



# **LYCOS ENERGY INC.**



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 5, 2024**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**April 26, 2024**



## TABLE OF CONTENTS

<b>PURPOSE OF SOLICITATION</b> .....	1
<b>CURRENCY</b> .....	1
<b>RECORD DATE</b> .....	1
<b>PROXY INFORMATION</b> .....	1
Solicitation of Proxies .....	1
Completion of Proxies.....	1
Revocation of Proxies.....	2
Exercise of Discretion by Proxies .....	2
Advice to Beneficial Shareholders .....	3
Notice-and-Access.....	4
<b>INFORMATION CONCERNING THE CORPORATION</b> .....	5
<b>NOTE ON COMMON SHARE CONSOLIDATIONS</b> .....	5
<b>COMMON SHARES AND PRINCIPAL HOLDERS THEREOF</b> .....	5
<b>MATTERS TO BE ACTED UPON</b> .....	6
<b>FIXING NUMBER OF DIRECTORS</b> .....	6
<b>ELECTION OF DIRECTORS</b> .....	6
Corporate Cease Trade Orders .....	8
Bankruptcies .....	8
Personal Bankruptcies .....	8
Penalties and Sanctions .....	8
<b>APPOINTMENT OF AUDITORS</b> .....	9
<b>ANNUAL APPROVAL OF STOCK OPTION PLAN</b> .....	9
<b>OTHER MATTERS COMING BEFORE THE MEETING</b> .....	10
<b>STATEMENT OF EXECUTIVE COMPENSATION</b> .....	10
General .....	10
Compensation Philosophy, Objectives and Governance .....	10
Compensation Process.....	10
Elements of Executive Compensation .....	11
Elements of Director Compensation .....	11
Summary Compensation Table .....	12
Stock Options and Other Compensation Securities .....	13
Exercise of Compensation Securities .....	14
Stock Option Plan .....	14
Employment, Consulting and Management Agreements .....	16
<b>EQUITY COMPENSATION PLAN INFORMATION</b> .....	17
<b>INDEBTEDNESS OF DIRECTORS AND OFFICERS</b> .....	18
<b>INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS</b> .....	18
<b>INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON</b> .....	18
<b>CORPORATE GOVERNANCE PRACTICES</b> .....	18
Independence of Members of the Board .....	18
Board Oversight.....	18
Directorships in Other Reporting Issuers.....	19
Board Mandate .....	19

Position Descriptions .....	19
Orientation and Continuing Education .....	20
Ethical Business Conduct .....	20
Corporate Governance and Compensation Committee .....	21
Audit Committee .....	21
Reserves, Environment and Health and Safety Committee .....	21
Assessments.....	22
<b>AUDIT COMMITTEE .....</b>	<b>22</b>
Audit Committee Charter .....	22
Composition of the Audit Committee .....	23
Relevant Education and Experience .....	23
Audit Committee Oversight.....	24
Pre-Approval Policies and Procedures.....	24
External Auditor Service Fees (By Category).....	24
Reliance on Certain Exemptions .....	24
<b>ADDITIONAL INFORMATION .....</b>	<b>24</b>

**SCHEDULES**

- |              |   |                         |
|--------------|---|-------------------------|
| Schedule "A" | - | Stock Option Plan       |
| Schedule "B" | - | Board Mandate           |
| Schedule "C" | - | Audit Committee Charter |

**LYCOS ENERGY INC.**  
**NOTICE OF ANNUAL GENERAL MEETING**  
**OF THE HOLDERS OF COMMON SHARES**  
**TO BE HELD ON JUNE 5, 2024**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") in the capital of Lycos Energy Inc. (the "**Corporation**") will be held on Wednesday, June 5, 2024 at **Suite 1900, 215 – 2nd Street S.W., Calgary, Alberta, T2P 1M4** at 10:00 a.m. (Calgary time), for the following purposes:

1. to receive the financial statements for the fiscal year ended December 31, 2023 and the report of the auditors thereon;
2. to fix the number of directors to be elected at six (6);
3. to elect directors for the ensuing year;
4. to appoint the auditors of the Corporation to hold office until the next annual meeting of the Shareholders and authorize the directors to fix their remuneration;
5. to approve the amended and restated stock option plan of the Corporation, as described in the management information circular dated April 26, 2024 (the "**Information Circular**"); and
6. to transact such other business as may properly come before the meeting or any adjournments thereof.

Only Shareholders of record at the close of business on April 22, 2024 (the "**Record Date**") are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat, unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed share certificates or otherwise establishing that he or she owns such Common Shares, requests, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote such Common Shares, in which case such transferee shall be entitled to vote such Common Shares, as the case may be, at the Meeting.

Shareholders may vote in person at the Meeting or any adjournment or adjournments thereof, or they may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

**Registered Shareholders are requested to date and sign the enclosed form of proxy (the "Form of Proxy") and return it to the Corporation's transfer agent, Odyssey Trust Company. To be effective, the Form of Proxy must be mailed so as to reach or be deposited with Odyssey Trust Company, at Trader's Bank Building 702, 67 Yonge St., Toronto, Ontario, M5E 1J8, Attention: Proxy Department or by email at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof or may be accepted by the Chairperson of the Meeting at his or her discretion prior to the commencement of the Meeting. The Form of Proxy or other instrument used to appoint a proxy shall be executed by the registered Shareholder or its attorney, or if such registered Shareholder is a corporation, under the corporate seal, and executed by a director, officer or attorney thereof duly authorized. Alternatively, a registered Shareholder may complete its Form of Proxy online at <https://vote.odysseytrust.com> by following the instructions provided on the Form of Proxy.**

The Information Circular relating to the business to be conducted at the Meeting accompanies this Notice.

Calgary, Alberta

April 26, 2024

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Kevin Olson"*

**Kevin Olson**  
Chair of the Board

## LYCOS ENERGY INC.

### MANAGEMENT INFORMATION CIRCULAR

#### FOR THE ANNUAL GENERAL MEETING OF THE HOLDERS OF COMMON SHARES OF LYCOS ENERGY INC. TO BE HELD ON JUNE 5, 2024

Dated: April 26, 2024

#### PURPOSE OF SOLICITATION

This management information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Lycos Energy Inc. (the "Corporation") for use at the annual general meeting of the holders (the "Shareholders") of the common shares (the "Common Shares") in the capital of the Corporation to be held on Wednesday, June 5, 2024 at Suite 1900, 215 – 2nd Street S.W., Calgary, Alberta, T2P 1M4 at 10:00 a.m. (Calgary time), and any adjournment or adjournments thereof (the "Meeting") for the purposes set forth in the Notice of Annual General Meeting (the "Notice of Meeting") accompanying this Information Circular.

#### CURRENCY

All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

#### RECORD DATE

Only Shareholders of record as of the close of business on April 22, 2024 (the "Record Date") are entitled to notice of, and to attend and vote at, the Meeting except to the extent that:

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

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

#### PROXY INFORMATION

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

**The solicitation of proxies is made on behalf of the management of the Corporation.** The costs incurred in the preparation of the Form of Proxy, Notice of Meeting and this Information Circular and costs incurred in the solicitation of proxies will be borne by the Corporation. The Corporation is sending the securityholder materials directly to Registered Shareholders, and the Corporation will also provide the materials to brokers, custodians, nominees and other fiduciaries to forward them to non-objecting and objecting beneficial shareholders. Solicitation of proxies will be primarily by mail, but may also be in person, by telephone or by electronic means.

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

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

specified in the accompanying Notice of Meeting. The persons named in the enclosed Form of Proxy are Dave Burton, the President and Chief Executive Officer of the Corporation, and Lindsay Goos, the Chief Financial Officer and Vice President, Finance of the Corporation.

A proxy must be dated and signed by the Registered Shareholder or by his or her attorney authorized in writing or by the intermediary. In the case of a Registered Shareholder that is a corporation, the proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation with proof of authority accompanying the proxy. **IF YOUR COMMON SHARES ARE HELD BY YOUR BANK, TRUST COMPANY, SECURITIES BROKER, TRUSTEE OR OTHER FINANCIAL INSTITUTION (YOUR NOMINEE), YOU ARE MOST LIKELY A BENEFICIAL SHAREHOLDER OF THE COMMON SHARES AND SHOULD REFER TO "PROXY INFORMATION – ADVICE TO BENEFICIAL SHAREHOLDERS" FOR FURTHER INSTRUCTIONS ON HOW TO VOTE BY PROXY AT THE MEETING.**

Registered Shareholders are requested to date and sign the enclosed Form of Proxy and return it to: (i) the Corporation's transfer agent, Odyssey Trust Company, by mail at Trader's Bank Building 702, 67 Yonge St., Toronto, Ontario, M5E 1J8, Attention: Proxy Department or by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), no 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 or adjournments thereof; or (ii) the Chair of the Meeting on the day of the Meeting by email at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), prior to the commencement of the Meeting. Alternatively, Registered Shareholders may complete their proxies online at <https://vote.odysseytrust.com>, no 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 or adjournments thereof. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. If a proxy is not dated, it will be deemed to bear the date on which it was mailed by management of the Corporation.

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

#### ***Revocation of Proxies***

A Registered Shareholder or intermediary who has submitted a proxy may revoke it by instrument in writing executed by the Registered Shareholder or intermediary or his or her attorney authorized in writing, or, if the Registered Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited with: (i) the Corporation's transfer agent, Odyssey Trust Company, at Trader's Bank Building 702, 67 Yonge St., Toronto, Ontario, M5E 1J8, Attention: Proxy Department, no 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 or adjournments thereof; or (ii) the Chair of the Meeting on the day of the Meeting by email at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), prior to the commencement of the Meeting, and upon such deposit the previous proxy is revoked.

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

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

The Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come

before the Meeting. At the time of printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter. However, if any other matters which are not now known to management should properly come before the Meeting, the proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of the management nominees.

### **Advice to Beneficial Shareholders**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name ("Beneficial Shareholders"). You are most likely a Beneficial Shareholder if your bank, trust company, securities broker, trustee, or other financial institution (your nominee) holds your Common Shares in their name or the name of another intermediary.** Beneficial Shareholders should note that only proxies deposited by Registered Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares on the Record Date can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker or other intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker, an agent of that broker, or other intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). **Common Shares held by brokers or their agents or other nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for their clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate persons.**

Applicable regulatory policies require 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 to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is typically similar to the Form of Proxy provided to Registered Shareholders by the Corporation. However, the purpose of the broker's form of proxy is limited to instructing the Registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of a form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access the Internet to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting.**

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

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners or "**NOBOs**". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the



Corporation are referred to as objecting beneficial owners or "**OBOs**". The Corporation will not send its proxy-related materials directly to NOBOs under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"). However, the Corporation does intend to pay for secondary intermediaries to delivery proxy-related materials to OBOs. Broadridge is the approved intermediary for mailing proxy-related materials to Beneficial Shareholders (NOBOs and OBOs).

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

#### *Notice-and-Access*

The Corporation has elected to use the "notice-and-access" provisions under NI 54-101 for the Meeting. The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation will use procedures known as "stratification" in relation to the use of NI 54-101, meaning Beneficial Shareholders will be mailed a notification of availability of Meeting materials directing them to those websites where they can access the Information Circular and other relevant information (the "**Notice-and-Access Notification**"). If you receive the Notice-and-Access Notification and would like to receive a paper copy of the Information Circular and other relevant information, please follow the instructions printed on the Notice-and-Access Notification and the materials will be mailed to you. All materials will be forwarded to Shareholders at the Corporation's expense.

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

The Corporation is only providing paper copies of the Information Circular to registered Shareholders and those Beneficial Shareholders that have previously requested to receive paper materials.

Shareholders with questions about notice-and-access can call Odyssey Trust Company toll free at 1-888-290-1175.

In order to receive a paper copy of this Information Circular and other relevant information, requests by Shareholders may be made up to one year from the date the Information Circular was filed on SEDAR+ by contacting Odyssey Trust Company: (i) online at <https://odysseytrust.com/ca-en/help/>; or (ii) calling toll free at 1-888-290-1175. The Corporation estimates that a Shareholder's request for paper copies of the Information Circular and other relevant information will need to be received prior to May 23, 2024, in order for such Shareholder to have sufficient time to receive and review the materials requested and return the completed Form of Proxy by the due date set out under the heading "Completion of Proxies" in this Information Circular.

## INFORMATION CONCERNING THE CORPORATION

The Corporation was incorporated under the *Business Corporations Act* (Alberta) (the "**ABCA**") on May 8, 2006 as "Samoth Oilfield Inc." ("**Samoth**"). On December 12, 2022, the Corporation completed a business combination (the "**Business Combination**") with Chronos Resources Ltd. ("**Chronos**") and 2156735 Alberta Ltd. ("**AcquisitionCo**"), a wholly-owned subsidiary of the Corporation, pursuant to which Samoth: (a) appointed a new management team; (b) appointed a new board of directors; (c) acquired all of the issued and outstanding common shares of Chronos in exchange for Common Shares; (d) completed a name change from "Samoth Oilfield Inc." to "Lycos Energy Inc."; and (e) effected a share consolidation on the basis of one (1) post-consolidation Common Share for every eight (8) pre-consolidation Common Shares. Following the Business Combination, Chronos and AcquisitionCo amalgamated leaving the Corporation with a wholly-owned subsidiary named "Chronos Resources Ltd." On January 1, 2023, this subsidiary was vertically amalgamated with Lycos.

On February 28, 2023, Lycos purchased its former partner's equity interest in Chronos Duvernay Limited Partnership ("**CDLP**"). On May 1, 2023, Lycos completed a vertical amalgamation with CDLP, Chronos Duvernay GP Ltd., Chronos Duvernay Ltd., Chronos Duvernay MIS Ltd. and Chronos Duvernay Sub Co. Ltd. On September 1, 2023, Lycos amalgamated with Wyatt Resources Ltd. ("**Wyatt**") immediately following the acquisition of all of the issued and outstanding common shares of Wyatt by the Corporation. On October 16, 2023, Lycos amalgamated with Durham Creek Exploration Ltd. ("**DCEL**") immediately following the acquisition, by way of a court-approved plan of arrangement under the ABCA, of all the issued and outstanding common shares of DCEL by the Corporation.

As at December 31, 2023, and as at the date hereof, Lycos has no material subsidiaries.

The Corporation is a reporting issuer in all Provinces of Canada other than Québec, and the Corporation's Common Shares are listed on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "LCX".

The Corporation is governed by the ABCA. The head office of the Corporation is located at Suite 1900, 215 – 2nd Street SW, Calgary, Alberta, T2P 1M4 and the registered office of the Corporation is located at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

## NOTE ON COMMON SHARE CONSOLIDATIONS

The Corporation consolidated its Common Shares on December 12, 2022, on the basis of one (1) post-consolidation Common Share for every eight (8) pre-consolidation Common Shares, and on September 1, 2023, on the basis of one (1) post-consolidation Common Share for every eight (8) pre-Consolidation Common Shares. All references to the number of Common Shares and other securities of the Corporation and the prices thereto prior to the consolidation dates have been restated to reflect the consolidations. As a result, restated figures may be slightly greater than or less than their pre-consolidated equivalent due to rounding.

## COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares, and an unlimited number of preferred shares, issuable in series. As at the date hereof, there are 53,081,147 fully paid and non-assessable Common Shares issued and outstanding, and no preferred shares issued and outstanding. The holders of the Common Shares are entitled to receive notice of all meetings of Shareholders and to attend and vote the Common Shares at all such meetings. Each Common Share carries with it the right to one vote.

The bylaws of the Corporation provide that if two persons holding not less than 5% of the issued Common Shares entitled to vote are present in person or are represented by proxy, a quorum for the purposes of conducting a Shareholders' meeting is constituted.

The Registered Shareholders set forth in "*Record Date*", above, will be entitled to vote or have his, her or its Common Shares voted at the Meeting. However, a person appointed under a Form of Proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading "*Proxy Information – Completion of Proxies*".

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

Name	Number of Common Shares Held	Percentage of Total Issued and Outstanding Common Shares
Carbon Infrastructure Partners Corp. <sup>(1)(2)</sup> <i>Calgary, Alberta</i>	5,915,178	11.14%

**Note:**

- (1) The figure presented under "*Number of Common Shares Held*" includes 3,571,428 Common Shares held by CIP Energy Fund 1-A LP and 2,343,750 Common Shares held by JOG Limited Partnership No. VI, which entities are controlled by Carbon Infrastructure Partners Corp.
- (2) Mr. Kel Johnston, a director of the Corporation, is the technical advisor to Carbon Infrastructure Partners Corp.

### MATTERS TO BE ACTED UPON

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

- (a) by ordinary resolution, to fix the board of directors of the Corporation (the "**Board**") at six (6) members;
- (b) by ordinary resolution, to elect the directors of the Corporation;
- (c) by ordinary resolution, to appoint auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
- (d) by ordinary resolution, to approve the Corporation's amended and restated stock option plan (the "**Stock Option Plan**") for the ensuing year; and
- (e) to transact such other business as may properly come before the Meeting or any adjournments thereof.

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

### FIXING NUMBER OF DIRECTORS

At the Meeting, it is proposed that the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles of the Corporation, be set at six (6).

**In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote the Common Shares represented thereby in favour of setting the number of directors to be elected at the Meeting at six (6).**

### ELECTION OF DIRECTORS

Action is to be taken at the Meeting with respect to the election of directors. The Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors, the nominees whose names are set forth in the table below. Voting for the election of nominees will be conducted on an individual, and not on a slate, basis. Each nominee elected will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed, unless his office is vacated earlier in accordance with the Corporation's articles.

The Corporation is required by applicable corporate and securities legislation to have an Audit Committee comprised of members of the Board that are considered "financially literate" and a majority of which are considered "independent", as such terms are defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Corporation has also established a Corporate Governance and Compensation Committee and a Reserves, Environment and Health and Safety Committee, each comprised of members of the

Board. Please see the discussion under the heading "*Corporate Governance Practices*". The present members of the Audit Committee, the Corporate Governance and Compensation Committee and the Reserves, Environment and Health and Safety Committee of the Board are identified in the table below.

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

Name and Residence	Positions Presently Held	Director Since <sup>(1)</sup>	Principal Occupation for Previous Five Years	Number and Percentage of Common Shares Beneficially Owned or Over Which Control or Direction, Directly or Indirectly, is Exercised
<b>David Burton</b> <i>Calgary, Alberta</i>	Director, President and Chief Executive Officer	December 12, 2022	President and Chief Executive Officer of the Corporation (formerly Chronos) since 2022. Prior to founding Chronos, Mr. Burton was a co-founder at Raging River Exploration Inc. (" <b>Raging River</b> ") and Wild Stream Exploration Inc. (" <b>Wild Stream</b> ").	1,563,906 (2.95%)
<b>Kevin Olson</b> <sup>(2)(3)(4)</sup> <i>Calgary, Alberta</i>	Director and Chairperson	December 12, 2022	Mr. Olson is currently a director of Headwater Exploration Inc. (" <b>Headwater</b> "). Mr. Olson is a former board member of Raging River and Wild Stream, Wild River Resources Inc. (" <b>Wild River</b> ") and Prairie Schooner Petroleum Ltd.	891,728 (1.68%)
<b>Ali Horvath</b> <sup>(3)(4)</sup> <i>Calgary, Alberta</i>	Director	December 12, 2022	Ms. Horvath is a Chartered Professional Accountant and the Vice President, Finance and Chief Financial Officer of Headwater. Ms. Horvath was previously a founder and the Controller of Raging River and prior thereto was a Senior Financial Accountant with Wild Stream.	136,959 (0.26%)
<b>Kel Johnston</b> <sup>(2)(3)</sup> <i>Calgary, Alberta</i>	Director	December 12, 2022	Mr. Johnston is currently CEO of Wylander Crude Corp, a firm that provides consultancy services to numerous oil and gas and private equity clients in Canada and the USA. He is also a Technical Advisor to Carbon Infrastructure Partners.	5,915,178 <sup>(5)</sup> (11.14%)
<b>Bruce Beynon</b> <sup>(2)</sup> <i>Calgary, Alberta</i>	Director	December 12, 2022	Mr. Beynon is currently the Vice President, Light Oil at Athabasca Oil Corp. Before assuming the role with Athabasca, in December 2023, Mr. Beynon was the President of Tiburon Exploration Corp., a private consulting company. Prior thereto, Mr. Beynon was Executive Vice President, Exploration and Corporate Development at Baytex Energy Corp. Prior to the merger between Baytex and Raging River, Mr. Beynon held several positions with Raging River including President, Executive Vice President and Vice President, Exploration.	274,439 (0.52%)
<b>Geri Greenall</b> <sup>(4)</sup> <i>Calgary, Alberta</i>	Director	June 14, 2023	Ms. Greenall was Chief Financial Officer of Spartan from December 19, 2019 to December 2023. Prior thereto Ms. Greenall co-founded and was a Portfolio Manager and Chief Financial Officer at Camber Capital, a fund manager offering private client and institutional fund management services, from May 2011 to December 2019. Ms. Greenall is a former Lead Independent Director of Kelt Exploration.	96,650 (0.18%)

**Notes:**

- (1) All directors of the Corporation are elected to hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed, unless his or her office is vacated earlier in accordance with the Corporation's articles.
- (2) As of the date hereof, Messrs. Bruce Beynon (Chair), Kevin Olson, and Kel Johnston form Lycos's Reserves, Health, Safety and Environment Committee.
- (3) As of the date hereof, Messrs. Kel Johnston (Chair), Kevin Olson, and Ms. Ali Horvath form Lycos's Corporate Governance and Compensation Committee.
- (4) As of the date hereof, Mses. Ali Horvath (Chair) and Geri Greenall and Mr. Kevin Olson form Lycos's Audit Committee.
- (5) Mr. Johnston is the technical advisor to Carbon Infrastructure Partners Corp., which owns, directly or indirectly, or exercises control or direction over an aggregate of 5,915,178 Common Shares (representing approximately 11.14% of the Common Shares issued and outstanding as at the date hereof). For more details, please see "*Common Shares and Principal Holders Thereof*" above.

**Corporate Cease Trade Orders**

To the knowledge of management of the Corporation, none of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order (as defined below) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) 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.

For the purposes of the above section, "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effective for a period of more than 30 consecutive days.

**Bankruptcies**

To the knowledge of management of the Corporation, none of the above proposed directors are, or within 10 years prior to the date of this Information Circular have been, a director or executive officer of any company that, while 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.

**Personal Bankruptcies**

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

**Penalties and Sanctions**

To the knowledge of management of the Corporation, none of the above proposed directors have been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or have entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

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

## APPOINTMENT OF AUDITORS

The Shareholders will be asked to pass an ordinary resolution at the Meeting to appoint KPMG LLP ("**KPMG**") as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders, at such remuneration to be determined by the Board.

On February 24, 2023, in connection with the Business Combination, Crowe Mackay LLP (the "**Former Auditor**") resigned as auditors of the Corporation. There was no "reportable event" between the Corporation and the Former Auditor and no qualified opinion or denial of opinion by the Former Auditor within the meaning of National Instrument 51-102 – Continuous Disclosure Obligations ("**NI 51-102**"). On February 24, 2023, the Board approved the appointment of KPMG as successor auditors to fill the vacancy created by the Former Auditor. KPMG was first appointed as the auditor of Chronos, predecessor to the Corporation, on October 28, 2015. Additional documents related to the change of auditor, being the change of auditor notice and the acknowledgements of that notice by the Former Auditor and KPMG are available on the Corporation's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

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

## ANNUAL APPROVAL OF STOCK OPTION PLAN

The TSXV requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan. The Corporation's Stock Option Plan was last approved by Shareholders at the Corporation's previous annual general meeting held on June 15, 2023. The Board adopted certain housekeeping amendments to the Stock Option Plan effective April 26, 2024, to ensure compliance with TSX-V policies.

Shareholders will be asked at the Meeting to vote on a resolution to approve the Stock Option Plan for the ensuing year. The full text of the Stock Option Plan is attached hereto as Schedule "A". For a discussion of the terms of the Stock Option Plan, see "*Executive Compensation – Stock Option Plan*" in this Information Circular.

The Board believes that the passing of the below resolution is in the best interests of the Corporation and recommends that Shareholders vote in favour of the resolution. At the Meeting, the Shareholders will be asked to approve the following ordinary resolution:

### "BE IT RESOLVED THAT:

1. the amended and restated stock option plan (the "**Stock Option Plan**"), substantially in the form attached as Schedule "A" to the management information circular of the Corporation dated April 26, 2024, be and is hereby ratified and approved as the stock option plan of the Corporation;
2. the number of common shares of the Corporation reserved for issuance under the Stock Option Plan, and all other security-based compensation plans, shall be no more than 10% of the Corporation's issued and outstanding common shares from time to time;
3. the form of Stock Option Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation; and
4. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

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

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

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

## **STATEMENT OF EXECUTIVE COMPENSATION**

Pursuant to NI 51-102, the Corporation is required to disclose certain information with respect to its compensation of executive officers and directors, as summarized below.

### ***General***

For the purpose of this statement of executive compensation, a "**CEO**" or "**CFO**" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity during the most recently completed financial year. A "**Named Executive Officer**" or "**NEO**" means: (a) each individual who, during any part of the most recently completed financial year, served as CEO; (b) each individual who, during any part of the most recently completed financial year, served as CFO; and (c) the Corporation's most highly compensated officer other than the CEO and CFO, who was serving as an officer at the end of the most recently completed financial year and whose total compensation was more than \$150,000.

Based on the foregoing definitions, the Corporation's Named Executive Officers in respect of the year ended December 31, 2023 were: Dave Burton, Director, President and CEO; Lindsay Goos, CFO and Vice-President Finance; and Kyle Boon, Chief Operating Officer ("**COO**").

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

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

The Corporate Governance and Compensation Committee, on behalf of the Board, monitors compensation for the executive officers and directors of the Corporation and is currently comprised of Kel Johnston (Chair), Ali Horvath and Kevin Olson. The Corporate Governance and Compensation Committee has the authority to engage and compensate, at the expense of the Corporation, any outside advisor that it determines to be necessary to permit it to carry out its duties, but it did not retain any such outside advisors in the financial year ended December 31, 2023.

### ***Compensation Process***

The Corporate Governance and Compensation Committee relies on the knowledge and experience of its members to set appropriate levels of compensation for the directors and NEOs. When determining NEO compensation, the Corporate Governance and Compensation Committee uses all data available to it to ensure that such compensation is set at a level that is both commensurate with the size of the Corporation, responsibilities of the particular NEO and retention of the NEOs who are considered by the Corporate Governance and Compensation Committee to be essential to the success of the Corporation. Although it does review comparative data, the Corporate Governance and Compensation Committee does not currently engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level and does not formally compare its compensation to a specific peer group of companies.

The Corporate Governance and Compensation Committee reviews the various elements of the NEOs' compensation in the context of the total compensation package (including salary, bonuses and Options) and

recommends the NEOs' compensation packages to the Board. In determining whether and how many Options will be granted, the Corporation does not use any formal objectives, criteria or analysis in reaching such determinations; however, consideration is given to the amount and terms of outstanding Options relative to the NEO's contribution to the success of the Corporation.

### ***Elements of Executive Compensation***

The Corporation's executive compensation program consists of a combination of the following significant elements: (i) base salary; (ii) the payment of bonuses where appropriate, at the discretion of the Board; and (iii) participation in the Stock Option Plan. These elements contain both short-term incentives, comprised of cash payments, being those provided by way of base salaries and bonuses, as well as long-term incentives, comprised of equity-based incentives, being those provided under the Stock Option Plan. Extended health care, dental and insurance benefits and the right to participate in the Stock Option Plan are provided to all employees, including the NEOs.

As at the year ended December 31, 2023, the significant elements of compensation awarded to the NEOs were cash salary, bonus and Options.

The Board reviews annually the total compensation package of each of the Corporation's executives on an individual basis, against the backdrop of the compensation goals and objectives described above.

#### ***Cash Salary and Bonus***

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

#### ***Options***

As part of the long-term component to the executive compensation program, executive officers of the Corporation are eligible to receive Options. The maximization of shareholder value is encouraged by granting Options since it provides an incentive to eligible persons to further the development, growth and profitability of the Corporation. Consideration will be given to granting Options amongst the various organizational levels of management, including directors, officers, employees and certain consultants. The CEO makes recommendations to the Board for the NEO's, employees and certain consultants. These recommendations are to take into account factors such as awards made in previous years, the number of Options outstanding per individual and the level of responsibility. The Board, as a whole, determines the Options to be issued to the CEO.

### ***Elements of Director Compensation***

The Corporation's directors do not have service contracts with respect to their roles as directors and are not provided with cash remuneration for their service to the Corporation as directors. All directors are reimbursed for reasonable expenses incurred by them in their capacity as directors, including travel and other out of pocket expenses incurred in connection with meetings of the Board or any committee of the Board. In addition, the directors are entitled to participate in the Stock Option Plan. The Board annually reviews the Corporation's approach to director compensation, generally, against the backdrop of the compensation goals and objectives described above.



## Summary Compensation Table

NI 51-102 requires the disclosure of the compensation received by each NEO and director of the Corporation for each of the two most recently completed financial years.

Name and Position	Year	Salary, Consulting Fees, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$) <sup>(8)</sup>
<b>Dave Burton</b> <sup>(1)(2)(6)(7)(8)</sup> <i>President and CEO</i>	2023	225,000	250,000	--	--	2,500	477,500
	2022	11,029	11,712	--	--	--	22,741
<b>Lindsay Goos</b> <sup>(1)(6)(7)(8)</sup> <i>CFO and VP, Finance</i>	2023	215,000	230,000	--	--	2,500	447,500
	2022	10,539	11,192	--	--	--	21,731
<b>Kyle Boon</b> <sup>(1)(6)(7)(8)</sup> <i>COO</i>	2023	215,000	230,000	--	--	2,500	447,500
	2022	10,509	11,192	--	--	--	21,701
<b>Kevin Olson</b> <sup>(2)</sup> <i>Director</i>	2023	--	--	--	--	--	--
	2022	--	--	--	--	--	--
<b>Ali Horvath</b> <sup>(2)</sup> <i>Director</i>	2023	--	--	--	--	--	--
	2022	--	--	--	--	--	--
<b>Kel Johnston</b> <sup>(2)</sup> <i>Director</i>	2023	--	--	--	--	--	--
	2022	--	--	--	--	--	--
<b>Bruce Beynon</b> <sup>(2)</sup> <i>Director</i>	2023	--	--	--	--	--	--
	2022	--	--	--	--	--	--
<b>Geri Greenall</b> <sup>(3)</sup> <i>Director</i>	2023	--	--	--	--	--	--
	2022	--	--	--	--	--	--
Former <b>Ian Atkinson</b> <sup>(2)(4)</sup> <i>Director</i>	2023	--	--	--	--	--	--
	2022	--	--	--	--	--	--
Former <b>Don Cowie</b> <sup>(2)(5)</sup> <i>Director</i>	2023	--	--	--	--	--	--
	2022	--	--	--	--	--	--

### Notes:

- (1) In connection with the closing of the Business Combination on December 12, 2022, Mr. Burton was appointed as President, CEO and Director of the Corporation; Ms. Goos was appointed as CFO and VP, Finance of the Corporation; and Mr. Boon was appointed as VP, Operations of the Corporation. On April 3, 2023, Mr. Boon was promoted to Chief Operating Officer of the Corporation.
- (2) Messrs. Olson, Burton, Beynon, Atkinson, Johnston, Cowie and Ms. Horvath were appointed directors on December 12, 2022 in connection with the Business Combination and were not paid any compensation for the 19 days they were on the Board in 2022.
- (3) Ms. Greenall was elected to the Corporation's Board of Directors on June 14, 2023.
- (4) Mr. Atkinson ceased to hold office as director on November 22, 2023.
- (5) Mr. Cowie ceased to hold office as director on June 14, 2023.
- (6) The amount disclosed under "Salary, Consulting Fees, Retainer or Commission" for the 2022 financial year includes the amount paid to such individuals from their appointment to such positions with the Corporation on December 12, 2022 until December 31, 2022. For their role with Chronos from January 1, 2022 until December 12, 2022, the following amounts were earned: (a) \$200,846 for Mr. Burton; (b) \$191,919 for Ms. Goos; and (c) \$191,365 for Mr. Boon.
- (7) The Corporation authorized compensation by way of cash bonuses to the executive team following the Business Combination in the amounts set forth in the column titled "Bonus". The amount disclosed under "Bonus" for the 2022 financial year includes the amount paid to such individuals from appointment to their respective roles with the Corporation on December 12, 2022 until December 31, 2022. For their role with Chronos from January 1, 2022 until December 12, 2022, the following bonus compensation was earned by the NEOs: (a) \$213,288 for Mr. Burton; (b) \$203,808 for Ms. Goos; and (c) \$203,808 for Mr. Boon.
- (8) The value of all other compensation received by the NEOs include health and wellness benefits provided to the NEOs that are not generally available to all employees.

## Stock Options and Other Compensation Securities

The following table and notes thereto provide a summary of the compensation securities (as such term is defined in Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) granted or issued by the Corporation to the NEOs and directors of the Corporation during the financial year ended December 31, 2023 for services provided or to be provided, directly or indirectly, to the Corporation:

Name and Position(s)	Type of compensation security <sup>(1)</sup>	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
<b>Dave Burton</b> <sup>(2)(3)</sup> <i>President and CEO</i>	Options	312,500 310,000	January 25, 2023 October 30, 2023	4.40 3.75	4.40 3.75	3.30 3.30	January 25, 2028 October 30, 2028
<b>Lindsay Goos</b> <sup>(2)</sup> <i>CFO and VP, Finance</i>	Options	287,500 290,000	January 25, 2023 October 30, 2023	4.40 3.75	4.40 3.75	3.30 3.30	January 25, 2028 October 30, 2028
<b>Kyle Boon</b> <sup>(2)</sup> <i>COO</i>	Options	287,500 290,000	January 25, 2023 October 30, 2023	4.40 3.75	4.40 3.75	3.30 3.30	January 25, 2028 October 30, 2028
<b>Kevin Olson</b> <sup>(3)</sup> <i>Director</i>	Options	37,500 7,500	January 25, 2023 October 30, 2023	4.40 3.75	4.40 3.75	3.30 3.30	January 25, 2028 October 30, 2028
<b>Ali Horvath</b> <sup>(3)</sup> <i>Director</i>	Options	37,500 7,500	January 25, 2023 October 30, 2023	4.40 3.75	4.40 3.75	3.30 3.30	January 25, 2028 October 30, 2028
<b>Kel Johnston</b> <sup>(3)</sup> <i>Director</i>	Options	37,500 7,500	January 25, 2023 October 30, 2023	4.40 3.75	4.40 3.75	3.30 3.30	January 25, 2028 October 30, 2028
<b>Bruce Beynon</b> <sup>(3)</sup> <i>Director</i>	Options	37,500 7,500	January 25, 2023 October 30, 2023	4.40 3.75	4.40 3.75	3.30 3.30	January 25, 2028 October 30, 2028
<b>Geri Greenall</b> <sup>(3)</sup> <i>Director</i>	Options	37,500 7,500	August 24, 2023 October 30, 2023	3.68 3.75	3.68 3.75	3.30 3.30	August 24, 2028 October 30, 2028
Former <b>Ian Atkinson</b> <sup>(4)</sup> <i>Director</i>	Options	37,500	August 24, 2023	4.40	4.40	3.30	November 22, 2023
Former <b>Don Cowie</b> <sup>(5)</sup> <i>Director</i>	Options	37,500	August 24, 2023	4.40	4.40	3.30	June 14, 2023

### Notes:

- (1) Pursuant to the Option Plan, the Board has the discretion to determine the time during which Options shall vest and the method of vesting, or to determine that no vesting restrictions shall exist.
- (2) In connection with the closing of the Business Combination on December 12, 2022, Mr. Burton was appointed as President, CEO and Director of the Corporation, Ms. Goos was appointed as CFO and VP, Finance of the Corporation and Mr. Boon was appointed as VP, Operations of the Corporation. On April 3, 2023, Mr. Boon was promoted to Chief Operating Officer of the Corporation.
- (3) Messrs. Olson, Atkinson, Johnston, Beynon, Cowie and Ms. Horvath were appointed directors on December 12, 2022 in connection with the Business Combination and were not paid any compensation for the 19 days they were on the Board in 2022. Ms. Greenall was elected to the Corporation's Board on June 14, 2023. On January 25, 2023, directors of the Corporation were issued in aggregate of 225,000 Options, vesting as to one-third (1/3) on January 25, 2024, one-third (1/3) on January 25, 2025, and the final one-third (1/3) on January 25, 2026, with an exercise price of \$4.40 per Option and an expiration date of January 25, 2028. On August 24, 2023, a director of the Corporation was issued an additional 7,500 Options, vesting as to one-third (1/3) on August 24, 2024, one-third (1/3) on August 24, 2025, and the final one-third (1/3) on August 24, 2026, with an exercise price of \$3.68 per Option and an expiration date of August 24, 2028. On October 30, 2023, the directors of the Corporation were issued an additional 37,500 Options in aggregate, vesting as to one-third (1/3) on October 30, 2024, one-third (1/3) on October 30, 2025, and the final one-third (1/3) on October 30, 2026, with an exercise price of \$3.75 per Option and an expiration date of October 30, 2028.
- (4) Mr. Atkinson ceased to hold office as director on November 22, 2023. All options issued to Mr. Atkinson were unvested and forfeited on the date of resignation.
- (5) Mr. Cowie ceased to hold office as director on June 14, 2023. All options issued to Mr. Cowie were unvested and forfeited on the date of resignation.

## Exercise of Compensation Securities

The following table and notes thereto provide a summary of the exercise of compensation securities by NEOs and directors of the Corporation during the financial year ended December 31, 2023:

Name and Position(s)	Type of compensation security <sup>(1)</sup>	Number of underlying securities exercised	Exercise Price per Security (\$)	Date of Exercise	Closing price of security or underlying security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<b>Dave Burton</b> <sup>(2)(3)</sup> <i>President and CEO</i>	Options	--	--	--	--	--	--
<b>Lindsay Goos</b> <sup>(2)</sup> <i>CFO and VP, Finance</i>	Options	--	--	--	--	--	--
<b>Kyle Boon</b> <sup>(2)</sup> <i>COO</i>	Options	--	--	--	--	--	--
<b>Kevin Olson</b> <sup>(3)</sup> <i>Director</i>	Options	--	--	--	--	--	--
<b>Ali Horvath</b> <sup>(3)</sup> <i>Director</i>	Options	--	--	--	--	--	--
<b>Kel Johnston</b> <sup>(3)</sup> <i>Director</i>	Options	--	--	--	--	--	--
<b>Bruce Beynon</b> <sup>(3)</sup> <i>Director</i>	Options	--	--	--	--	--	--
<b>Geri Greenall</b> <sup>(3)</sup> <i>Director</i>	Options	--	--	--	--	--	--
Former <b>Ian Atkinson</b> <sup>(4)</sup> <i>Director</i>	Options	--	--	--	--	--	--
Former <b>Don Cowie</b> <sup>(5)</sup> <i>Director</i>	Options	--	--	--	--	--	--

### Notes:

- (1) Pursuant to the Option Plan, the Board has the discretion to determine the time during which Options shall vest and the method of vesting, or to determine that no vesting restrictions shall exist.
- (2) In connection with the closing of the Business Combination on December 12, 2022, Mr. Burton was appointed as President, CEO and Director of the Corporation, Ms. Goos was appointed as CFO and VP, Finance of the Corporation and Mr. Boon was appointed as VP, Operations of the Corporation. On April 3, 2023, Mr. Boon was promoted to Chief Operating Officer of the Corporation.
- (3) Messrs. Olson, Atkinson, Johnston, Beynon and Ms. Horvath were appointed directors on December 12, 2022 in connection with the Business Combination and were not paid any compensation for the 19 days they were on the Board in 2022. Ms. Greenall was elected to the Corporation's Board on June 14, 2023.
- (4) Mr. Atkinson ceased to hold office as director on November 22, 2023.
- (5) Mr. Cowie ceased to hold office as director on June 14, 2023.

## Stock Option Plan

Key to the Corporation's long-term incentive compensation program is the Stock Option Plan. The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging the participants under the plan to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentives in their efforts on behalf of the Corporation in the conduct of its affairs.

The Stock Option Plan was last approved by Shareholders on June 15, 2023. The Board recently adopted certain housekeeping amendments to the Stock Option Plan, effective April 26, 2024, to ensure compliance with TSX-V policies. The amendments clarify that: (a) prior TSX-V acceptance is required to provide a loan for participants under the plan to acquire securities of the Corporation; (b) certain limits to the amounts issuable under the Stock Option Plan apply in respect of the number of Common Shares issued and outstanding *at any point in time*; and (c) certain amendments to the Stock Option Plan require disinterested Shareholder and TSX-V approval. A summary

of the Stock Option Plan is provided below. Shareholders are encouraged to review the full text of the Stock Option Plan, a copy of which is attached hereto as Schedule "A".

#### *Eligibility and Participation*

Directors, officers, employees and consultants of the Corporation or its subsidiaries or affiliates (such persons hereinafter collectively referred to as "**Participants**"). The Board, or a delegated committee of the Board, shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option.

#### *Limitations & Amendments*

The Stock Option Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The aggregate number of Common Shares which may be reserved for issuance under the Stock Option Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares, subject to the following limitations:

- (a) the maximum aggregate number of Common Shares are issuable to any one Participant pursuant to all Options granted or issued in any twelve (12) month period, together with all other security-based compensation arrangements of the Corporation, must not exceed 5% of the then outstanding Shares (on a non-diluted basis);
- (b) the maximum aggregate number of Common Shares are issuable pursuant to all Options granted or issued in any twelve (12) month period to Insiders (as such term is defined in the Stock Option Plan) under the Stock Option Plan must not exceed 10% of the outstanding Common Shares (on a non-diluted basis) at any point in time, together with all other security-based compensation arrangements of the Corporation;
- (c) the maximum aggregate number of Common Shares issuable to Insiders within any twelve (12) month period, under all security-based compensation arrangements of the Corporation, cannot exceed 10% of the issued and outstanding Shares (on a non-diluted basis) at any point in time;
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve (12) month period to any one consultant of the Corporation or any of its subsidiaries; and
- (e) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares of the Corporation in any twelve (12) month period to all Participants participating in investor relations activities. Options granted to Participants participating in investor relations activities will contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than 1/4 of the Options vesting in any three (3) month period and any acceleration of vesting of Options held by Participants participating in investor relations activities shall be subject to prior acceptance by the TSXV.

The number of Common Shares subject to an Option granted to a participant shall be determined by the Board, or a delegated committee thereunder, but no participant shall be granted an Option which exceeds the maximum number of Common Shares permitted by the TSXV.

The Board has the absolute discretion to amend or terminate the Stock Option Plan. However, the following amendments to the Stock Option Plan would be subject to disinterested Shareholder and TSXV approval:

- (a) reduce the exercise price of an Option held by an Insider of the Corporation;
- (b) extend the expiry date of an Option held by an Insider of the corporation (subject to such date being extended in respect of a blackout period);

- (c) amend the limitations on the maximum number of Common Shares reserved or issued to Insiders;
- (d) increase the maximum number of Common Shares issuable pursuant to the Stock Option Plan; or
- (e) amend any of the amendment provisions of the Stock Option Plan.

#### *Exercise Price*

The exercise price of the Common Shares subject to each option shall be determined by the Board when such Option is granted, provided that such price shall not be less than the exercise price permitted by the TSXV.

#### *Duration of Option*

Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination by ceasing to be a director, officer, employee or consultant or by death of the Participant, provided that in no circumstances shall the duration of an option exceed the ten (10) years from the date of the grant of the Option.

The Stock Option Plan does not confer upon a Participant any right with respect to continuation of employment by the Corporation, nor does it interfere in any way with the right of the Participant or the Corporation to terminate the Participant's employment at any time. Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation. A Participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to any Option which would have vested or been granted after the Termination Date (as such term is defined in the Stock Option Plan), or which could have been exercised after the Termination Date, including but not limited to damages in lieu of notice at common law.

Should the expiry date of an Option fall within a Black Out Period or within 10 business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the 10<sup>th</sup> business day after the end of the Black Out Period, such 10<sup>th</sup> business day to be considered the expiry date for such Option for all purposes under the Stock Option Plan. The ten-business day period referred to in this paragraph may not be extended by the Board. "**Black Out Period**" for the purposes of the Stock Option Plan means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option.

#### *Vesting Period*

The vesting period or periods within this period during which an Option or a portion thereof may be exercised by a Participant shall be determined by the Board. Further, the Board may, in its sole discretion at any time or in the option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted. In the case of options granted on February 29<sup>th</sup> of any year, the "anniversary date" shall be deemed to be February 28<sup>th</sup> of each of the subsequent years.

#### *Outstanding Options*

As of December 31, 2023, there were 5,308,115 Common Shares reserved for issuance pursuant to the Stock Option Plan.

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

Following the completion of the Business Combination on December 12, 2022, the Corporation adopted the employment agreements of Chronos, as a predecessor to the Corporation, with each of the current NEOs (the "**Current NEOs**"): (a) Mr. Dave Burton as President and Chief Executive Officer; (b) Ms. Lindsay Goos as Vice President, Finance and Chief Financial Officer; and (c) Mr. Kyle Boon as Chief Operating Officer (formerly Vice

President, Operations). An overview of the employment agreements entered into between the Corporation and each of the Current NEOs is provided below.

Name & Position	Severance <sup>(1)(2)</sup>
<b>Dave Burton</b> <sup>(3)</sup> <i>President &amp; CEO</i>	pro-rata annual base salary earned for services rendered up to and including the termination date + declared but unpaid bonuses, accrued and unused vacation, and reimbursable expenses owing up to and including the termination date + 1.5x annual base salary + 20% of annual base salary for the loss of bonus and benefit entitlement
<b>Lindsay Goos</b> <sup>(4)</sup> <i>VP, Finance &amp; CFO</i>  <i>and</i> <b>Kyle Boon</b> <sup>(5)</sup> <i>COO</i>	pro-rata annual base salary earned for services rendered up to and including the termination date + declared but unpaid bonuses, accrued and unused vacation, and reimbursable expenses owing up to and including the termination date + 1.0x annual base salary + 20% of annual base salary for the loss of bonus and benefit entitlement

**Notes:**

- (1) Pursuant to the Current NEO employment agreements, severance is payable in the event of termination for any reason other than just cause, or if in the event of a change of control there is an event that constitutes good reason following which the executive provides the Corporation with written notice of the good reason and provides the Corporation with at least 30 days to effect a cure. In the event the Corporation does not cure the good reason, the executive shall have 30 days after the end of the cure period to resign for good cause and be entitled to the severance set forth above.
- (2) In addition to severance payable under the Current NEO employment agreements, in the case of termination of an executive, such individual's entitlements to their vested Options will terminate at 4:00 p.m. (Calgary time) on the earlier of the date of expiration of the Options and thirty (30) days after the termination date in accordance with the terms of the Option Plan. Participants under the Option Plan have no entitlement to damages or other compensation arising from, in lieu of, or related to not receiving any Option which would have vested or been granted after the relevant termination date. For more details, please see "Statement of Executive Compensation – Stock Option Plan".
- (3) Mr. Burton's annual 2023 base salary is equal to \$225,000.
- (4) Ms. Goos' annual 2023 base salary is equal to \$215,000.
- (5) Mr. Boon's annual 2023 base salary is equal to \$215,000, and Mr. Boon was promoted to Chief Operating Officer of the Corporation effective April 3, 2023.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to compensation plans under which equity securities are authorized for issuance as at December 31, 2023, aggregated for all compensation plans previously approved by the Shareholders and all compensation plans not previously approved by the Shareholders:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup> (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) <sup>(2)</sup>
Equity Compensation Plans Approved by Securityholders <sup>(3)</sup>	3,716,250	4.07	4.07
Equity Compensation Plans Not Approved by Securityholders	NIL	NIL	NIL
<b>Total</b>	<b>3,716,250</b>	<b>4.07</b>	<b>4.07</b>

**Notes:**

- (1) The Corporation granted: (a) 1,991,875 Options to certain directors, officers and non-executive employees of the Corporation on January 25, 2023, with an exercise price of \$4.40 per Common Share, of which 95,525 Options have subsequently been forfeited; (b) 142,500 Options to certain employees of the Corporation on May 15, 2023, with an exercise price of \$3.60 per Common Share; (c) 51,250 Options to certain employees and a newly appointed director on August 24, 2023, with an exercise price of \$3.68 per Common Share; and (d) 1,626,250 Options to certain directors, officers and non-executive employees of the Corporation on October 30, 2023, with an exercise price of \$3.75 per Common Share.

- (2) The number of securities remaining available for future issuance under the Corporation's Option Plan is equal to the difference between 5,308,115, representing 10% of the number of Common Shares issued and outstanding as of the date hereof, and 3,716,250 being the number of Options granted under the Option Plan prior to the date hereof.
- (3) The Option Plan is the only equity compensation plan adopted by the Corporation.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

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

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

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

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

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

## **CORPORATE GOVERNANCE PRACTICES**

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"), issuers are to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to NI 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

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

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

The Board currently consists of six (6) directors, five (5) of whom are independent based upon the tests for independence set forth in NI 52-110. Mr. Burton is not independent by virtue of serving as President and Chief Executive Officer of the Corporation.

### ***Board Oversight***

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

## **Directorships in Other Reporting Issuers**

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

<b>Name of Director</b>	<b>Reporting Issuer</b>
Kevin Olson (Chair)	Headwater Exploration Inc. (TSX)
Bruce Beynon	Southern Energy Corp. (TSXV)
Geri Greenall	Logan Energy Corp. (TSXV)

## **Board Mandate**

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

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

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

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

## **Position Descriptions**

The Board has developed a written position description for the Chair of the Board and the Chief Executive Officer of the Corporation, along with the Chair of the Audit Committee, the Chair of the Corporate Governance and Compensation Committee, and the Chair of the Reserves, Environment and Health and Safety Committee.

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



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

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

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

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

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

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

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

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. Interested Shareholders may obtain a copy of the Code upon request (free of charge) by contacting the Corporation at Suite 1900, 215 – 2nd Street S.W., Calgary, Alberta, T2P 1M4, or by accessing the Corporation's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

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

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

## **Corporate Governance and Compensation Committee**

The Board has established a Corporate Governance and Compensation Committee. The members of the Corporate Governance and Compensation Committee are Messrs. Johnston and Olson and Ms. Horvath. Mr. Johnston is the Chair of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee is comprised entirely of independent members of the Board, and the Board has adopted a written charter setting forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Corporate Governance and Compensation Committee meets at least twice annually and otherwise as requested by the Board or considered desirable by the Chair of the Corporate Governance and Compensation Committee.

The members of the Corporate Governance and Compensation Committee have the responsibility for determining compensation for the directors, officers, employees and consultants of the Corporation. Please see the discussion under the heading "*Executive Compensation*". The Corporation's Corporate Governance and Compensation Committee reviews and makes recommendations to the Board concerning the compensation of the Corporation's directors, officers and employees, which includes the review of the Corporation's executive compensation and other human resource philosophies and policies, the review and administration of the Corporation's bonuses, Options, and the review of and recommendations regarding the performance of the Chief Executive Officer of the Corporation and preparing and submitting a report for inclusion in annual continuous disclosure documents as required.

The Corporate Governance and Compensation Committee also has responsibility for identifying potential Board candidates and for assessing current directors on an ongoing basis. The Corporate Governance and Compensation Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The written charter of the Corporate Governance and Compensation Committee includes considering and recommending candidates to fill new positions on the Board, reviewing candidates recommended by Shareholders, conducting inquiries into the backgrounds and qualifications of candidates, recommending the director nominees for approval by the Board and the Shareholders, considering conflicts of interests, recommending members and chairs of the committees, reviewing the performance of directors and the Board, establishing director retirement policies and establishing and implementing an orientation and education program for new members of the Board. The Corporate Governance and Compensation Committee is also responsible for the Corporation's response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities. The Corporate Governance and Compensation Committee also establishes a process for direct communications with Shareholders and other stakeholders, including through the Corporation's whistleblower policy.

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

## **Audit Committee**

See "*Audit Committee*", below.

## **Reserves, Environment and Health and Safety Committee**

The members of the Reserves, Environment and Health and Safety Committee are Messrs. Olson, Beynon and Johnston. Mr. Beynon is the Chair of the Reserves, Environment and Health and Safety Committee. The Reserves,

Environment and Health and Safety Committee's responsibilities include, but are not limited to: (a) reviewing management's recommendations for the appointment of independent engineers; (b) reviewing the independent engineering reports and considering the principal assumptions upon which such reports are based; (c) reviewing management's input into the independent engineering report and key assumptions used; (d) reviewing the reserve additions and reserve revisions which occur from one report to the next and seeking the independent engineer's input and management's input with respect to why these revisions have occurred; (e) reviewing the information supplied to the independent engineers with respect to the constant price case, operating costs, royalty burdens, required capital expenditures, recovery rates, decline rates and other matters; (f) annually reviewing the appropriateness of, and updating, the Corporation's environmental policies, management systems and programs and reporting to the Board thereon; (g) ensuring that the Corporation has the necessary tools to measure its business units' environmental performance and compliance with applicable regulatory standards; (h) reviewing the environmental performance and, whenever relevant, any non-compliance situation of the Corporation's business units, to recommend the required corrective measures; (i) ensuring that environmental risk management procedures and emergency response measures are in place and are periodically updated and distributed within the Corporation; (j) assessing the environmental risks and emergency situations brought to its attention to recommend the required corrective measures; (k) immediately communicating any incident giving rise to significant environmental risks to the Board; (l) recommending to the Board that the Corporation exercise due diligence with respect to non-compliance situations, environmental risks or emergency situations brought to its attention; (m) reviewing and reporting to the Board on all legal notices or civil, penal and/or criminal prosecutions brought to its attention; (n) recommending to the Board measures, including necessary investments, taking into account available technologies and economic and financial restraints, to ensure compliance with regulatory standards and the Corporation's environmental policies and programs; (o) analyzing all environmental matters brought to its attention and deemed relevant or that the Board specifically asks the committee to review; and (p) reporting to the Board on the Corporation's environmental policies, programs and situation and make appropriate recommendations.

### **Assessments**

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

## **AUDIT COMMITTEE**

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its legal fiduciary obligations with respect to matters involving accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the Audit Committee to maintain free and open means of communications among the Board, the independent auditors and the financial and senior management of the Corporation.

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

### **Audit Committee Charter**

The Corporation's Audit Committee charter (the "**Audit Committee Charter**") was adopted by the Board on February 1, 2023, and the full text of the Audit Committee Charter is attached to this Information as Schedule "C". The mandate of the Audit Committee is to oversee and provide assistance in financial reporting, financial policies and internal controls as well as to work with the external auditors to ensure the accuracy of the Corporation's financial disclosures. The Audit Committee must pre-approve all non-audit services to be provided by an external auditor.

## Composition of the Audit Committee

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

Name of Director	Independent (Yes/No) <sup>(1)</sup>	Financially Literate (Yes/No) <sup>(1)</sup>
Ali Horvath (Chair)	Yes	Yes
Kevin Olson	Yes	Yes
Geri Greenall	Yes	Yes

**Note:**

(1) As defined in NI 52-110.

## Relevant Education and Experience

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

Ms. Horvath is the Vice President, Finance and Chief Financial Officer of Headwater. Ms. Horvath was previously a founder and the Controller of Raging River and prior thereto was a Senior Financial Accountant with Wild Stream. Ms. Horvath is a Chartered Professional Accountant and holds a Bachelor of Management degree from the University of Lethbridge.

Mr. Olson has over 27 years of industry experience and is currently a director of Headwater. Mr. Olson is a former board member of Raging River, Wild Stream, Wild River and Prairie Schooner Petroleum Ltd. Mr. Olson has served as a director of ten public companies and five private entities. Mr. Olson holds a Bachelor of Commerce degree majoring in finance and accounting from the University of Calgary.

Ms. Greenall is currently a director of Logan Energy Corp., and was previously a director of Kelt Exploration Ltd. and the Chief Financial Officer of Spartan Delta Corp. Ms. Greenall has over 22 years of experience in the energy and financial services sectors, including over a decade of experience as a Portfolio Manager and Chief Compliance Officer for investment fund managers and a strong background in both public equity analysis and commodity trading. Ms. Greenall received a Bachelor of Commerce in Finance from the University of Calgary as well as the Chartered Financial Analyst and Institute of Corporate Directors designations. Ms. Greenall also holds the FSA Level 1 Credential from the Sustainable Accounting Standards Board.

Each member of the Audit Committee has:

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

For more information regarding each Audit Committee member's relevant education and experience, see "*Matters to be Acted Upon – Election of Directors – Biographies*".

## **Audit Committee Oversight**

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

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

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

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

KPMG was appointed as the Corporation's external auditor on February 24, 2023 following the completion of the Business Combination. Prior to the Business Combination, the auditor of the Corporation was Crowe Mackay LLP ("**CM**") and the auditor of Chronos was KPMG. The aggregate fees for auditor services billed by the Corporation's external auditors for the last two fiscal years are as follows:

<b>Financial Year Ending December 31</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit-related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
2023	\$567,100	\$127,137	\$77,600	\$74,900
2022	\$213,586	Nil	\$16,853	Nil

### **Notes:**

- (1) Audit fees are the aggregate fees billed in 2023 by the Corporation's auditor for audit services. For the financial year ended December 31, 2022, this amount includes fees paid to KPMG as auditor to the Corporation and to Chronos, and to CM as the former auditor of the Corporation.
- (2) Audit-related fees are the aggregate fees billed for assurance and related services by the Corporation's auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statement and are not disclosed under "Audit fees".
- (3) Tax fees are the aggregate fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice and tax planning.
- (4) All other fees are the aggregate fees billed for services provided by the Corporation's auditor other than the services reported under "Audit fees", "Audit-related fees" and "Tax fees".

## **Reliance on Certain Exemptions**

The Corporation is a "venture issuer" as defined in NI 52-110 and is relying on the exemptions contained in Section 6.1 of NI 52-110, which exempts the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information of the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. Copies of these documents may be obtained by contacting the Corporation's Chief Financial Officer at Suite 1900, 215 – 2nd Street S.W., Calgary, Alberta, T2P 1M4, by phone at 403-453-1950, or on the Corporation's SEDAR+ profile.

**SCHEDULE "A"**

**Stock Option Plan**

*(Please see attached.)*

**AMENDED AND RESTATED STOCK OPTION PLAN  
OF  
LYCOS ENERGY INC.**

**1. Purpose**

The purpose of the Plan is to advance the interests of the Corporation by encouraging the directors, officers, Employees and Consultants of the Corporation and of its subsidiaries and affiliates, if any, to acquire Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

**2. Definitions and Interpretation**

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

- (a) "**Active Employment**" means the period in which a Participant who is an Employee of the Corporation or an affiliate performs work for the Corporation or an affiliate. For certainty, "Active Employment" shall be deemed to include any period constituting the minimum notice of termination period as may be required to be provided to a Participant pursuant to applicable employment standards legislation but shall exclude any other period that follows or ought to have followed the later of the end of the statutory notice period or the Participant's last day of performing work for the Corporation or an affiliate, whether that period arises from a contractual or common law right.
- (b) "**Active Engagement**" means any period which a Participant who is not an Employee of the Corporation or an affiliate provides services to the Corporation or an affiliate. For certainty, "Active Engagement" shall exclude any period that follows, or ought to have followed, a Participant's last day of providing services to the Corporation or an affiliate, including at common law.
- (c) "**Black-Out Period**" means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.
- (d) "**Board**" means the Board of Directors of the Corporation.
- (e) "**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta are authorized or obligated by law to close.
- (f) "**Consultant**" has the meaning ascribed thereto in the Exchange Policies.
- (g) "**Corporation**" means Lycos Energy Inc., and any successor corporation and any reference herein to action by the Corporation means by or under the authority of its Board or a duly empowered committee appointed by the Board.
- (h) "**Disinterested Shareholders**" means at a meeting of the shareholders of the Corporation, all shareholders, present in person or represented by proxy, excluding votes attaching to Shares beneficially owned by insiders of the Corporation and their associates.
- (i) "**Employee**" has the meaning ascribed thereto in the Exchange Policies.
- (j) "**Exchange**" means the TSX Venture Exchange or any other stock exchange on which the Shares are listed.

- (k) **"Exchange Policies"** means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange.
- (l) **"Insider"** shall mean: (i) a director or officer of the Corporation; (ii) a director or officer of a corporation that is itself an Insider of the Corporation; or (iii) a person that has direct or indirect beneficial ownership of or control or direction over securities of the Corporation carrying more than 10% of the voting rights attached to all of the Corporation's outstanding voting securities.
- (m) **"Investor Relations Service Provider"** has the meaning ascribed thereto in the Exchange Policies.
- (n) **"Management Company Employee"** means an individual employed by a company providing management services to the Corporation or its subsidiaries, which services are required for the ongoing successful operation of the business enterprise of the Corporation.
- (o) **"Option"** means an option granted by the Corporation to a Participant entitling such Participant to acquire a designed number of Share(s) from treasury at a price determined by the Board.
- (p) **"Option Period"** has the meaning ascribed thereto in Section 11(a).
- (q) **"Participant"** means directors, officers, Consultants, and Employees of the Corporation or its subsidiaries, and Management Company Employees, who are eligible for selection to participate in the Plan.
- (r) **"Plan"** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.
- (s) **"Security Based Compensation Arrangement"** means any share rights incentive plan, share option, share option plan, Employee share purchase plan in existence from time to time where the Corporation provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism involving the issuance or potential issuance of securities from the Corporation's treasury, including, subject to prior Exchange acceptance, a share purchase from treasury which is financially assisted by the Corporation by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Corporation's treasury.
- (t) **"Share(s)"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified.
- (u) **"Termination Date"** means, in respect of a Participant who is an Employee of the Corporation or an affiliate, such Participant's last day of Active Employment or Active Engagement (as applicable) with the Corporation or an affiliate, whether such date is selected by the Participant, by mutual agreement between the Corporation or an affiliate and the Participant, or unilaterally by the Corporation or an affiliate.
- (v) **"VWAP"** means the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option; and in the event that the Shares are not listed and posted for trading on any stock exchange, the VWAP shall be determined by the Board in its sole discretion, acting reasonably.

### 3. **Administration**

The Plan shall be administered by the Board or by a special committee of the directors appointed from time to time by the Board pursuant to rules of procedure fixed by the Board. A majority of the Board shall constitute a



quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each Option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each Option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

#### **4. Stock Exchange Rules**

All Options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as the "**Exchange**").

#### **5. Shares Subject to Plan**

Subject to adjustment as provided in Section 17 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any Options granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

#### **6. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

#### **7. Eligibility and Participation**

Directors, officers, Consultants, Employees and Management Company Employees of the Corporation or its subsidiaries shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such Options shall be granted and vested, and the number of Shares to be subject to each Option. Subject to Section 9(a)(v), the Board may at any time in its discretion accelerate the vesting of any Option granted pursuant to this Plan by giving written notice to the Participant. In the case of Employees or Consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such Employee, Consultant or Management Company Employee, as the case may be, is a bona fide Employee, Consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option or Options if the Board shall so determine.

**8. Exercise of Options**

- (a) The exercise price of the Shares subject to each Option shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval, provided that in the case of Options held by Insiders of the Corporation, the exercise price of an Option may be reduced only if Disinterested Shareholder approval is obtained.

**9. Number of Optioned Shares**

- (a) The aggregate number of Shares that may be issued pursuant to the exercise of Options awarded under the Plan and all other Security Based Compensation Arrangements of the Corporation is 10% of the issued and outstanding Shares from time to time, subject to the following additional limitations:
  - (i) the maximum aggregate number of Shares that are issuable to any one Participant pursuant to all Options granted or issued in any twelve (12) month period, together with all other Security Based Compensation Arrangements, must not exceed 5% of the then outstanding Shares (on a non-diluted basis);
  - (ii) the maximum aggregate number of Shares that are issuable pursuant to all Options granted or issued in any twelve (12) month period to Insiders under the Plan must not exceed 10% of the then outstanding Shares (on a non-diluted basis) at any point in time, together with all other Security Based Compensation Arrangements of the Corporation;
  - (iii) the maximum aggregate number of Shares of the Corporation issued to Insiders within any twelve (12) month period, under all Security Based Compensation Arrangements, cannot exceed 10% of the issued and outstanding Shares (on a non-diluted basis) at any point in time;
  - (iv) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve (12) month period to any one Consultant of the Corporation or any of its subsidiaries; and
  - (v) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve (12) month period to all Investor Relations Service Providers. Options granted to Investor Relations Service Providers will contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than 1/4 of the Options vesting in any three (3) month period and any acceleration of vesting of Options held by Investor Relations Service Providers shall be subject to prior Exchange acceptance.
- (b) The aggregate number of Shares subject to an Option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange.

**10. Duration of Option**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall

the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange, the maximum term may not exceed 10 years.

Should the expiry date of an Option fall within a Black-Out Period or within nine (9) Business Days following the expiration of a Black-Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth (10th) Business Day after the end of the Black-Out Period, such tenth (10th) Business Day to be considered the expiry date for such Option for all purposes under the Plan. The ten (10) Business Days period referred to in this Section 10 may not be extended by the Board.

#### **11. Option Period, Consideration and Payment**

- (a) The option period (the "**Option Period**") shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option Period shall be reduced with respect to any Option as provided in Sections 12 and 13 covering cessation as a director, officer, Consultant, Employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option Period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 12 and 13, no Option may be exercised unless the Participant is at the time of such exercise a director, officer, Consultant or Employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates or direct registration statements for Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.
- (f) The Board may, in its sole and absolute discretion, subject to any required approval of any regulatory authority or the Exchange, declare that the Participants (other than Investor Relations Service Providers) shall be entitled to exercise Options on a "net" basis at any time prior to the expiry time of such Options. The exercise of any Option on a "net" basis will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares in respect of which the Option is being exercised on a "net" basis. Upon such exercise, the Participant shall be issued such number of Shares as is equal to (i) the "in-the-money" amount for all of the Participant's Options being exercised on a "net" basis (being the then VWAP (calculated at the date of exercise) less the exercise price of each such Option) divided by (ii) the then VWAP (calculated at the date of exercise), and multiplied by (iii) the number of Options being exercised on a "net" basis.

#### **12. Ceasing To Be a Director, Officer, Consultant or Employee**

- (a) If a Participant shall cease to be a director, officer, Consultant, or Employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason other than

death, such Participant's Options will terminate at 4:00 p.m. (Calgary time) on the earlier of the date of the expiration of the Option Period and thirty (30) days after the Termination Date. A participant shall have no entitlement to damages or other compensation whatsoever arising from, in lieu of, or related to not receiving any Option which would have vested or been granted after the Termination Date, or which could have been exercised after the Termination Date but for this Section 12, including but not limited to damages in lieu of notice at common law. For greater certainty, any Participant who is deemed to be an Employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an Employee for the purposes of the Plan.

- (b) Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, Consultant, Employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

### **13. Death of Participant**

Notwithstanding Section 12, in the event of the death of a Participant, all unexpired Options previously granted to him shall be exercisable only within one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

### **14. Withholding Taxes**

The Corporation shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Participant to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Corporation may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a Participant;
- (b) require, as a condition of the issuance of Shares to a Participant that the Participant make a cash payment to the Corporation equal to the amount, in the Corporation's opinion, required to be withheld and remitted by the Corporation for the account of the Participant to the appropriate governmental authority and the Corporation, in its discretion, may withhold the issuance or delivery of Shares until the Participant makes such payment; or
- (c) sell, on behalf of the Participant, all or any portion of Shares otherwise deliverable to the Participant until the net proceeds of sale equal or exceed the amount which, in the Corporation's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Participant.

### **15. Rights of Participant**

- (a) No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until certificates or direct registration statements representing such Shares shall have been issued and delivered.
- (b) No person has any right to compensation or damages for any loss in relation to this Plan, including any loss in relation to:

- (i) any loss or reduction of rights or expectations under the Plan in any circumstances (including termination of employment for any reason); and
- (ii) any exercise of discretion or a decision taken in relation to a grant of Options under the Plan, or any failure to exercise discretion or make a discretion.

**16. Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

**17. Adjustments**

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through reorganization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, any adjustments relating to the Shares optioned or issued on exercise of Options and the exercise price per Share as set forth in the respective stock option agreements shall be made in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive, subject to Exchange approval except where the adjustment relates to share consolidations or splits. No fractional Share shall be required to be issued under the Plan on any such adjustment.

**18. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

**19. Amendment and Termination of Plan**

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval; however, the Board will not be entitled, in the absence of disinterested shareholder and Exchange approval, to:

- (a) reduce the exercise price of an Option held by an Insider of the Corporation;
- (b) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of Section 10);
- (c) amend the limitations on the maximum number of Shares reserved or issued to Insiders under Sections 9(a)(ii) and 9(a)(iii) hereof;
- (d) increase the maximum number of Shares issuable pursuant to this Plan; or
- (e) amend the amendment provisions of this Plan under this Article 19.

**20. Necessary Approvals**

The ability of a Participant to exercise Options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

**21. Effective Date of Plan**

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and shareholders and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

**22. Governing Law**

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

**SCHEDULE "B"**

**Board Mandate**

*(Please see attached.)*

# LYCOS ENERGY INC.

## BOARD OF DIRECTORS MANDATE

Lycos Energy Inc.  
Effective as of and from February 1, 2023



## I. GENERAL

1. The board of directors (the "**Board**") of Lycos Energy Inc. (the "**Corporation**") is responsible for the stewardship of the Corporation's affairs and the activities of management of the Corporation in the conduct of day to day business, all for the benefit of its shareholders.
2. The primary responsibilities of the Board are:
  - (a) to maximize long term shareholder value;
  - (b) to approve the strategic plan of the Corporation;
  - (c) to ensure that processes, controls and systems are in place for the management of the business and affairs of the Corporation and to address applicable legal and regulatory compliance matters;
  - (d) to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Corporation;
  - (e) to ensure that the Corporation meets its obligations on an ongoing basis and operates in a safe and reliable manner; and
  - (f) to monitor the performance of the management of the Corporation to ensure that it meets its duties and responsibilities to the shareholders.

## II. COMPOSITION AND OPERATION

1. The number of directors shall be not less than the minimum and not more than the maximum number specified in the Corporation's articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. The Board will analyze the application of the "independent" standard, as such term is referred to in National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, to individual members of the Board on an annual basis and disclose that analysis. The Board will in each year appoint a chair of the Board (the "**Chair**").
2. The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act (Alberta)* (the "**ABCA**"), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

## III. MEETINGS

1. The Board shall have a minimum of four regularly scheduled meetings per year. Special meetings are called as necessary. Occasional Board trips are scheduled, if possible, in

conjunction with regular Board meetings, to offer directors the opportunity to visit sites and facilities at different operational locations. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

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

#### IV. RESPONSIBILITIES

##### *Oversight and Overall Responsibility*

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

*Legal Requirements*

1. The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
2. The Board has the statutory responsibility to:
  - (a) manage the business and affairs of the Corporation;
  - (b) act honestly and in good faith with a view to the best interests of the Corporation;
  - (c) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - (d) act in accordance with its obligations contained in the ABCA and the regulations thereto, the articles and by-laws of the Corporation, and other relevant legislation and regulations.
3. The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
  - (a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - (b) the filling of a vacancy among the directors or in the office of auditor;
  - (c) the appointment of additional directors;
  - (d) the issuance of securities except in the manner and on the terms authorized by the Board;
  - (e) the declaration of dividends;
  - (f) the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
  - (g) the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;
  - (h) the approval of management proxy circulars;
  - (i) the approval of any financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and
  - (j) the adoption, amendment or repeal of any by-laws of the Corporation.

*Independence*

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

*Strategy Determination*

1. The Board shall:
  - (a) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business; and
  - (b) annually review operating and financial performance results relative to established strategy, budgets and objectives.

*Managing Risk*

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

*Appointment, Training and Monitoring of Senior Management*

1. The Board shall:
  - (a) appoint the CEO and other senior officers of the Corporation, approve (upon recommendations from the Corporate Governance and Compensation Committee) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
  - (b) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
  - (c) establish limits of authority delegated to management; and

- (d) develop a written position description for the CEO, the Chair, and the chairmen of the committees of the Board.

### *Reporting and Communication*

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

### *Monitoring and Acting*

1. The Board has the responsibility to:
  - (a) review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;
  - (b) verify that the Corporation operates at all time within applicable laws and regulations to the highest ethical and moral standards;
  - (c) approve and monitor compliance with significant policies and procedures by which the Corporation operates;
  - (d) monitor the Corporation's progress towards its goals and objectives and to work with management to revise and alter its direction in response to changing circumstances;
  - (e) take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant; and

- (f) verify that the Corporation has implemented appropriate internal control and management information systems.

#### *Other Activities*

1. The Board may perform any other activities consistent with this mandate, the articles and by-laws of the Corporation and any other governing laws as the Board deems necessary or appropriate including, but not limited to:
  - (a) preparing and distributing the schedule of Board meetings for each upcoming year;
  - (b) calling meetings of the Board at such time and such place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Corporation; and
  - (c) ensuring that all regularly-scheduled Board meetings and committee meetings are properly attended by directors. Directors may participate in such meetings by conference call if attendance in person is not possible.

#### *Code of Business Conduct and Ethics*

1. The Board shall be responsible to adopt a "Code of Business Conduct and Ethics" for the Corporation which shall address:
  - (a) conflicts of interest;
  - (b) the protection and proper use of the Corporation's assets and opportunities;
  - (c) the confidentiality of information;
  - (d) fair dealing with various stakeholders of the Corporation;
  - (e) compliance with laws, rules and regulations; and
  - (f) the reporting of any illegal or unethical behaviour.

#### **V. BOARD COMMITTEES**

1. The Board shall at all times maintain: (a) an Audit Committee; (b) a Reserves and Environment Committee; and (c) a Corporate Governance and Compensation Committee, each of which must report to the Board. Each such committee must operate in accordance with the by-laws, applicable law, its committee charter and the applicable rules of any stock exchange on which the shares are traded. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by its by-laws and applicable law, and as the Board sees fit. The purpose of the Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly

provided in the charter of a particular committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

#### **VI. DIRECTOR ACCESS TO MANAGEMENT**

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

#### **VII. DIRECTOR COMPENSATION**

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

**SCHEDULE "C"**

**Audit Committee Charter**

*(Please see attached.)*



# LYCOS ENERGY INC.

## AUDIT COMMITTEE CHARTER

Lycos Energy Inc.  
Effective as of and from February 1, 2023

## I. GENERAL

1. The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Lycos Energy Inc. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:
  - (a) to assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
  - (b) to provide better communication between the Board and external auditors;
  - (c) to ensure the external auditors' independence;
  - (d) to review management's implementation and maintenance of an effective system of internal control over financial reporting and disclosure control over financial reporting;
  - (e) to increase the credibility and objectivity of financial reports;
  - (f) to manage and oversee the Corporation's Whistleblowing Policy, as it relates to accounting, internal controls and auditing processes; and
  - (g) to facilitate in-depth discussions between directors on the Committee, management and external auditors.
2. The primary responsibility for the financial reporting, information systems, risk management and internal and disclosure controls of the Corporation is vested in management and overseen by the Board. At each meeting, the Committee may meet separately with management and will meet in separate, closed sessions with the external auditors and then with the independent directors in attendance.

## II. COMPOSITION

1. The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of whom shall be independent within the meaning of Sections 1.4 and 1.5 of *National Instrument 52-110 Audit Committees* ("**NI 52-110**") unless the Board determines to rely on an exemption in NI 52-110.
2. All of the members must be financially literate within the meaning section 1.6 of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have 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 issues that can reasonably be expected to be raised by the Corporation's financial statements.

3. The Board shall appoint a chair of the Committee (the "**Chair**"), and such appointment shall be reviewed annually by the Board.
4. The secretary to the Board or another individual as selected by the Committee shall act as secretary of the Committee (the "**Secretary**").
5. A quorum shall be a majority of the members of the Committee.

### **III. MEETINGS**

1. The Committee shall meet (in person or by teleconference) at least four times per year and/or as deemed appropriate by the Chair.
2. The Committee shall meet (in person or by teleconference) with the auditors, independent of the presence of management, and receive from the external auditors reports of their review of the annual and any quarterly financial statements.
3. Effective agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.
4. The Chief Executive Officer and the Chief Financial Officer of the Corporation or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.
5. Other staff shall attend meetings upon invitation by the Committee should the Committee deem them necessary for the provision of information.

### **IV. REPORTING / AUTHORITY**

1. Following each meeting, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).
2. Supporting schedules and information reviewed by the Committee shall be available for examination by any director.
3. The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.
4. The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.

5. The Committee shall annually review this mandate and make recommendations to the Corporate Governance and Compensation Committee as to proposal changes.

## V. RESPONSIBILITIES

### *Financial Reporting and Related Public Disclosure*

1. It is a primary responsibility of the Committee to review and recommend for approval to the Board the annual and quarterly financial statements of the Corporation. The Committee is also to review and recommend to the Board for approval the financial statements and related information included in prospectuses, management discussion and analysis, financial press releases, information circular-proxy statements and annual information forms, including financial outlooks and future-oriented financial information included therein. The process should include but not be limited to:
  - (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
  - (b) reviewing significant management judgments and estimates that may be material to financial reporting including alternative treatments and their impacts;
  - (c) reviewing the presentation and impact of any significant risks and uncertainties that may be material to financial reporting including alternative treatments and their impacts;
  - (d) reviewing accounting treatment of significant, unusual or non-recurring transactions;
  - (e) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - (f) reviewing unresolved differences between management and the external auditors;
  - (g) determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed; and
  - (h) reviewing all financial reporting relating to risk exposure including the identification, monitoring and mitigation of business risk and its disclosure.
2. The Committee shall satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial statements and periodically assess the adequacy of those procedures.

### *Internal Controls Over Financial Reporting and Information Systems*

3. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Corporation's internal control over financial reporting and information systems. The process should include but not be limited to:

- (a) inquiring as to the adequacy and effectiveness of the Corporation's system of internal controls over financial reporting and review the evaluation of internal controls over financial reporting by external auditors;
- (b) establishing procedures for the confidential, anonymous submission by employees of the Corporation of concerns relating to accounting, internal control over financial reporting, auditing or Code of Business Conduct and Ethics matters and periodically review a summary of complaints and their related resolution; and
- (c) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

#### *External Auditors*

4. With respect to the appointment of external auditors by the Board, the Committee shall:
  - (a) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
  - (b) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
  - (c) review and evaluate annually the external auditors' performance, and periodically (at least every five years) conduct a comprehensive review of the external auditors;
  - (d) recommend to the Board appointment of external auditors and the compensation of the external auditors;
  - (e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
  - (f) review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors; between scheduled meetings, the Chair of the Committee is authorized to approve all audit related services and non-audit services provided by the external auditors for individual engagements with estimated fees of \$25,000 and under; and shall report all such approvals to the Committee at its next scheduled meeting;
  - (g) inquire as to the independence of the external auditors and obtain, at least annually, a formal written statement delineating all relationships between the

- external auditors and the Corporation as contemplated by Independence Standards Board Standard No. 1 – *Independence Discussions with Audit Committees*;
- (h) review the Annual Report of the Canadian Public Accountability Board ("CPAB") concerning audit quality in Canada and discuss implications for the Corporation;
  - (i) review any reports issued by CPAB regarding the audit of the Corporation; and
  - (j) discuss with the external auditors, without management being present, the quality of the Corporation's financial and accounting personnel, the completeness and accuracy of the Corporation's financial statements and elicit comments of senior management regarding the responsiveness of the external auditors to the Corporation's needs.
5. The Committee shall review with the external auditors (and the internal auditor if one is appointed by the Corporation) their assessment of the internal control over financial reporting of the Corporation, their written reports containing recommendations for improvement of internal control over financial reporting and other suggestions as appropriate, and management's response and follow-up to any identified weaknesses.
6. The Committee shall also review and approve annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

### *Compliance*

7. It is the responsibility of the Committee to review management's process for the certification of annual and interim financial reports in accordance with required securities legislation.
8. It is the responsibility of the Committee to ascertain compliance with covenants under loan agreements.
9. The Committee shall review the Corporation's compliance with all legal and regulatory requirements as it pertains to financial reporting, taxation, internal control over financial reporting and any other area the Committee considers to be appropriate relative to its mandate or as may be requested by the Board.

### *Other Matters*

10. It is the responsibility of the Committee to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and external auditors of the Corporation.
11. The Committee may also review any other matters that the Committee feels are important to its mandate or that the Board chooses to delegate to it.

12. The Committee shall undertake annually a review of this mandate and make recommendations to the Corporate Governance and Compliance Committee as to proposed changes.

