**D. Compliance**

The Committee shall:

- i) Ensure that the external auditor's fees are disclosed by category in the Annual Information Form in compliance with regulatory requirements;
- ii) Disclose any specific policies or procedures adopted for pre-approving non-audit services by the external auditor including affirmation that they meet regulatory requirements;
- iii) Assist the Governance and Human Resources Committee with preparing the Corporation's governance disclosure by ensuring it has current and accurate information on:
  - a) the independence of each Committee member relative to regulatory requirements for audit committees;
  - b) the state of financial literacy of each Committee member, including the name of any member(s) currently in the process of acquiring financial literacy and when they are expected to attain this status; and

- c) the education and experience of each Committee member relevant to his or her responsibilities as Committee member; and
- iv) Disclose, if required, if the Corporation has relied upon any exemptions to the requirements for committees under applicable securities laws and rules of any stock exchange on which the Corporation's shares are listed for trading.

**E. Other**

The Committee shall:

- i) establish and periodically review procedures for:
  - d) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - e) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters or other matters that could negatively affect the Corporation, such as violations of the Code of Business Conduct.
- ii) review and approve the Corporation's hiring partners, employees and former partners and employees of the present and former external auditor;
- iii) review insurance coverage of significant business risks and uncertainties;
- iv) review material litigation and its impact on financial reporting;
- v) review policies and procedures for the review and approval of officers' expenses and perquisites; and
- vi) review the terms of reference for the Committee at least annually and otherwise as it deems appropriate, and recommend changes to the Board as required. The Committee shall evaluate its performance with reference to the terms of reference annually.

**IV. ACCOUNTABILITY**

**A.** The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial and other matters considered by the Committee relative to the Corporation.

**B.** The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.