

BIRCHCLIFF

E N E R G Y

BIRCHCLIFF ENERGY LTD.

Annual and Special Meeting of Shareholders

to be held at

**3:00 p.m. (Mountain Daylight Time) on Thursday, May 10, 2018
in the McMurray Room at the Calgary Petroleum Club
319 – 5th Avenue S.W., Calgary Alberta**

NOTICE OF MEETING AND INFORMATION CIRCULAR

March 28, 2018

BIRCHCLIFF ENERGY LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT the annual and special meeting (the “**Meeting**”) of the holders of common shares (“**Common Shares**”) of Birchcliff Energy Ltd. (the “**Corporation**”) will be held at 3:00 p.m. (Mountain Daylight Time) on Thursday, May 10, 2018 in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2017 and the auditors’ report thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five (5);
3. to elect the directors of the Corporation;
4. to appoint the auditors of the Corporation and to authorize the board of directors of the Corporation to fix their remuneration as such;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the Advance Notice By-Law of the Corporation relating to the advance notice of nominations of directors, as more particularly described in the information circular of the Corporation dated March 28, 2018 (the “**Information Circular**”); and
6. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The specific details of the matters proposed to be put before the Meeting are described in further detail in the Information Circular accompanying this Notice of Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Registered shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it to the Corporation’s transfer agent, Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or (iii) by facsimile to (416) 263-9524 or 1-866-249-7775. Registered shareholders may also use the internet at www.investorvote.com to vote their Common Shares and to appoint another person to be the shareholder’s proxyholder. Shareholders voting through the internet will be prompted to enter the 15-digit control number found on the form of proxy. In order to be valid and acted upon at the Meeting, proxies and votes received through the internet must be received by Computershare Trust Company of Canada on or before 3:00 p.m. (Mountain Daylight Time) on Tuesday, May 8, 2018, or if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjourned or postponed Meeting.

Only shareholders of record as of the close of business on March 23, 2018 (the “**Record Date**”) are entitled to receive notice of and to vote at the Meeting, provided that if a shareholder has transferred the ownership of any of his or her Common Shares after the Record Date and the transferee of those Common Shares produces properly endorsed Common Share certificates or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders before the Meeting, then the transferee shall be entitled to vote such Common Shares at the Meeting.

DATED at the City of Calgary, in the Province of Alberta, this 28th day of March, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*A. Jeffery Tonken*”

President, Chief Executive Officer and Chairman of the Board of Directors

TABLE OF CONTENTS

GENERAL PROXY AND VOTING INFORMATION	1
Solicitation of Proxies	1
Appointment of Proxies	1
Revocation of Proxies	2
Exercise of Discretion with Respect to Proxies	2
Advice to Beneficial Shareholders	2
Notice-and-Access	3
Voting Securities and Principal Holders of Voting Securities	3
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON.....	4
BUSINESS OF THE MEETING.....	4
Financial Statements	4
Fixing Number of Directors	4
Election of Directors.....	4
Appointment of Auditors	9
Advance Notice By-Law	9
Other Business	10
EXECUTIVE COMPENSATION	11
Year in Review – 2017 Performance	11
Compensation Discussion and Analysis.....	11
Performance Graph	20
Summary Compensation for Named Executive Officers	21
Incentive Plan Awards	22
Pension Plan Benefits	23
Termination and Change of Control Benefits.....	23
DIRECTOR COMPENSATION.....	25
Summary Compensation for Directors.....	25
Incentive Plan Awards	26
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	27
CORPORATE GOVERNANCE DISCLOSURE	28
Board of Directors	28
Board Mandate	29
Position Descriptions.....	29
Orientation and Continuing Education.....	30
Ethical Business Conduct.....	30
Nomination of Directors.....	30
Board Committees.....	31
Assessments	32
Director Term Limits and Other Mechanisms of Board Renewal.....	32
Gender Diversity.....	33
INDEBTEDNESS OF DIRECTORS AND OFFICERS.....	33
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS.....	33
ADDITIONAL INFORMATION.....	34
APPENDIX A – ADVANCE NOTICE BY-LAW	

BIRCHCLIFF

ENERGY

INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 10, 2018

GENERAL PROXY AND VOTING INFORMATION

Solicitation of Proxies

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of the holders of common shares of the Corporation (“**Common Shares**”) to be held on Thursday, May 10, 2018 in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 3:00 p.m. (Mountain Daylight Time), and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice of Meeting**”).

This solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of this Information Circular and related materials will be borne by the Corporation. In addition to solicitation by mail, proxies may also be solicited by personal interviews, telephone or by other methods of communication, by the Corporation’s executive officers, directors and employees who will not be specifically remunerated therefor.

The information contained in this Information Circular is given as of March 28, 2018, except where otherwise indicated.

Appointment of Proxies

A shareholder may attend the Meeting in person or may be represented by proxy. Registered shareholders of the Corporation (as such term is defined below) who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy or complete another appropriate form of proxy and return such proxy to the Corporation’s transfer agent, Computershare Trust Company of Canada: (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5; (ii) by hand delivery to Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or (iii) by facsimile to (416) 263-9524 or 1-866-249-7775. Registered shareholders may also use the internet at www.investorvote.com to vote their Common Shares and to appoint another person to be the shareholder’s proxyholder. Shareholders voting through the internet will be prompted to enter the 15-digit control number found on the form of proxy.

In order to be valid and acted upon at the Meeting, proxies and votes received through the internet must be received by Computershare Trust Company of Canada on or before 3:00 p.m. (Mountain Daylight Time) on Tuesday, May 8, 2018, or if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjourned or postponed Meeting. The Chairman of the Meeting will have the discretion, but is not obligated, to accept proxies that are deposited with Computershare Trust Company of Canada or with the Chairman of the Meeting less than 48 hours prior to the time of the Meeting or any adjournment or postponement thereof.

The persons named as proxyholders in the enclosed form of proxy are directors and/or executive officers of the Corporation. A shareholder has the right to appoint a person or company to attend and represent the

shareholder at the Meeting, other than the persons designated in the form of proxy furnished by the Corporation. To exercise this right, the shareholder is required to either insert the name of the shareholder's appointee in the blank space provided in the form of proxy or complete another appropriate form of proxy and, in either case, deliver the completed proxy to Computershare Trust Company of Canada, at the places and within the time specified above for the deposit of proxies.

Revocation of Proxies

A shareholder of the Corporation who has given a proxy has the power to revoke it. If a person who has given a proxy attends in person at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered (head) office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof or deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

Exercise of Discretion with Respect to Proxies

The Common Shares represented by proxy in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for. If the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly, but if no specification is made, the Common Shares will be voted in favour of the matters to be acted upon as set forth herein.

If any amendment or variation to the matters identified in the Notice of Meeting is proposed or if any other matters are properly brought before the Meeting or any adjournment or postponement thereof, the enclosed form of proxy confers discretionary authority on the persons named therein to vote on any such amendment or variation or such other matters. As at the date of this Information Circular, management of the Corporation is not aware of any such amendment, variation or other matter.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders of Birchcliff, as a substantial number of shareholders do not hold Common Shares registered in their own name. Shareholders who do not hold their Common Shares in their own name ("**beneficial shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares ("**registered shareholders**") can be recognized and acted upon at the Meeting or any adjournment or postponement thereof.

In most cases, shareholders are the beneficial holders of Common Shares registered in the name of an intermediary, such as a broker. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Under Canadian securities laws, Common Shares held by brokers or their nominees for beneficial shareholders can only be voted upon the instructions of the beneficial shareholder. Without specific instructions, intermediaries are prohibited from voting Common Shares for their clients. The directors and executive officers of Birchcliff do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by beneficial shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy or voting instruction form supplied to a beneficial shareholder by its broker is similar to the form of proxy provided to registered shareholders. **The purpose of the**

form of proxy or voting instruction form distributed by the intermediary is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation (“**Broadridge**”). Broadridge typically prepares a machine readable voting instruction form, mails this form to beneficial shareholders and asks beneficial shareholders to communicate voting instructions to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

A beneficial shareholder cannot use the voting instruction form received from Broadridge to vote Common Shares directly at the Meeting. Voting instructions must be conveyed to Broadridge by the date specified on the voting instruction form in order to have the Common Shares voted 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 an intermediary, a beneficial shareholder may attend at the Meeting as a proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the voting instruction form provided to them and return the same in accordance with the instructions provided well in advance of the Meeting.

Notice-and-Access

The Corporation has elected to use the “notice-and-access” provisions (the “**Notice-and-Access Provisions**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* for the Meeting in respect of mailings to its beneficial shareholders but not in respect of mailings to its registered shareholders. The Notice-and-Access Provisions are rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular and related materials in respect of a meeting of its shareholders online.

The Corporation has also elected to use procedures known as “stratification” in relation to its use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management’s discussion and analysis, to some shareholders together with a notice of a meeting of its shareholders. In relation to the Meeting, registered shareholders and those beneficial shareholders with existing instructions on their account to receive paper materials will receive a paper copy of each of: (i) the Notice of Meeting and this Information Circular; (ii) a form of proxy or voting instruction form, as applicable; and (iii) the annual financial statements and related management’s discussion and analysis for the most recently completed financial year (collectively, the “**Financial Information**”). Beneficial shareholders without existing instructions on their account to receive paper materials will receive only a Notice-and-Access notification and a voting instruction form. Furthermore, a paper copy of the Financial Information will also be mailed to those beneficial shareholders who previously requested to receive such paper copies.

The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of its Common Shares.

Voting Securities and Principal Holders of Voting Securities

The Corporation is authorized to issue an unlimited number of Common Shares. On March 23, 2018 (the “**Record Date**”), Birchcliff had 265,796,698 Common Shares issued and outstanding.

Only shareholders of record at the close of business on the Record Date are entitled at the Meeting to one vote for each Common Share held, provided that if a shareholder has transferred the ownership of any of his or her Common Shares after the Record Date and the transferee of those Common Shares produces properly endorsed Common Share certificates or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders before the Meeting, then the transferee shall be entitled to vote such Common Shares at the Meeting.

As at the date hereof and to the best of the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares other than as set forth in the table below:

Name of Shareholder	Number and Percentage of Common Shares
Fidelity ⁽¹⁾	28,654,833 (10.8%)
Letko, Brosseau & Associates Inc. ⁽²⁾	36,459,352 (13.7%)

(1) Based solely on a report under National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (“**NI 62-103**”) which was filed on SEDAR on July 11, 2016. Fidelity may include the following entities: Fidelity Management & Research Company, FMR Co., Inc., Fidelity Management Trust Company, FIAM LLC, Fidelity Institutional Asset Management Trust Company, Strategic Advisers, Inc., FIL Limited and certain of its affiliates, Crosby Advisors LLC, Fidelity SelectCo, LLC and Fidelity (Canada) Asset Management ULC.

(2) Based solely on a report under NI 62-103 which was filed on SEDAR on February 8, 2018.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the financial year ended December 31, 2017, any proposed nominee for election as a director of the Corporation or any associate or affiliate of any of the foregoing, in any matter to be acted upon at the Meeting, other than the election of the directors.

BUSINESS OF THE MEETING

To the knowledge of the board of directors of the Corporation (the “**Board**”), the only matters to be brought before the Meeting are those set forth in the accompanying Notice of Meeting.

Financial Statements

At the Meeting, the audited financial statements of the Corporation for the year ended December 31, 2017 and the independent auditors’ report on such statements will be placed before the shareholders, but no vote by the shareholders with respect thereto is required or proposed to be taken.

Fixing Number of Directors

The Corporation is required to have a minimum of three and a maximum of eleven directors. The Board presently consists of six (6) directors, namely Mr. Dennis A. Dawson, Ms. Debra A. Gerlach, Ms. Rebecca J. Morley, Mr. Larry A. Shaw, Mr. James W. Surbey and Mr. A. Jeffery Tonken, who is also the Chairman of the Board. Mr. Shaw has been a member of the Board since the inception of the Corporation and will not be standing for re-election at the Meeting and will cease to hold office at the close of the Meeting. The Board and management of the Corporation wish to thank Mr. Shaw for his valuable contributions to Birchcliff over his many years of service. Accordingly, shareholders will be asked at the Meeting to fix the number of directors to be elected at the Meeting at five (5). Details relating to the proposed nominees are set forth in the table below under the heading “*Business of the Meeting – Election of Directors*”.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the ordinary resolution to fix the number of directors of the Corporation to be elected at the Meeting at five (5).

Election of Directors

The following table sets forth for each person proposed to be nominated for election as a director: (i) their name and province and country of residence; (ii) the voting results from the annual and special meeting of the shareholders of the Corporation held on May 11, 2017, as applicable; (iii) information regarding their current committee memberships and their attendance at Board and committee meetings held during 2017; (iv) their principal occupation within the past five years and a brief biography; (v) the period during which they have served as a director of the Corporation or its predecessor entities; and (vi) the number of Common Shares that each

proposed nominee beneficially owns, or exercises control or direction over, directly or indirectly, as of the date hereof. None of the proposed nominees are directors of any other public company.

DENNIS A. DAWSON

<p>Independent Lead Director</p> <p>Alberta, Canada</p> <p>Age: 64</p> <p>Director Since: May 14, 2015</p> <p>Common Shares: 48,216⁽¹⁾</p>	<p>Mr. Dawson is a director of the Corporation and has been the Lead Director since May 11, 2017 and is also the Chair of the Compensation Committee and the Nominating Committee. Mr. Dawson was the Vice-President, General Counsel and Corporate Secretary of AltaGas from December 1998 until April 2015. Mr. Dawson first joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, he became AltaGas' General Counsel and Corporate Secretary and effective December 1998, Mr. Dawson became Vice-President, General Counsel and Corporate Secretary. Mr. Dawson has over 32 years of oil and natural gas experience, including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas export and marketing company. Mr. Dawson received a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta.</p>
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Voting Results of 2017 Annual Meeting	Number of Votes	% of Votes
Votes For	183,363,779	97.17
Votes Withheld	5,349,540	2.83

Board and Board Committees ⁽²⁾	2017 Meeting Attendance
Board (Lead Director)	14 of 14
Audit Committee	5 of 5
Compensation Committee (Chair)	3 of 3
Nominating Committee (Chair)	N/A ⁽³⁾
Reserves Evaluation Committee	4 of 4

DEBRA A. GERLACH

<p>Independent Director</p> <p>Alberta, Canada</p> <p>Age: 57</p> <p>Director Since: November 8, 2017</p> <p>Common Shares: 20,000⁽¹⁾</p>	<p>Ms. Gerlach is a director of Birchcliff. From September 1996 until September 2017, Ms. Gerlach was a partner with Deloitte LLP where she practiced in the Assurance and Advisory group and prior thereto she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35 year career with the firm, Ms. Gerlach worked with numerous public oil and gas companies. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta and received a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary.</p>
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Voting Results of 2017 Annual Meeting ⁽⁴⁾	Number of Votes	% of Votes
Not applicable		

Board and Board Committees ⁽²⁾	2017 Meeting Attendance ⁽⁴⁾
Board	3 of 3
Audit Committee	1 of 1
Compensation Committee	1 of 1
Nominating Committee	N/A ⁽³⁾
Reserves Evaluation Committee	1 of 1

REBECCA J. MORLEY

Independent Director

Alberta, Canada

Age: 38

Director Since:
August 10, 2016Common Shares: N/A⁽¹⁾

Ms. Morley is a director of the Corporation and is also the Chair of the Audit Committee. Ms. Morley has over 16 years of experience in the capital markets industry. From October 2014 to January 2016, Ms. Morley was the Vice-President, Corporate Development of Rayne Capital Management Inc., an alternative asset manager. From May 2013 to August 2014, Ms. Morley was the President and Chief Executive Officer of LinkGate Capital Corp., a registered securities firm. From July 2011 to May 2013, Ms. Morley worked as a Research Analyst and Associate Portfolio Manager at Cypress Capital Management Ltd. Prior thereto, Ms. Morley was a Partner and Research Analyst with Paradigm Capital and a Research Associate with each of GMP Securities and TD Newcrest. In addition, Ms. Morley is currently the Chair of the Board of Directors of the YWCA of Calgary, was the Chair of the Audit Committee in 2014 and 2015 and has been a director since 2012. Ms. Morley received a Bachelor of Business Administration degree with a Major in Finance (Honours) from St. Francis Xavier University and is a CFA Charterholder.

Voting Results of 2017 Annual Meeting	Number of Votes	% of Votes
Votes For	187,108,826	99.15
Votes Withheld	1,604,493	0.85

Board and Board Committees ⁽²⁾	2017 Meeting Attendance
Board	14 of 14
Audit Committee (Chair)	5 of 5
Compensation Committee	3 of 3
Nominating Committee	N/A ⁽³⁾
Reserves Evaluation Committee	4 of 4

JAMES W. SURBEY

Non-Independent Director

Alberta, Canada

Age: 67

Director Since:
May 11, 2017Common Shares: 688,900⁽¹⁾

Mr. Surbey is a director of the Corporation, is the Chair of the Reserves Evaluation Committee and is also an employee of Birchcliff and an independent businessman. He was the Vice-President, Corporate Development of Birchcliff from the inception of the Corporation until June 30, 2017. Mr. Surbey has over 41 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, he served as the Vice-President, Corporate Development of Case Resources Inc., the Senior Vice-President, Corporate Development of Big Bear Exploration Ltd. and the Vice-President, Corporate Development of Stampeder Exploration Ltd. Mr. Surbey was previously a senior partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Surbey received a Bachelor of Engineering degree and a Bachelor of Laws degree from McGill University and is a member of the Law Society of Alberta.

Voting Results of 2017 Annual Meeting	Number of Votes	% of Votes
Votes For	148,751,407	78.82
Votes Withheld	39,961,912	21.18

Board and Board Committees ⁽²⁾	2017 Meeting Attendance ⁽⁵⁾⁽⁶⁾
Board	8 of 8
Reserves Evaluation Committee (Chair)	2 of 2

A. JEFFERY TONKEN

Non-Independent Director and President, Chief Executive Officer and Chairman of the Board

Alberta, Canada

Age: 61

Director Since:
July 6, 2004

Common Shares: 2,862,522⁽¹⁾⁽⁷⁾

Mr. Tonken has been the President and Chief Executive Officer and a director of Birchcliff since the inception of the Corporation and the Chairman of the Board since May 11, 2017. Mr. Tonken has over 37 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to Birchcliff, Mr. Tonken founded and served as the President and Chief Executive Officer of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. Mr. Tonken was previously a partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Tonken is a Governor of the Canadian Association of Petroleum Producers (CAPP). Mr. Tonken received a Bachelor of Commerce degree from the University of Alberta and a Bachelor of Laws degree from the University of Wales and is a member of the Law Society of Alberta.

Voting Results of 2017 Annual Meeting	Number of Votes	% of Votes
Votes For	153,608,088	81.40
Votes Withheld	35,105,231	18.60

Board and Board Committees ⁽²⁾	2017 Meeting Attendance
Board (Chairman)	13 of 14

- (1) The information as to Common Shares owned beneficially, not being within the knowledge of the Corporation, has been provided by each nominee.
- (2) Mr. Shaw was the Chairman of the Board and the Chair of each of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee until May 11, 2017. On that date, Mr. Tonken was appointed as the Chairman of the Board, Mr. Dawson was appointed as Lead Director and the Chair of the Compensation Committee, Ms. Morley was appointed as the Chair of the Audit Committee and Mr. Surbey was elected as a director and was appointed as the Chair of the Reserves Evaluation Committee.
- (3) The Nominating Committee was formed by the Board on March 14, 2018 and therefore no meetings of that committee were held in 2017.
- (4) Ms. Gerlach was appointed as a director of the Corporation and a member of each of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee on November 8, 2017. Accordingly, the information with respect to Ms. Gerlach's meeting attendance during 2017 has been presented for those meetings held on and after November 8, 2017.
- (5) Mr. Surbey was elected as a director of the Corporation and was appointed as a member of each of the Compensation Committee and the Reserves Evaluation Committee on May 11, 2017. Accordingly, the information with respect to Mr. Surbey's meeting attendance during 2017 has been presented for those meetings held on and after May 11, 2017.
- (6) Mr. Surbey was a member of the Compensation Committee from May 11, 2017 until March 26, 2018. Mr. Surbey attended one meeting of the Compensation Committee during 2017.
- (7) Includes 1,419,094 Common Shares held by Mr. Tonken's spouse and 150,064 Common Shares held by a trust for the benefit of Mr. Tonken's children, in each case, over which Mr. Tonken does not exercise control or direction.

Pursuant to the *Business Corporations Act* (Alberta) (the "**ABCA**"), the current directors of the Corporation cease to hold office at the close of the Meeting. Each person elected as a director of the Corporation will hold office until the close of the next annual meeting of shareholders or until their successor is elected or appointed. All proposed nominees have consented to be named in this Information Circular and to serve as directors, if elected.

Voting on Individual Basis

Voting for the election of the directors will be conducted on an individual, and not slate, basis. **It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the election of each of the nominees listed herein as directors of the Corporation.**

The Corporation will publicly disclose the voting results, providing the percentage of the votes for and withheld from voting for each individual director.

Majority Voting for Directors

The Board has adopted a majority voting policy (the "**Majority Voting Policy**") stipulating that if, with respect to any particular nominee for election as a director, the number of votes "for" the nominee does not exceed the number of votes recorded "withheld" from voting for such nominee, then such nominee shall promptly following

certification of the shareholder vote, submit to the Board his or her resignation which shall state that it is effective upon the acceptance thereof by the Board. Such director shall not participate in any meeting of the Board or any committee thereof to consider whether his or her resignation shall be accepted. The Board shall consider the acceptance of a director's resignation tendered pursuant to the Majority Voting Policy within 90 days of the applicable meeting of shareholders and shall cause a press release to be issued promptly by the Corporation disclosing the Board's determination and if the resignation is not accepted by the Board, the reasons therefor. A copy of such press release must be provided to the Toronto Stock Exchange (the "TSX").

If a resignation tendered pursuant to the Majority Voting Policy is accepted, subject to any corporate law restrictions, the Board may: (i) leave the resultant vacancy unfilled until the next annual meeting of shareholders; (ii) fill the vacancy through the appointment, in accordance with the articles and by-laws of the Corporation, of a new director whom the Board considers in its sole discretion is an appropriate person for such appointment; or (iii) call a special meeting of shareholders at which there will be presented management nominees to fill the vacant position or positions.

The Board shall accept each resignation tendered in accordance with the Majority Voting Policy absent exceptional circumstances. In considering whether to accept or reject such a resignation, the Board shall exercise its fiduciary duty to act in the best interests of the Corporation and shall consider all circumstances and factors it deems relevant, including, without limitation: (i) any stated reasons as to why shareholders withheld votes from the election of such director; (ii) the length of service and the qualifications of the director; (iii) the director's past contributions to the Corporation; (iv) the director's attendance at past meetings of the Board or of any committee the director is a member of; (v) the effect such resignation may have on the Corporation's ability to comply with any applicable laws, rules and policies (regulatory, securities or corporate laws or stock exchange rules); (vi) the dynamics and composition of the existing Board; (vii) the number of shares of the Corporation owned by the director; and (viii) the effect such resignation might reasonably be expected to have on any covenants or agreements to which the Corporation or any of its affiliates is a party.

The Majority Voting Policy only applies to uncontested elections. For the purposes of the Majority Voting Policy, "uncontested elections" means elections of directors at shareholder meetings where the number of nominees for election to the Board is equal to the number of directors to be elected at such meetings of shareholders.

Corporate Cease Trade Orders or Bankruptcies

No proposed director of the Corporation is, at the date hereof, or has been, within 10 years of the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that was subject to 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, in each case that was in effect for a period of more than 30 consecutive days, which was issued: (i) while that person was acting in such capacity; or (ii) after that person ceased to act in such capacity but which resulted from an event that occurred while that person was acting in such capacity.

No proposed director of the Corporation is, at the date hereof, or has been, within 10 years of the date hereof, a director or executive officer of any company, including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

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

Penalties or Sanctions

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory

body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Appointment of Auditors

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Professional Accountants, as the auditors of the Corporation, to hold office until the next annual meeting of shareholders of the Corporation and to authorize the Board to fix their remuneration as such. The appointment of the auditors must be approved by a majority of votes cast by the shareholders. KPMG LLP was first appointed as the auditors of the Corporation on August 30, 2011.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the appointment of KPMG LLP as the auditors of the Corporation and to authorize the Board to fix their remuneration as such.

The following table sets forth information about fees billed to the Corporation for professional services rendered by KPMG LLP in the years ended December 31, 2017 and 2016:

Fees	2017	2016
Audit Fees ⁽¹⁾	\$272,293	\$227,000
Audit-Related Fees ⁽²⁾	-	\$52,470
Tax Fees ⁽³⁾	\$18,055	\$12,775
All Other Fees ⁽⁴⁾	-	141,095
Total	\$290,348	\$433,340

- (1) "Audit Fees" consist of fees for the audit of the Corporation's annual financial statements and the review of the Corporation's quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) "Audit-Related Fees" consist of fees for assurance and related services that are reasonably related to the performance of the audit or the review of the Corporation's financial statements and are not reported under the heading of "Audit Fees" above. During 2016, such fees related to the services provided in connection with a public offering of subscription receipts, including the auditor's review of the prospectus and continuous disclosure documents, attendance at due diligence meetings and the preparation of comfort letters.
- (3) "Tax Fees" consist of fees for professional services rendered for tax compliance, tax advice and tax planning. During 2017 and 2016, such fees related to the preparation and filing of Birchcliff's corporate income tax return and other tax-related work.
- (4) "All Other Fees" consist of fees for products and services other than those described under the headings of "Audit Fees", "Audit-Related Fees" and "Tax Fees" above. During 2016, such fees related to the French translation of the Corporation's financial statements and other documents.

Advance Notice By-Law

Background

On March 28, 2018, the Board approved the adoption by the Corporation of an advance notice by-law regarding the advance notice of nominations of directors of the Corporation (the "**Advance Notice By-Law**"), a copy of which is attached as Appendix A.

Pursuant to the ABCA: (i) the directors are required to submit the Advance Notice By-Law to the shareholders at the Meeting for confirmation; and (ii) the Advance Notice By-Law is effective from the date of the directors' resolution approving the adoption of the Advance Notice By-Law until it is confirmed or rejected by the shareholders at the Meeting. Accordingly, shareholders are being asked to confirm the adoption of the Advance Notice By-Law so that it will continue in effect. If the Advance Notice By-Law is not confirmed by the shareholders at the Meeting, it will cease to be effective as of the date of the Meeting.

Purpose and Summary of the Advance Notice By-Law

The purpose of the Advance Notice By-Law is to provide shareholders, the Board and management of the Corporation with a clear and reasonable framework for the nominations of directors to ensure that shareholders will have sufficient time and information to consider proposed director nominees and to ensure the orderly conduct of business at shareholder meetings. Among other things, the Advance Notice By-Law fixes a deadline by which shareholders must submit director nominations to the Corporation prior to any meeting of shareholders at which directors are to be elected and specifies the information that a nominating shareholder must include in the notice in order for director nominees to be eligible for nomination and election at any such meeting. As a result, all

shareholders will receive adequate notice of director nominations and sufficient information in respect of all nominees so that they can cast an informed vote.

In the case of an annual meeting of shareholders, notice to the Corporation must be given not later than the close of business on the 30th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice may be given not later than the close of business on the 10th day following the Notice Date. In the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be given not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting was made. To the extent that the applicable annual meeting or special meeting of shareholders is adjourned or postponed, the time periods for the giving of notice shall be based on the new adjourned or postponed date of the annual meeting or special meeting of shareholders and not based on the original date of such meeting.

The Advance Notice By-Law does not interfere with the ability of shareholders to requisition a shareholders’ meeting or to nominate directors by way of a shareholder proposal, in each case in accordance with the provisions of the ABCA.

The foregoing is a summary of the principal provisions of the Advance Notice By-Law and is qualified in its entirety by reference to the full text of the Advance Notice By-Law, a copy of which is attached to this Information Circular as Appendix A and is also available on the Corporation’s SEDAR profile at www.sedar.com. Shareholders are urged to review the Advance Notice By-Law.

Approval of Advance Notice By-Law by Shareholders

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution relating to the Advance Notice By-Law (the “**Advance Notice By-Law Resolution**”):

“**BE IT RESOLVED**, as an ordinary resolution of the shareholders of Birchcliff Energy Ltd. (the “**Corporation**”), that:

1. the Advance Notice By-Law of the Corporation adopted by the board of directors of the Corporation on March 28, 2018, in the form attached as Appendix A to the information circular of the Corporation dated March 28, 2018, be and is hereby approved, ratified and confirmed as a by-law of the Corporation; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

The Advance Notice By-Law Resolution must be approved by a simple majority of votes cast by shareholders who vote in person or by proxy on such resolution at the Meeting. **It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the Advance Notice By-Law Resolution.**

The Corporation’s existing by-laws are not impacted by the Advance Notice By-Law and will continue in effect, unamended, regardless of whether or not the Advance Notice By-Law Resolution is approved at the Meeting.

Other Business

If any other matters properly come before the Meeting or any adjournment or postponement thereof, the enclosed form of proxy confers discretionary authority on the persons named therein to vote on any such other matters. As at the date of this Information Circular, management of the Corporation is not aware of any other matters to come before the Meeting.

EXECUTIVE COMPENSATION

Year in Review – 2017 Performance

The Corporation is an intermediate oil and natural gas company based in Calgary, Alberta that is engaged in the business of exploring for, developing and producing natural gas, crude oil and natural gas liquids in the Western Canadian Sedimentary Basin with operations concentrated within its one core area, the Peace River Arch of Alberta. Within the Peace River Arch, Birchcliff is focused on its high-quality Montney/Doig Resource Play and the exploration and development of its low-cost natural gas, crude oil and liquids-rich assets on the play. Within the Montney/Doig Resource Play, the Corporation's operations are primarily concentrated in the Pouce Coupe and Gordondale areas of Alberta where it owns large contiguous blocks of high working interest land.

Notwithstanding the difficult industry conditions that persisted throughout 2017, Birchcliff achieved many significant accomplishments during 2017, including the following:

- Birchcliff achieved record annual average production of 67,963 barrels of oil equivalent per day (“**boe/d**”), a 38% increase over annual average production of 49,236 boe/d in 2016.
- Birchcliff achieved record quarterly average production of 80,103 boe/d in the fourth quarter of 2017, a 32% increase over fourth quarter average production of 60,750 boe/d in 2016.
- Birchcliff drilled 54 (54.0 net) wells, including 37 Montney/Doig horizontal wells and 1 Montney/Doig vertical science and technology well in the Pouce Coupe area and 16 Montney horizontal wells in the Gordondale area.
- Birchcliff brought on-stream the 80 million cubic feet per day Phase V expansion of its 100% owned and operated natural gas processing plant in Pouce Coupe.
- Birchcliff completed asset sales for total proceeds of approximately \$148 million (before adjustments).
- Birchcliff reduced its exposure to pricing at AECO and diversified the natural gas markets it sells to by entering into agreements for the firm service transportation of an aggregate of 175,000 gigajoules per day (“**GJ/d**”) of natural gas on TransCanada's Canadian Mainline for a 10-year term, whereby natural gas is transported to the Dawn trading hub located in Southern Ontario. The first tranche of this service (120,000 GJ/d) became available to Birchcliff on November 1, 2017.
- Birchcliff began paying a quarterly dividend to its common shareholders during 2017 in the amount of \$0.10 per share per year (\$0.025 per share per quarter).

Disclosure provided herein in respect of boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 million cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes the executive compensation program for the financial year ended December 31, 2017 applicable to the Corporation's “Named Executive Officers” (the “**Named Executive Officers**”). “Named Executive Officer” is defined by Form 51-102F6 – *Statement of Executive Compensation* to mean: (i) the chief executive officer of the Corporation; (ii) the chief financial officer of the Corporation; (iii) each of the Corporation's three most highly compensated executive officers or three most highly compensated individuals acting in a similar capacity, other than the chief executive officer and chief financial officer, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000.00 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year. The Corporation's Named Executive Officers for all or part of the financial year ended December 31, 2017 were:

- Mr. A. Jeffery Tonken – President and Chief Executive Officer;
- Mr. Myles R. Bosman – Vice-President, Exploration and Chief Operating Officer;
- Mr. Christopher A. Carlsen – Vice-President, Engineering;
- Mr. Bruno P. Geremia – Vice-President and Chief Financial Officer;
- Mr. Dave M. Humphreys – Vice-President, Operations; and
- Mr. James W. Surbey – Former Vice-President, Corporate Development. Mr. Surbey retired as Vice-President, Corporate Development effective June 30, 2017.

This Compensation Discussion and Analysis discusses the objectives and principles of the Corporation's compensation program, the roles and responsibilities of the Compensation Committee in determining and approving executive compensation, the process for determining compensation and the elements of the Corporation's compensation program.

Compensation Objectives and Principles

The overall philosophy of Birchcliff is to provide a compensation program that rewards performance, aligns with shareholder interests and attracts and retains high-quality and experienced executives and employees. The Corporation believes that compensation should be fair and equitable compared to compensation paid generally in the Alberta oil and natural gas industry.

The principal objectives of Birchcliff's compensation program for the financial year ended December 31, 2017 were as follows:

- to attract and retain the management talent needed to achieve Birchcliff's business objectives and to create long-term value for shareholders;
- to motivate the short and long-term performance of the Named Executive Officers and other employees and attempt to align their interests with those of the Corporation's shareholders;
- to reward performance, individual contribution and leadership in the achievement of the Corporation's business objectives and the creation of shareholder value; and
- to provide compensation that is competitive with other companies of a similar size in the Alberta oil and natural gas industry and that is reflective of the experience, performance and contribution of the individuals involved, as well as the overall performance of the Corporation.

Compensation Governance

The Corporation has a Compensation Committee whose responsibility is to review compensation matters and to recommend to the Board the appropriate levels of compensation for all Named Executive Officers and directors.

Mandate of the Compensation Committee

The Compensation Committee has a formal charter which sets out the roles and responsibilities of the Compensation Committee. Pursuant to the charter, the roles and responsibilities of the Compensation Committee include:

- providing oversight and guidance for the compensation and benefit philosophy for all employees of the Corporation;
- reviewing and making recommendations to the Board with respect to the compensation of the Named Executive Officers;
- making recommendations to the Board with respect to the compensation of non-employee directors; and
- reviewing the Corporation's incentive compensation and other benefit plans and practices and recommending changes in such plans and practices to the Board.

Pursuant to the mandate of the Compensation Committee, the Compensation Committee is required to meet at least annually and as many additional times as the committee deems necessary.

Members of the Compensation Committee

The current members of the Compensation Committee are Mr. Dennis A. Dawson (Chair), Ms. Debra A. Gerlach, Ms. Rebecca J. Morley and Mr. Larry A. Shaw. All members of the Compensation Committee are independent within the meaning of applicable securities laws. Mr. Shaw is not standing for re-election at the Meeting and will cease to be a director and a member of the Compensation Committee at the close of the Meeting.

Each of the Compensation Committee members has direct experience relevant to executive compensation. The skills and experience of each member of the Compensation Committee that enable them to make decisions regarding the suitability of the Corporation's compensation policies and practices are summarized below:

- Mr. Dawson was the Vice-President, General Counsel and Corporate Secretary of AltaGas from December 1998 until April 2015. Mr. Dawson first joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, he became AltaGas' General Counsel and Corporate Secretary and effective December 1998, Mr. Dawson became Vice-President, General Counsel and Corporate Secretary. Mr. Dawson has over 32 years of oil and natural gas experience, including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas export and marketing company. Mr. Dawson received a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta. Through his previous roles at AltaGas and other organizations, Mr. Dawson gained experience in reviewing, establishing and/or operating executive and corporate compensation programs.
- Ms. Gerlach was a partner with Deloitte LLP from September 1996 until September 2017 where she practiced in the Assurance and Advisory group and prior thereto she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35 year career with the firm, Ms. Gerlach worked with numerous public oil and gas companies. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta and received a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary. Through her career with Deloitte LLP, Ms. Gerlach became acquainted with the compensation structures of a variety of different organizations, including those in the oil and natural gas industry. While at Deloitte LLP, Ms. Gerlach was responsible for managing various employees and was involved in reviewing and helping to determine the compensation for such staff. In addition, she also reviewed and/or audited the executive pay structures of numerous companies throughout her career.
- Ms. Morley has over 16 years of experience in the capital markets industry. From October 2014 to January 2016, Ms. Morley was the Vice-President, Corporate Development of Rayne Capital Management Inc., an alternative asset manager. From May 2013 to August 2014, Ms. Morley was the President and Chief Executive Officer of LinkGate Capital Corp., a registered securities firm. From July 2011 to May 2013, Ms. Morley worked as a Research Analyst and Associate Portfolio Manager at Cypress Capital Management Ltd. Prior thereto, Ms. Morley was a Partner and Research Analyst with Paradigm Capital and a Research Associate with each of GMP Securities and TD Newcrest. In addition, Ms. Morley is currently the Chair of the Board of Directors of the YWCA of Calgary, was the Chair of the Audit Committee in 2014 and 2015 and has been a director since 2012. Ms. Morley received a Bachelor of Business Administration degree with a Major in Finance (Honours) from St. Francis Xavier University and is a CFA Charterholder. Through her current and previous roles at other organizations, Ms. Morley gained experience in reviewing, establishing and/or operating the compensation programs of such organizations. In addition, as the Chair of the Board of the YWCA of Calgary, Ms. Morley sits as an ex-officio member of the Human Resources and Compensation Committee and is directly involved in evaluating the performance and determining the compensation of the Chief Executive Officer.

- Mr. Shaw has over 30 years of experience in the oil and natural gas industry and is one of the Corporation’s founders. Prior to joining Birchcliff, Mr. Shaw served as the Chairman of the Board of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. He was the President of Shaw Automotive Group Ltd. and Shaw G.M.C. Pontiac Buick Hummer Ltd. for many years. Mr. Shaw received an Honors Degree in Business Administration from the University of Western Ontario. Through his current and previous roles as an executive officer and board member of various other organizations, Mr. Shaw has experience in reviewing, establishing and/or operating executive and corporate compensation programs.

Mr. Surbey, a non-independent director, was a member of the Compensation Committee from May 11, 2017 until he resigned from the committee on March 26, 2018.

Compensation Consultants or Advisors

The Compensation Committee has the authority to engage outside advisors to the extent it considers it necessary or desirable. During the financial year ended December 31, 2017, neither the Board nor the Compensation Committee engaged any outside compensation advisors.

Compensation Committee Review Process

Executive compensation for each financial year (excluding bonuses) is typically set in January of that year. With respect to bonuses, they are also typically set in January but are in respect of the previous financial year. With respect to the financial year ended December 31, 2017, the salaries and the number of stock options to purchase Common Shares (“**Options**”) to be granted to the Named Executive Officers and other employees of the Corporation were set in January 2017 and the bonuses were set in January 2018.

With respect to the compensation paid to the Named Executive Officers, the President and Chief Executive Officer of the Corporation provides his recommendation to the Compensation Committee as to the compensation that should be paid to such officers. The Compensation Committee then reviews this recommendation and submits its full recommendation to the Board.

Elements of Compensation

The significant elements of the Corporation’s executive compensation program are set forth in the table below:

Element	Fixed or Variable	Cash or Equity	Long-Term or Short-Term
Base Salary	Fixed	Cash	Short-Term
Bonus	Variable	Cash	Short-Term
Options	Variable	Equity	Long-Term
Performance Warrants ⁽¹⁾	N/A	Equity	Long-Term

(1) Performance warrants (“**Performance Warrants**”) to acquire Common Shares were granted to the executive management at the inception of the Corporation in 2005. See “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants*”.

In addition, the Named Executive Officers (excluding Mr. Surbey) are entitled to participate in the Corporation’s employee group savings plan (the “**Group Savings Plan**”) and to receive other employee benefits as discussed in further detail below. Subsequent to January 1, 2018, Mr. Surbey is no longer eligible to participate in the Group Savings Plan, although he does receive certain other employee benefits. See “*Executive Compensation – Summary Compensation for Named Executive Officers*”.

The Compensation Committee endeavours to find an appropriate balance between fixed and variable, long-term and short-term and cash and equity-based incentive compensation. Cash compensation primarily rewards short-term and individual performance, whereas equity-based incentive awards (Options and historically Performance Warrants) align the Corporation with market performance and encourage the Named Executive Officers to deliver improved corporate performance over a longer period of time so the Corporation’s value continues to grow.

The elements of the Corporation's compensation program and the specific process for determining the amounts of each element are described in further detail below. None of the elements of the Corporation's compensation program are determined based on specific benchmarks or performance goals or by using a specific formula.

Base Salaries

The first element of the Corporation's compensation program is the payment of base salaries. The payment of base salaries is a fundamental component of the Corporation's compensation program and serves to attract and retain highly qualified executive officers. The Named Executive Officers are paid a base salary to compensate them for providing the leadership and skills necessary to fulfill their responsibilities as executive officers of the Corporation.

Salaries for the Named Executive Officers are reviewed annually by the President and Chief Executive Officer, based on a review of corporate and personal performance and individual levels of responsibility. Although no formal industry-peer benchmarking group has been established, the President and Chief Executive Officer reviews publicly available information regarding the executive compensation of certain of the Corporation's competitors. Based on his review, the President and Chief Executive Officer submits his recommendation for the salaries of the Named Executive Officers for consideration by the Compensation Committee. The Compensation Committee then reviews the recommendation of the President and Chief Executive Officer and submits its recommendation to the full Board.

In determining the salaries to be paid to the Named Executive Officers in respect of the financial year ended December 31, 2017, the Compensation Committee had regard to the contributions made by such executive officers, their individual levels of responsibility, their experience and expertise, how their compensation levels related to compensation packages that would be achievable by such executive officers from other opportunities and available salary survey data and other information publicly disclosed by certain of the Corporation's competitors. Notwithstanding corporate and individual performance, the base salaries of the Named Executive Officers for 2017 were frozen at their 2015 levels.

The Bonus Plan

The second element of the Corporation's compensation program is the Corporation's bonus plan (the "**Bonus Plan**"). Pursuant to the Bonus Plan, discretionary cash bonuses are paid to the Named Executive Officers and other employees where deemed appropriate by the Compensation Committee. The Bonus Plan serves as a short-term retention incentive to encourage the Named Executive Officers and employees to remain employed with the Corporation. In addition, the Bonus Plan rewards the Named Executive Officers and other employees for their individual performance and their contribution to the achievement of the Corporation's goals and objectives, as well as the performance of the Corporation as a whole.

Bonus amounts for the Named Executive Officers are set by the Compensation Committee on the recommendation of the President and Chief Executive Officer. In determining the amount of bonuses to be paid to the Named Executive Officers in respect of the financial year ended December 31, 2017, the Compensation Committee had regard to a variety of factors, including the execution of the Corporation's business plan, the Corporation's production, capital costs, operating costs, reserves additions, performance-based metrics commonly used in the oil and natural gas industry and the health, safety and environmental record of the Corporation. The determination of the bonuses paid was not based on a prescriptive formula as the Compensation Committee and the Board believe that such formulas could lead to unintended consequences and foster excessive risk taking to the overall detriment of the Corporation.

Notwithstanding the significant accomplishments achieved by the Corporation during 2017 as outlined above under "*Executive Compensation – Year in Review – 2017 Performance*" and the efforts made by each of the Named Executive Officers in executing the Corporation's business plan, the Compensation Committee and the Board approved in January 2018 the payment of bonuses to the Named Executive Officers for 2017 that were significantly less than those paid in the prior year in recognition of the share performance of the Common Shares during 2017. For 2017: (i) each of the Named Executive Officers (excluding Mr. Surbey) was paid a bonus of \$550,000, which is approximately 15% less than the bonus of \$650,000 paid for 2016; and (ii) Mr. Surbey was paid a bonus of \$385,000, which is approximately 41% less than the bonus of \$650,000 paid for 2016.

The Stock Option Plan

The third element of the Corporation's compensation program is the Corporation's Stock Option Plan dated January 18, 2005, as amended and restated on April 21, 2005 and May 15, 2008 (the "**Stock Option Plan**").

Purpose

The Stock Option Plan is an integral component of the Corporation's total compensation program and serves to enhance shareholder value by aligning the interests of participants under the Stock Option Plan (each, an "**Optionee**") with the interests of shareholders in the growth and profitability of the Corporation. The Stock Option Plan is designed, through the grant of Options, to reward Optionees with additional compensation relative to an increase in the price of the Common Shares. In addition, the deferred vesting of Options over a three-year period serves as a long-term retention incentive to encourage the Named Executive Officers and other employees to remain employed with the Corporation.

Participants

The Stock Option Plan permits the granting of Options to officers, directors, employees and consultants of the Corporation. Although the Stock Option Plan does not prohibit the granting of Options to non-employee directors of the Corporation, no Options have been granted to any non-employee director of the Corporation since 2011.

Grant Process

Pursuant to the Stock Option Plan, the Board may grant Options from time to time. At the time of the grant, the Board fixes the exercise price, vesting dates and the expiry date of such Options. The Board may also fix such other terms and conditions, not inconsistent with the Stock Option Plan, as the Board in its discretion may determine.

Generally, the number of Options granted to any Optionee is a function of the level of authority and responsibility of the Optionee, the contribution that has been made by the Optionee to the business and affairs of the Corporation, the number of Options that have already been granted to the Optionee and such other factors as the Compensation Committee may consider relevant.

The number of Options to be granted to the Named Executive Officers for the financial year ended December 31, 2017 were set by the Compensation Committee on the recommendation of the President and Chief Executive Officer in January 2017. In determining the number of Options to be granted to the Named Executive Officers during 2017, the Compensation Committee had regard to the amount, term and vesting levels of existing Options and Performance Warrants held by the Named Executive Officers and also the number of Options remaining available for grant by the Corporation in the future to attract and maintain qualified technical and administrative staff. The Named Executive Officers (except for Mr. Surbey) were each granted 200,000 Options on February 13, 2017 and Mr. Surbey was granted 100,000 Options on February 13, 2017. The Compensation Committee believes that these Options granted under the Stock Option Plan will provide above-market compensation to the Named Executive Officers only upon the significant enhancement of shareholder value.

Expiry Date, Black-Outs and Vesting

The Stock Option Plan provides that the expiry date of an Option shall be no later than 10 years from the date of grant of such Option. If the expiry date of an Option falls within any period during which employees of the Corporation are prohibited from trading securities of the Corporation that is imposed by the Corporation (a "**Black-Out Period**"), or within two business days thereafter, the expiry date of such Option shall be automatically extended for a period of 10 business days following the end of the Black-Out Period.

All of the Options granted to date under the Stock Option Plan provide for: (i) the expiry of such Options not later than the fifth anniversary of the date of grant; and (ii) the vesting of such Options with respect to one-third of the Common Shares issuable thereunder on each of the first, second and third anniversaries of the date of grant.

Exercise Price

The Stock Option Plan provides that the exercise price of an Option shall not be lower than the higher of: (i) the closing price of the Common Shares on the TSX on the first trading day immediately preceding the date of grant; or (ii) the lowest price permitted by the TSX; provided that if the Common Shares are not listed and posted for trading

on a stock exchange, the exercise price of an Option shall be the value determined by the Board on the date of grant.

Restrictions on Number of Common Shares Issuable

The maximum number of Common Shares that are issuable under Options that are issued and outstanding at any time under the Stock Option Plan shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis. The maximum number of Common Shares that may be issued under the Stock Option Plan to insiders of the Corporation within any one-year period and the maximum number of Common Shares that are issuable under the Stock Option Plan to insiders of the Corporation at any time, together with all Common Shares issuable to insiders under all other share compensation arrangements, may not exceed 10% of the outstanding Common Shares. The maximum number of Common Shares that may be issued under the Stock Option Plan to any single Optionee in the Stock Option Plan may not exceed 5% of the outstanding Common Shares.

Based on 265,796,698 Common Shares issued and outstanding at December 31, 2017, a maximum of 26,579,670 Common Shares (representing approximately 10% of the issued and outstanding Common Shares) could be issued under the Stock Option Plan as at that date. At December 31, 2017, there was also an aggregate of 14,158,107 Options issued and outstanding (representing approximately 5.3% of the issued and outstanding Common Shares), leaving 12,421,563 Common Shares (representing approximately 4.7% of the issued and outstanding Common Shares) available for issuance under the Stock Option Plan as at that date.

Amendments

The Board may, at any time, but subject always to the receipt of required regulatory approvals, alter, amend or revise the terms of the Stock Option Plan or an outstanding Option, or suspend, discontinue or terminate the Stock Option Plan, provided that, without the prior written consent of an Optionee, no such action shall adversely affect (except as specifically provided in the Stock Option Plan or an applicable Option Agreement) any Options previously granted to such Optionee.

Any alteration, amendment or revision to the Stock Option Plan or any outstanding Options (other than suspension, discontinuance or termination of the Stock Option Plan or any outstanding Options) is subject to the prior approval of shareholders of the Corporation. Notwithstanding the foregoing, the Board has the authority to make certain amendments to the Stock Option Plan without further approval of the shareholders of the Corporation, to the extent that such amendments relate to: (i) altering, extending or accelerating the terms and conditions of vesting applicable to any Option or group of Options; (ii) changing the termination provisions of an Option, provided such change does not entail an extension beyond the original expiry date of such Option; (iii) accelerating the expiry date of an Option; (iv) determining the adjustment provisions pursuant to the Stock Option Plan; (v) making changes of a “housekeeping” nature; and (vi) amending or modifying the mechanics of exercise of the Options. Shareholder approval is specifically required for the Board to make amendments of the following nature: (i) to increase the maximum number or percentage of Common Shares that may be issued pursuant to Options; (ii) to reduce the exercise price of Options benefiting an insider; (iii) to alter limits to insider participation; (iv) to extend the expiry date of Options for the benefit of an insider; and (v) to amend the amendment provisions of the Stock Option Plan.

During the financial year ended December 31, 2017, the Board exercised its discretion to amend the vesting provisions of an aggregate of 811,848 unvested Options (collectively, the “**Affected Options**”) held by certain employees of the Corporation who were not officers of the Corporation and who either retired or ceased to be employees as a result of the various dispositions completed by the Corporation during 2017. Pursuant to the amendments, the vesting dates of the Affected Options were accelerated. None of such amendments were made to any Options held by any officer, director or other insider of the Corporation, including Mr. Surbey. As such amendments pertained to the acceleration of vesting of the Affected Options, shareholder approval was not required for such amendments and therefore was not obtained.

Cessation of Participation

The Stock Option Plan provides an Optionee who has ceased to be a participant under the Stock Option Plan, for any reason, a limited amount of time to exercise any or all of his or her vested Options, after which time such vested Options shall expire. All of such Optionee's unvested Options expire immediately upon cessation of participation. Vested Options granted under the Stock Option Plan will expire on the earlier of: (i) the original expiry date; (ii) three years after the Optionee's death; (iii) one year after the Optionee becomes permanently disabled; (iv) one year after the Optionee ceases to be a director; and (v) 30 days after the Optionee ceases to be a participant for any other reason. In the context of an Optionee ceasing to be a participant under the Stock Option Plan, the directors of the Corporation have the discretion to vest unvested Options and to extend the expiry date of Options, provided that such extended expiry date shall be no later than the earlier of the original expiry date of such Options and the third anniversary date of the date upon which the Optionee ceased to be a participant under the Stock Option Plan.

Assignability

Options granted under the Stock Option Plan are for the benefit of the Corporation's officers, directors, employees and consultants and are not assignable to any third party under any circumstance except for a limited right of an Optionee's legal representative to exercise Options in the event of the death or permanent disability of an Optionee.

Adjustment in Connection with Certain Corporate Events

In the event: (i) of any change or proposed change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) of any issuance, dividend or distribution to all or substantially all of the holders of Common Shares of any shares, securities, property or assets of the Corporation other than in the ordinary course; (iii) that any rights are granted to holders of Common Shares to purchase Common Shares at prices materially below fair market value; or (iv) that as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares or securities; then in any such case: (i) the Board will proportionately adjust the number of Common Shares that underlie each Option, the number of Common Shares that are available for issuance pursuant to the exercise of all outstanding Options, the securities or other property that may be acquired upon the exercise of an Option and the exercise price of such Option, or one or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to Optionees; and (ii) the Board may amend to an earlier date the date on which any or all unvested Options become vested Options and may decide whether such Options will remain as vested Options for a limited period of time only. Upon any such determination having been made, the Optionee shall be bound by such determination.

Change of Control

The Stock Option Plan contains various provisions that apply in the context of a transaction resulting in a "change of control" (as such term is defined in the Stock Option Plan). In most change of control situations, all unvested Options will be vested. In the context of a change of control where not less than $66\frac{2}{3}\%$ of vested Options have been exercised, all remaining unexercised Options shall expire and automatically terminate and the Corporation shall make a cash payment to the former holders of such Options in an amount equal to the "in-the-money" value of such expired Options at such time.

Performance Warrants

Performance Warrants were originally granted on January 18, 2005 at the founding of the Corporation as a long-term incentive to the members of the Corporation's management team at the time and to enhance shareholder value by aligning the interests of the holders with the growth and profitability of the Corporation. As a performance-based incentive, the Performance Warrants were not exercisable unless the trading price of the Common Shares exceeded \$6.00 for a period of 20 consecutive trading days. This condition was satisfied in November of 2005 and accordingly, all of the Performance Warrants have been exercisable since November 2005. At the annual and special meeting of shareholders held on May 15, 2014, the shareholders of the Corporation

approved an amendment to the Performance Warrants to extend the expiry date from January 31, 2015 to January 31, 2020.

At December 31, 2017 and at March 28, 2018, the Corporation had 2,939,732 Performance Warrants outstanding, representing in each case approximately 1.1% of the issued and outstanding Common Shares. Each Performance Warrant entitles the holder thereof to purchase one Common Share of the Corporation at an exercise price of \$3.00 per Common Share, which was the price at which the Corporation originally raised its initial \$60 million of equity financing. The Performance Warrants are held by Messrs. Tonken, Geremia and Bosman, each of whom is a Named Executive Officer, and by Mr. Surbey, who retired as Vice-President, Corporate Development of the Corporation effective June 30, 2017 and is now a director of the Corporation. Mr. Geremia holds 50% of his Performance Warrants in trust for the benefit of his former spouse.

Group Savings Plan and Benefits

The Corporation generally provides the Named Executive Officers, along with all other employees, with the opportunity to voluntarily participate in the Group Savings Plan. In addition, the Named Executive Officers are provided with other employment benefits, including life insurance, disability insurance, extended health and dental coverage and a health care spending account.

The Corporation implemented the Group Savings Plan to assist employees in meeting their saving goals. Employees who join the Group Savings Plan contribute a percentage of their base salary each pay period and the Corporation matches the employee contributions to a maximum of 5% of the employee's base salary. Subject to the discussion below, all employees are eligible to join the Group Savings Plan and vesting of the Corporation's contribution is immediate. The Group Savings Plan is administered for the Corporation by an independent third party investment firm. Investment options include a suite of professionally managed investment funds. The Corporation deposits contributions with the advisory firm on a semi-monthly basis and thereafter all investment decisions, transfers and withdrawals are completed directly between the employee and the third party investment firm.

Mr. Surbey participated in the Group Savings Plan for the financial year ended December 31, 2017; however, effective January 1, 2018, he is no longer entitled to participate in the Group Savings Plan.

Risks of Compensation Policies and Practices

The Board and the Compensation Committee have not formally considered the implications of the risks associated with the Corporation's compensation policies and practices. The Corporation's compensation policies and practices give significant weight toward long-term incentives to mitigate the risk of encouraging short-term goals at the expense of long-term sustainability. The discretionary nature of the bonus awards under the Bonus Plan and of the Option grants under the Stock Option Plan are significant elements of the Corporation's compensation program and provide the Board with the ability to reward historical performance and behaviour that the Board considers to be aligned with the Corporation's best interests.

Anti-Hedging Policy

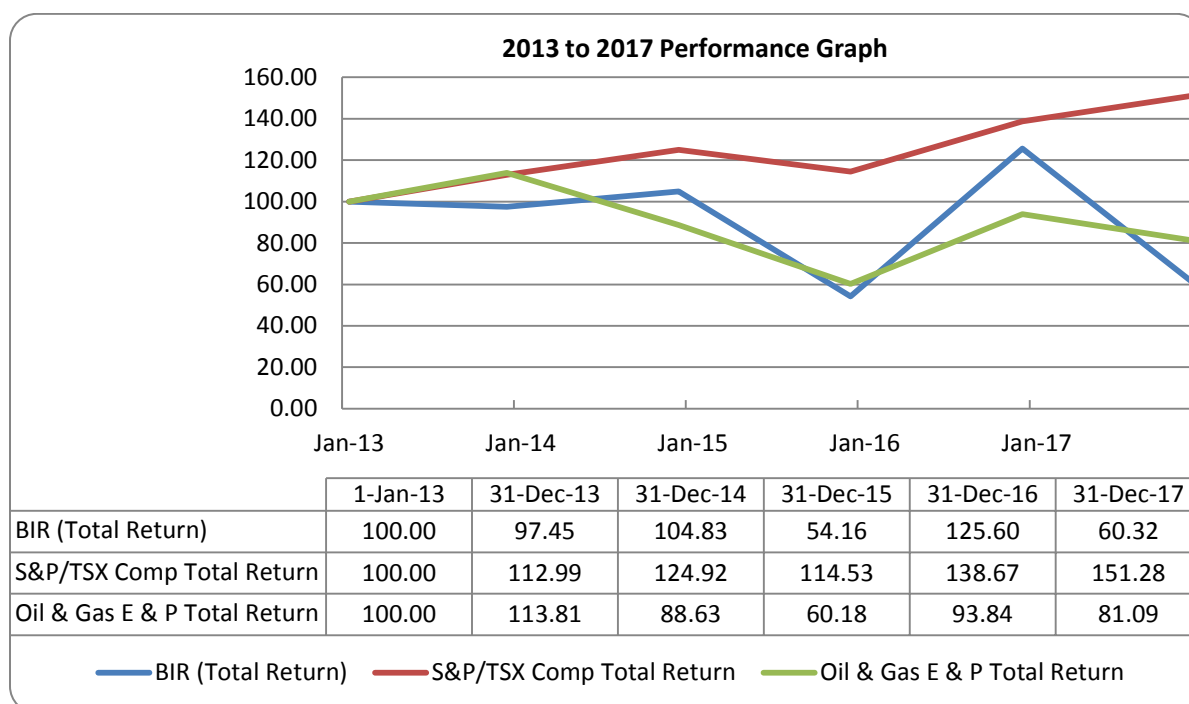
The Corporation has implemented a policy which restricts its directors and officers from knowingly selling, directly or indirectly, a security of the Corporation if such person selling such security does not own or has not fully paid for the security to be sold. Directors and officers of the Corporation may not, directly or indirectly, sell a call or buy a put in respect of a security of the Corporation or any of its affiliates. Notwithstanding these prohibitions, directors and officers of the Corporation may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so acquired to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

As a matter of corporate policy, hedging transactions involving directors and officers are prohibited. Directors and officers may not, for the purpose of hedging to protect against a decrease in the market price or value of an equity-based award or securities of the Corporation, buy, sell or enter into any derivative instruments, agreements or securities, the market price, value or payment obligations of which are derived from, referenced to or based on the value of the applicable securities, or any other derivative instruments, agreements, arrangements, or

understandings (commonly known as equity monetization transactions) the effect of which is to alter, directly or indirectly, the director's or officer's economic interest in securities of, or economic exposure to, the Corporation.

Performance Graph

The following graph compares the cumulative total shareholder return for the five most recently completed financial years, assuming a notional \$100.00 investment in the Common Shares, with the cumulative total shareholder return on the S&P/TSX Composite Total Return Index and the Oil & Gas Exploration & Production Total Return Index.



The decrease in the closing trading price of the Common Shares on December 31, 2017 relative to the closing trading price of the Common Shares on January 1, 2013 was greater than the comparable relative decrease in value of the Oil & Gas Exploration and Production Total Return Index. On a relative basis, the closing trading price of the Common Shares on December 31, 2017 was 41% less than the closing trading price of the Common Shares on January 1, 2013. On a similar relative basis, the closing value of the S&P/TSX Composite Total Return Index on December 31, 2017 was 51% greater than the closing value of such index on January 1, 2013.

Over the same five year period, total executive compensation remained fairly consistent during 2013 to 2016 with a significant increase in 2017 as compared to prior years, after excluding the effects of the incremental fair value of the extension of the Performance Warrants in 2014 (being \$481,100 in the case of each of Messrs. Tonken, Geremia and Surbey and \$302,900 in the case of Mr. Bosman) and a retirement payment to Mr. Surbey for 2017 (see *“Executive Compensation – Summary Compensation for Named Executive Officers”*). The incremental fair value of the extension of the Performance Warrants in 2014 was determined as at May 15, 2014 by the difference between the fair value of the outstanding Performance Warrants with the expiration date of January 31, 2020 (the **“extended term”**) and the fair value of the outstanding Performance Warrants with the original expiration date of January 31, 2015 (the **“original term”**). The Corporation has calculated the fair value of the extended term Performance Warrants held by the Named Executive Officers that were extended using the Black-Scholes-Merton model using the following assumptions: (i) an initial expected life of 5.7 years; (ii) a forfeiture rate of 0%; (iii) a historical volatility of 51.5%; and (iv) a risk-free interest rate of 1.7%. The Corporation has calculated the fair value of the original term Performance Warrants held by the Named Executive Officers that were extended using the Black-Scholes-Merton model using the following assumptions: (i) an initial expected life of 0.72 years; (ii) a forfeiture rate of 0%; (iii) a historical volatility of 27.0%; and (iv) a risk-free interest rate of 1.0%. The fair value of

each Performance Warrant with the extended term was \$9.746 and the fair value of each Performance Warrant with the original term was \$9.152.

Executive compensation is not directly tied to the trading price of the Common Shares.

Summary Compensation for Named Executive Officers

The following table provides a summary of the compensation earned by each Named Executive Officer for the three most recently completed financial years:

Name and Principal Position	Year	Salary (\$)	Option-based awards ⁽¹⁾ (\$)	Annual incentive plans ⁽²⁾ (\$)	All other compensation ⁽³⁾ (\$)	Total compensation (\$)
A. Jeffery Tonken ⁽⁴⁾	2017	480,000	612,000	550,000	24,000	1,666,000
President and Chief Executive Officer	2016	480,000	165,200	650,000	24,000	1,319,200
	2015	480,000	294,000	450,000	24,000	1,248,000
Myles R. Bosman	2017	438,000	612,000	550,000	21,900	1,621,900
Vice-President, Exploration and Chief Operating Officer	2016	438,000	165,200	650,000	21,900	1,275,100
	2015	438,000	294,000	450,000	21,900	1,203,900
Christopher A. Carlsen	2017	438,000	612,000	550,000	21,900	1,621,900
Vice-President, Engineering	2016	438,000	165,200	650,000	21,900	1,275,100
	2015	438,000	294,000	450,000	21,900	1,203,900
Bruno P. Geremia	2017	438,000	612,000	550,000	21,900	1,621,900
Vice-President and Chief Financial Officer	2016	438,000	165,200	650,000	21,900	1,275,100
	2015	438,000	294,000	450,000	21,900	1,203,900
Dave M. Humphreys	2017	438,000	612,000	550,000	21,900	1,621,900
Vice-President, Operations	2016	438,000	165,200	650,000	21,900	1,275,100
	2015	438,000	294,000	450,000	21,900	1,203,900
James W. Surbey ⁽⁵⁾	2017	279,000	306,000	385,000	2,133,750	3,103,750
Former Vice-President, Corporate Development	2016	438,000	165,200	650,000	21,900	1,275,100
	2015	438,000	294,000	450,000	21,900	1,203,900

- (1) The Corporation has calculated the grant date fair value of the Options granted to the Named Executive Officers using the Black-Scholes-Merton model. The Corporation chose the Black-Scholes-Merton model because it is recognized as the most common methodology used for valuing Options and doing value comparisons. The value of each Option granted on February 13, 2017 under International Financial Reporting Standards (“IFRS”) was \$3.06 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 4.0 years; (ii) a historical volatility of 49.3%; and (iii) a risk-free interest rate of 1.0%. The value of each Option granted on January 21, 2016 under IFRS was \$1.18 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 4.0 years; (ii) a historical volatility of 44.8%; and (iii) a risk-free interest rate of 0.6%. The value of each Option granted on January 23, 2015 under IFRS was \$2.10 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 4.0 years; (ii) a historical volatility of 40.8%; and (iii) a risk-free interest rate of 0.7%. The aggregate number of Options held by each of the Named Executive Officers as at December 31, 2017 is disclosed in the table under the heading “Executive Compensation – Incentive Plan Awards – Outstanding Option-Based Awards”.
- (2) The amounts under “Annual incentive plans” represent cash bonuses that are paid under the Bonus Plan. The bonuses disclosed in the table for each year were earned in respect of performance for that year and are paid in the following year. The only non-equity incentive plan the Corporation has is the Bonus Plan.
- (3) The amounts under “All other compensation” include the matching contributions made by the Corporation on behalf of the Named Executive Officers under the Group Savings Plan. See “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Group Savings Plan and Benefits”. For each of the three most recently completed financial years, the value of perquisites and benefits for each Named Executive Officer that are not generally available to all employees is less than \$50,000 and less than 10% of each Named Executive Officer’s total salary.
- (4) Mr. Tonken also serves as a director of the Corporation; however, he receives no compensation in his capacity as a director of the Corporation.
- (5) Mr. Surbey was the Vice-President, Corporate Development of the Corporation until his retirement effective June 30, 2017. Subsequent to his retirement as an officer of the Corporation, Mr. Surbey stayed on as an employee of the Corporation and in that capacity, receives an annual salary of \$120,000 and certain benefits. Accordingly, Mr. Surbey’s compensation for 2017 reflects the compensation he received in

his capacity as Vice-President, Corporate Development until his retirement effective June 30, 2017 and his subsequent continuing employment past that date. Mr. Surbey's "All other compensation" amount for 2017 includes a retirement payment in the amount of \$2,119,800 which was paid in 2018. Mr. Surbey also became a director of the Corporation on May 11, 2017; however, he receives no compensation in his capacity as a director of the Corporation.

The Corporation does not currently have any share-based awards, non-equity long-term incentive plans or defined contribution or defined benefit pension plans as such terms are defined in Form 51-102F6 – *Statement of Executive Compensation*.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards (consisting of Options and Performance Warrants) that were outstanding at the end of the financial year ended December 31, 2017 for the Named Executive Officers:

Name	Number of securities underlying unexercised Options or Performance Warrants		Expiration date	Value of unexercised in-the-money Options or Performance Warrants ⁽¹⁾
	(#)	Exercise price (\$)		
A. Jeffery Tonken	111,000 ⁽²⁾	7.32	January 24, 2018	–
President and Chief Executive Officer	140,000 ⁽²⁾	8.63	January 27, 2019	–
	140,000 ⁽²⁾	6.53	January 23, 2020	–
	140,000 ⁽²⁾	3.35	January 21, 2021	147,000
	200,000 ⁽²⁾	7.85	February 13, 2022	–
	809,933 ⁽³⁾	3.00	January 31, 2020	1,133,906
Myles R. Bosman	111,000 ⁽²⁾	7.32	January 24, 2018	–
Vice-President, Exploration and Chief Operating Officer	140,000 ⁽²⁾	8.63	January 27, 2019	–
	140,000 ⁽²⁾	6.53	January 23, 2020	–
	140,000 ⁽²⁾	3.35	January 21, 2021	147,000
	200,000 ⁽²⁾	7.85	February 13, 2022	–
	509,933 ⁽³⁾	3.00	January 31, 2020	713,906
Christopher A. Carlsen	55,200 ⁽²⁾	7.32	January 24, 2018	–
Vice-President, Engineering	210,000 ⁽²⁾	8.56	July 22, 2018	–
	140,000 ⁽²⁾	8.63	January 27, 2019	–
	140,000 ⁽²⁾	6.53	January 23, 2020	–
	140,000 ⁽²⁾	3.35	January 21, 2021	147,000
	200,000 ⁽²⁾	7.85	February 13, 2022	–
Bruno P. Geremia	111,000 ⁽²⁾	7.32	January 24, 2018	–
Vice-President and Chief Financial Officer	140,000 ⁽²⁾	8.63	January 27, 2019	–
	140,000 ⁽²⁾	6.53	January 23, 2020	–
	140,000 ⁽²⁾	3.35	January 21, 2021	147,000
	200,000 ⁽²⁾	7.85	February 13, 2022	–
	809,933 ⁽³⁾⁽⁴⁾	3.00	January 31, 2020	1,133,906 ⁽⁴⁾
Dave M. Humphreys	111,000 ⁽²⁾	7.32	January 24, 2018	–
Vice-President, Operations	140,000 ⁽²⁾	8.63	January 27, 2019	–
	140,000 ⁽²⁾	6.53	January 23, 2020	–
	140,000 ⁽²⁾	3.35	January 21, 2021	147,000
	200,000 ⁽²⁾	7.85	February 13, 2022	–
James W. Surbey ⁽⁵⁾	111,000 ⁽²⁾	7.32	January 24, 2018	–
Former Vice-President, Corporate Development	140,000 ⁽²⁾	8.63	January 27, 2019	–
	140,000 ⁽²⁾	6.53	January 23, 2020	–
	140,000 ⁽²⁾	3.35	January 21, 2021	147,000
	100,000 ⁽²⁾	7.85	February 13, 2022	–
	809,933 ⁽³⁾	3.00	January 31, 2020	1,133,906

(1) Value is calculated based on the difference between the closing price of the Common Shares on the TSX on December 29, 2017 (being the last trading day of the year) of \$4.40 and the exercise price of the Options or Performance Warrants, as applicable.

- (2) Represents Options.
- (3) Represents Performance Warrants.
- (4) 50% of this amount is held in trust for the benefit of Mr. Geremia's former spouse. Mr. Geremia does not exercise control or direction over these securities.
- (5) Mr. Surbey retired as the Vice-President, Corporate Development effective June 30, 2017.

For a description of the process used by the Corporation to grant option-based awards to the Named Executive Officers, see the disclosure under the headings "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan" and "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants". For a more detailed description of the Stock Option Plan, see the disclosure under the heading "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan". For a more detailed description of the Performance Warrants, see the disclosure under the heading "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants".

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value of incentive plan awards vested or earned during the Corporation's financial year ended December 31, 2017, in respect of option-based and non-equity incentive plan awards for the Named Executive Officers:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan awards – Value earned during the year ⁽²⁾ (\$)
A. Jeffery Tonken President and Chief Executive Officer	303,331	550,000
Myles R. Bosman Vice-President, Exploration and Chief Operating Officer	303,331	550,000
Christopher A. Carlsen Vice-President, Engineering	303,331	550,000
Bruno P. Geremia Vice-President and Chief Financial Officer	303,331	550,000
Dave M. Humphreys Vice-President, Operations	303,331	550,000
James W. Surbey ⁽³⁾ Former Vice-President, Corporate Development	303,331	385,000

(1) Value is calculated for each of the Options based on the difference between the closing price of the Common Shares on the TSX on the vesting date for such Options or, if such day was not a trading day, the following trading day, and the exercise price of the Options.

(2) Non-equity incentive plan compensation represents the cash bonuses earned under the Bonus Plan for the financial year ended December 31, 2017.

(3) Mr. Surbey retired as the Vice-President, Corporate Development effective June 30, 2017.

Pension Plan Benefits

The Corporation does not have a pension plan or a deferred compensation plan.

Termination and Change of Control Benefits

The Corporation entered into executive employment agreements: (i) effective December 19, 2009 with each of Messrs. Bosman, Geremia and Humphreys; (ii) effective May 16, 2011 with Mr. Tonken; and (iii) effective July 22, 2013 with Mr. Carlsen (collectively, the "Employment Agreements"). These Employment Agreements are for an indefinite term and contain provisions for payments upon: termination, with or without just cause; resignation

following a change of control or constructive dismissal; or a change of duties or remuneration following a change of control. Pursuant to the Employment Agreements, a “change of control” is deemed to have occurred if:

- any person or group of persons acquires effective control of the Corporation (where “control” means the ability to exercise effective control of the management and policies of the Corporation and the ability to elect the majority of the Board and “group” refers to a combination of persons that act in concert);
- there is an acquisition of 20% or more of the Common Shares or securities convertible into Common Shares (other than by Mr. Seymour Schulich and his associates or affiliates);
- an amalgamation, arrangement or other such transaction is completed, which results in: the directors of the Corporation comprising less than two-thirds of the directors of the new entity; a sale of all or substantially all of the assets of the Corporation (other than to a partnership of which the Corporation is a partner); the liquidation, dissolution or winding up of the Corporation; or any person, partnership, entity or group acquiring control of the Corporation; or
- the Board determines that a change of control has occurred.

Mr. Surbey was a party to an executive employment agreement on the same terms as the Employment Agreements described above. However, Mr. Surbey retired as the Vice-President, Corporate Development of the Corporation effective June 30, 2017.

The following table sets forth a summary of the potential payments and other benefits that are payable or otherwise provided to the Named Executive Officers (excluding Mr. Surbey) upon the occurrence of the triggering events set forth below, as well as certain conditions and obligations related to the Named Executive Officer’s employment as provided for in the Employment Agreements:

Conditions and obligations of employment	<ul style="list-style-type: none"> • Confidentiality obligations and non-solicitation of employees for a period of one year following termination.
Potential payments in the event of:	<ul style="list-style-type: none"> • A lump sum equal to: (i) the Named Executive Officer’s current annual salary owed to the date of termination; and (ii) an amount equal to “Annual Compensation”⁽¹⁾ multiplied by two.
(a) termination without just cause;	
(b) resignation within 30 days following a change of control or constructive dismissal; or	<ul style="list-style-type: none"> • All outstanding and accrued vacation pay. • All previously unvested convertible securities to acquire Common Shares will become immediately exercisable and shall remain exercisable until the later of 180 days following the date of termination and January 31 of the following calendar year.
(c) a change of duties or remuneration following a change of control	<ul style="list-style-type: none"> • All Corporation-paid life, medical and dental insurance benefits will be continued until the first to occur of: two months from the date of termination; alternative employment with comparable benefits; or death.
Potential payments in the event of termination for just cause	<ul style="list-style-type: none"> • Any unpaid portion of salary accrued to the date of termination, any amounts due for unused vacation and any outstanding expenses not yet reimbursed.

(1) “Annual Compensation” is defined in the Employment Agreements to mean the sum of: (i) the annual salary of the Named Executive Officer in effect at the date of termination; plus (ii) the simple average of the aggregate amount the Named Executive Officer has received or is entitled to receive from the Corporation in respect of each of the last two fiscal years ended prior to the date of termination pursuant to any profit sharing, officer or employee incentive, compensation or bonus program; plus (iii) the annual cost of providing the Named Executive Officer with the employment benefits to which such officer is entitled.

The following table sets forth the estimated incremental payments and benefits that would be received by each of the Named Executive Officers (excluding Mr. Surbey) pursuant to their respective Employment Agreements upon the occurrence of a termination without just cause, a resignation within 30 days following a change of control or a change of duties or remuneration following a change of control, in each case assuming the date of the triggering event was December 31, 2017:

Name ⁽¹⁾	“Annual Compensation” multiplied by two ⁽²⁾⁽³⁾ (\$)	Value of Accelerated Option Vesting ⁽⁴⁾ (\$)
A. Jeffery Tonken President and Chief Executive Officer	2,199,746	98,000
Myles R. Bosman Vice-President, Exploration and Chief Operating Officer	2,104,564	98,000
Christopher A. Carlsen Vice-President, Engineering	2,104,564	98,000
Bruno P. Geremia Vice-President and Chief Financial Officer	2,097,581	98,000
Dave M. Humphreys Vice-President, Operations	2,103,514	98,000

- (1) Notwithstanding Mr. Surbey’s status as a Named Executive Officer for 2017, he is not included in this table as he retired as the Vice-President, Corporate Development effective June 30, 2017.
- (2) Includes the total value of the “Annual Compensation” as defined in the Employment Agreements.
- (3) Assumes no salary or vacation pay owing at the date of termination. In addition, the Employment Agreements provide that the Corporation will continue to maintain all of the Corporation-paid life, medical and dental insurance benefits at the levels existing as at the date of a change of control or the date of termination until: (i) the Named Executive Officer obtains alternative employment benefits of a comparable nature; (ii) the death of the Named Executive Officer; or (iii) two months from the date of termination or change of control, whichever should first occur. At December 31, 2017, the value of such benefits for a period of two months from the date of the triggering event is equal to approximately \$2,400 for each Named Executive Officer.
- (4) Calculated based on the difference between the market price of the Common Shares underlying the accelerated Options (which is based on the closing price of the Common Shares on the TSX on December 29, 2017 (being the last trading day of the year) of \$4.40) and the exercise price of the Options.

In addition, the Stock Option Plan contains various provisions that apply in the context of a transaction resulting in a “change of control” (as such term is defined in the Stock Option Plan). In most change of control situations, all unvested Options will be vested. In the context of a change of control where not less than 66²/₃% of vested Options have been exercised, all remaining unexercised Options shall expire and automatically terminate and the Corporation shall make a cash payment to the former holders of such Options in an amount equal to the “in-the-money” value of such expired Options at such time. Assuming a change of control occurred on December 31, 2017, the estimated incremental value of the unvested Options for which vesting would be accelerated for each of the Named Executive Officers is \$98,000, based on the difference between the market price of the Common Shares underlying the accelerated Options (which is based on the closing price of the Common Shares on the TSX on December 29, 2017 of \$4.40) and the exercise price of the Options.

DIRECTOR COMPENSATION

Summary Compensation for Directors

Compensation for the directors of the Corporation, excluding Messrs. Tonken and Surbey, consists of an annual retainer and a fee for each meeting of the Board or any committee thereof attended. Meeting fees are typically paid periodically throughout the year and the annual retainer is typically paid following the annual meeting of shareholders of the Corporation. For 2017, the annual retainer was \$90,000 and the per meeting fees were \$1,500. Neither Mr. Tonken nor Mr. Surbey receive any compensation in their capacity as directors of the Corporation. Compensation information for Messrs. Tonken and Surbey is provided under the heading “Executive Compensation – Summary Compensation for Named Executive Officers”.

The directors may be granted Options under the Stock Option Plan, although no Options have been granted to non-employee directors since 2011. All matters related to the compensation of directors are determined by the Compensation Committee.

The following table sets forth information in respect of all amounts of compensation provided to the directors of the Corporation for the financial year ended December 31, 2017, excluding Mr. Tonken and Mr. Surbey, whose compensation information is provided under the heading “Executive Compensation – Summary Compensation for Named Executive Officers”.

Name	Annual retainer and meeting fees earned (\$)	Option-based awards (\$)	All other compensation ⁽¹⁾ (\$)	Total (\$)
Current Board Members				
Dennis A. Dawson	129,000	–	16,527	145,527
Debra A. Gerlach ⁽²⁾	22,315	–	6,298	28,613
Rebecca J. Morley	129,000	–	15,102	144,102
Larry A. Shaw	129,000	–	10,343	139,028
Former Board Members				
Kenneth N. Cullen ⁽³⁾	19,500	–	–	19,500

(1) Includes: (i) life and medical insurance premiums in the case of Mr. Dawson, Ms. Morley and Ms. Gerlach; (ii) Best Doctors Medical Access and medical travel insurance in the case of Mr. Dawson, Ms. Gerlach and Ms. Morley; (iii) reimbursement of amounts under the Corporation’s health care spending account in the case of Mr. Dawson and Mr. Shaw; and (iv) taxable parking benefits in the case of Mr. Shaw.

(2) Ms. Gerlach was appointed as a director of the Corporation on November 8, 2017 and her annual retainer fee was prorated based on her start date.

(3) Mr. Cullen did not stand for re-election at the Corporation’s annual and special shareholders’ meeting held on May 11, 2017 and ceased to be a director of the Corporation on that date.

Incentive Plan Awards

Outstanding Option-Based Awards

At the end of December 31, 2017, there were no outstanding option-based awards held by the directors of the Corporation, other than Mr. Tonken and Mr. Surbey.

Incentive Plan Awards – Value Vested or Earned During the Year

During the financial year ended December 31, 2017, no value vested in respect of any option-based awards held by any of the directors and no non-equity incentive plan compensation was earned by any of the directors, other than Mr. Tonken and Mr. Surbey.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the details relating to the outstanding equity compensation plans of the Corporation at December 31, 2017:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding Options, Performance Warrants and rights (A)	Weighted-average exercise price of outstanding Options, Performance Warrants and rights (B)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding those included in column (A)) (C)
Equity Compensation Plans approved by shareholders ⁽¹⁾	Options: 14,158,107 Performance Warrants: 2,939,732 Options and Performance Warrants: 17,097,839	Options: \$6.88 Performance Warrants: \$3.00 Options and Performance Warrants: \$6.21	Options: 12,421,563 ⁽²⁾ Performance Warrants: Nil Options and Performance Warrants: 12,421,563
Equity Compensation Plans not approved by shareholders	Nil	N/A	N/A

- (1) For a description of the Stock Option Plan and the Performance Warrants, see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation”.
- (2) The maximum number of Common Shares issuable under Options that are issued and outstanding at any time under the Stock Option Plan shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis. At December 31, 2017, there were 265,796,698 Common Shares issued and outstanding. Accordingly, at December 31, 2017, a maximum of 26,579,670 Common Shares could be issued under the Stock Option Plan, leaving 12,421,563 Common Shares available for issuance under the Stock Option Plan.

During the year ended December 31, 2017, an aggregate of 1,754,796 Common Shares were issued pursuant to the exercise of Options.

The following table sets forth the number of Options granted during the three most recently completed financial years and the potential dilutive effect of such Options:

Plan ⁽¹⁾	Year	Weighted-average Common Shares		
		Number of Options Granted (A)	Outstanding ⁽²⁾ (B)	Burn Rate (A)/(B) ⁽³⁾ (C)
Stock Option Plan	2015	3,358,500	152,285,891	2.21%
	2016	3,356,000	199,581,368	1.68%
	2017	4,867,400	265,182,317	1.84%

- (1) Performance Warrants are not included in this table as the Corporation has not issued any Performance Warrants since 2005. Accordingly, the burn rate for the past three financial years for the Performance Warrants is zero.
- (2) The weighted average number of Common Shares outstanding during the year is the number of Common Shares outstanding at the beginning of the year, adjusted by the number of Common Shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the Common Shares are outstanding as a proportion of the total number of days in the year.
- (3) The burn rate is calculated as follows and expressed as a percentage: (i) the number of Stock Options granted under the Stock Option Plan during the applicable financial year, divided by (ii) the weighted average number of Common Shares outstanding for the applicable financial year.

CORPORATE GOVERNANCE DISCLOSURE

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, the Corporation is required to include in this Information Circular the disclosure required under Form 58-101F1.

Board of Directors

A director is considered to be “independent” if the director is independent within the meaning of Section 1.4 of National Instrument 52-110 – *Audit Committees (“NI 52-110”)*. The Board currently consists of six directors, of which four are independent. Accordingly, a majority of the directors are independent. The current independent directors are Dennis A. Dawson, Debra A. Gerlach, Rebecca J. Morley and Larry A. Shaw. Mr. Tonken is not considered to be an independent director by virtue of his position as the President and Chief Executive Officer of the Corporation. Mr. Surbey is not considered to be an independent director by virtue of his previous position as the Vice-President, Corporate Development of the Corporation and due to the fact that he is an employee of the Corporation. At the Meeting, shareholders will be asked to elect Mr. Dawson, Ms. Gerlach, Ms. Morley, Mr. Surbey and Mr. Tonken as the directors of the Corporation. Mr. Shaw is not standing for re-election at the Meeting. Accordingly, provided that all of such proposed nominees are elected to the Board, three of five directors will be considered independent following the Meeting.

On May 11, 2017, Mr. Shaw stepped down as the Chairman of the Board and Mr. Tonken was appointed as the Chairman of the Board. As Mr. Tonken is not considered independent, Mr. Dawson was appointed as the independent Lead Director. The primary role of the Lead Director is to act as a liaison between the independent directors of the Board and the management of the Corporation to ensure that the Board is organized properly, functions effectively and meets its obligations and responsibilities. In furtherance of these responsibilities, the duties of the Lead Director include: (i) assisting the Chairman of the Board in ensuring that the Board is able to function independently of management; (ii) chairing the *in camera* portions of the Board meetings held without the management of the Corporation or any non-independent director being present; and (iii) acting as a liaison between the Chairman and the independent directors on any sensitive issues.

Independent Board members generally conduct *in camera* sessions following regularly scheduled Board meetings. During the year ended December 31, 2017, a total of 11 *in camera* sessions were held by the independent directors of the Corporation. In addition, the Board facilitates open and candid discussion among its independent directors by encouraging the independent directors to meet by themselves whenever they wish to do so and by providing an opportunity for the independent directors to meet without any members of management present at meetings of the Audit Committee, the Reserves Evaluation Committee and the Compensation Committee. The independent directors, as members of the Audit Committee and the Reserves Evaluation Committee, meet with the Corporation’s auditors and the Corporation’s independent qualified reserves evaluators. These meetings are independent of management for the purposes of planning their activities and thereafter to supervise such activities. These meetings also ensure that the auditors and the independent qualified reserves evaluators have an opportunity to: (i) advise if they received full access to all requested information and received full cooperation of management; and (ii) confirm that they are not subject to any pressure from management, that there are no outstanding disagreements with management, that they are not aware of any evidence of illegal or fraudulent acts and that they are not aware of any other significant matters that should be brought to the attention of the independent directors.

The attendance record of each of the current and former directors for the Board and the Board committee meetings held in 2017 is set forth in the table below:

Director⁽¹⁾	2017 Board Meetings Attended	2017 Audit Committee Meetings Attended	2017 Compensation Committee Meetings Attended	2017 Reserves Evaluation Committee Meetings Attended
<i>Current Board Members</i>				
Dennis A. Dawson	14 of 14	5 of 5	3 of 3	4 of 4
Debra A. Gerlach ⁽²⁾	3 of 3	1 of 1	1 of 1	1 of 1
Rebecca J. Morley	14 of 14	5 of 5	3 of 3	4 of 4
Larry A. Shaw	14 of 14	5 of 5	3 of 3	4 of 4
James W. Surbey ⁽³⁾⁽⁴⁾	8 of 8	N/A	1 of 1	2 of 2
A. Jeffery Tonken (Chairman)	13 of 14	N/A	N/A	N/A
<i>Former Board Members</i>				
Kenneth N. Cullen ⁽⁵⁾	6 of 6	3 of 3	2 of 2	2 of 2

(1) The Nominating Committee was formed by the Board on March 14, 2018 and is therefore not included in this table.

(2) Ms. Gerlach was appointed as a director of the Corporation and a member of each of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee on November 8, 2017. Accordingly, the information with respect to Ms. Gerlach's meeting attendance during 2017 has been presented for those meetings held on and after November 8, 2017.

(3) Mr. Surbey was elected as a director of the Corporation and was appointed as a member of each of the Compensation Committee and the Reserves Evaluation Committee on May 11, 2017. Accordingly, the information with respect to Mr. Surbey's meeting attendance during 2017 has been presented for those meetings held on and after May 11, 2017.

(4) Mr. Surbey was a member of the Compensation Committee from May 11, 2017 until he resigned from the committee on March 26, 2018.

(5) Mr. Cullen did not stand for re-election at the annual and special meeting of the shareholders of the Corporation held on May 11, 2017 and ceased to be a director of the Corporation on that date. Accordingly, the information with respect to Mr. Cullen's meeting attendance during 2017 has been presented for those meetings held prior to May 11, 2017.

None of the directors of the Corporation are directors of any other reporting issuer.

Board Mandate

The Board does not have a written mandate. The Board delineates its role and responsibilities based on the statutory and common law applicable to the Corporation. The Board believes its mandate is to manage the business and affairs of the Corporation. While day-to-day management of the Corporation has been delegated by the Board to executive management, the Board fulfills its responsibility for the broader stewardship of the Corporation's business and affairs through its regular meetings at which members of the Corporation's management provide reports to the Board with respect to the Corporation's business and operations, make proposals to the Board and receive the Board's decisions for implementation.

To monitor corporate performance, the Board reviews and approves budgets prepared by management on at least an annual basis, the Board periodically receives production updates and internal financial reports. The Board also receives operational, financial and health, safety and environment reports on a quarterly basis. In addition, the Board receives informal updates from the President and Chief Executive Officer on a regular basis. At the end of each year, the Board reviews production growth, finding and development costs, outstanding debt and cash flow as compared to the Corporation's budget and as compared to industry peers.

Position Descriptions

The Board has developed and approved written position descriptions for the Chairman of the Board, the President and Chief Executive Officer and the Chair of each committee of the Board.

The principal role of the Chairman of the Board is to organize and manage the affairs of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities, including those relating to corporate governance matters. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Corporation.

The principal role of the Chief Executive Officer is to provide leadership and direction for the Corporation in accordance with the corporate strategy and objectives approved by the Board. The Chief Executive Officer is ultimately responsible for all day-to-day management decisions and for implementing the Corporation's current and long-term objectives.

The principal role of the Chair of any committee of the Board is to effectively engage and manage the business of the committee.

Orientation and Continuing Education

The Corporation does not currently have a formal orientation program for new directors. As new directors join the Board, they are provided with, among other things, corporate policies, charters for the Corporation's committees, historical information about the Corporation and information on the Corporation's performance and its strategic plan. The Board believes that these procedures are a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation and the experience and expertise of the directors.

The Board has not implemented a continuing education program for directors; however, the Board supports any relevant educational initiative by any individual director. Management regularly provides the Board with continuing education materials and the Board obtains legal and accounting advice whenever it considers it necessary to keep abreast of current developments relating to the obligations of directors.

Ethical Business Conduct

The Board has adopted a written policy of ethical business conduct (the "**Ethics Policy**") for the directors, officers and employees of the Corporation. A copy of the Ethics Policy is available on the Corporation's intranet site and each new employee receives a copy of the Ethics Policy. The Board does not formally monitor compliance with the Ethics Policy; however, all employees agree to comply with all of the Corporation's policies when they commence employment with the Corporation.

The Board expects that each director will exercise independent judgment in considering transactions and agreements in respect of which such director has a material interest and in those circumstances will comply with applicable law and disclose his or her interest and refrain from participating in discussions or voting on the matter, in accordance with the requirements of the ABCA.

The Audit Committee and the Board have adopted a Whistleblower Policy to provide for the confidential and anonymous submission by employees of concerns regarding questionable accounting or audit matters. Under the Whistleblower Policy, the Board encourages the submission of all good faith concerns and complaints regarding the Corporation's accounting, auditing and financial reporting matters.

Nomination of Directors

The Board considers its size and composition each year when it considers the number of directors to recommend to the shareholders for election at annual meetings of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Board also considers gender diversity as discussed in further detail below. Directors are selected for their integrity and character, sound judgment, breadth of experience, insight into and knowledge of the Corporation's business and the industry and overall business and financial acumen. Each director is expected to apply sound and reasonable business judgment in aiding the Board to make thoughtful and informed decisions.

In order to assist the Board in fulfilling its responsibilities with respect to nominations of directors, the Board recently established the Nominating Committee. The members of the Nominating Committee are Mr. Dennis A. Dawson (Chair), Ms. Debra A. Gerlach, Ms. Rebecca J. Morley and Mr. Larry A. Shaw, all of whom are independent within the meaning of applicable securities laws. As the Nominating Committee has only recently been established, it is still in the process of finalizing its mandate. However, the Nominating Committee will be responsible for,

among other things: (i) periodically reviewing the size and composition of the Board and making recommendations to the Board with respect thereto; and (ii) identifying and recommending to the Board suitable candidates to be appointed or nominated for election as directors, including at annual meetings of shareholders of the Corporation, consistent with any criteria approved by the Board. In making its recommendations, the Nominating Committee will consider all relevant factors, including the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess, the competencies and skills that the Board considers each existing director to possess, the competencies and skills any new nominee would bring to the Board and whether or not any new nominee can devote sufficient time and resources to fulfill his or her duty as a member of the Board. The Board will ultimately be responsible for nominating for appointment any new directors.

Board Committees

The following table sets forth the committees of the Board and the members of each committee as at the date hereof:

Committee	Members	Independent?
Audit Committee	Dennis A. Dawson	Yes
	Debra A. Gerlach	Yes
	Rebecca J. Morley (Chair)	Yes
	Larry A. Shaw ⁽¹⁾	Yes
Compensation Committee	Dennis A. Dawson (Chair)	Yes
	Debra A. Gerlach	Yes
	Rebecca J. Morley	Yes
	Larry A. Shaw ⁽¹⁾	Yes
Nominating Committee	Dennis A. Dawson (Chair)	Yes
	Rebecca J. Morley	Yes
	Debra A. Gerlach	Yes
	Larry A. Shaw ⁽¹⁾	Yes
Reserves Evaluation Committee	Dennis A. Dawson	Yes
	Debra A. Gerlach	Yes
	Rebecca J. Morley	Yes
	Larry A. Shaw ⁽¹⁾	Yes
	James W. Surbey (Chair)	No

(1) Mr. Shaw is not standing for re-election at the Meeting and will cease to be a member of the Board and the Audit Committee, the Compensation Committee, the Nominating Committee and the Reserves Evaluation Committee at the conclusion of the Meeting.

The following sets forth a brief description of each of the committees.

Audit Committee

The Audit Committee is responsible for, among other things: (i) overseeing the work of the auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the auditors regarding financial reporting; (ii) reviewing and reporting to the Board on the Corporation's interim and annual financial statements and related management's discussion and analysis before those materials are filed with applicable regulatory authorities and publicly disclosed; (iii) reviewing annual and interim earnings press releases before the Corporation publicly discloses this information; and (iv) overseeing management's reporting on internal controls.

The Audit Committee has developed and adopted a formal Charter and the text of that Charter, together with other disclosure required by NI 52-110, is contained in the Annual Information Form of the Corporation for the year ended December 31, 2017, under the heading "Audit Committee", which is available on SEDAR at www.sedar.com.

Compensation Committee

Information regarding the Compensation Committee, including the relevant education and experience of its members and its roles and responsibilities, is disclosed above under the heading *“Executive Compensation – Compensation Discussion and Analysis – Compensation Governance”*.

As disclosed in the table above, the current members of the Compensation Committee are Mr. Dawson (Chair), Ms. Gerlach, Ms. Morley and Mr. Shaw, all of whom are independent within the meaning of applicable securities laws. Mr. Surbey was a member of the Compensation Committee from May 11, 2017 until he resigned from the committee on March 26, 2018.

The Reserves Evaluation Committee

The Reserves Evaluation Committee is responsible for, among other things: (i) reviewing and making recommendations to the Board regarding the appointment of the independent qualified reserves evaluators under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities (“NI 51-101”)*; (ii) reviewing and confirming on at least an annual basis that the independent qualified reserves evaluators are independent; (iii) overseeing the work of the independent qualified reserves evaluators in preparing reserves reports; (iv) reviewing all reserves reports with management of the Corporation and the independent qualified reserves evaluators and making recommendations to the Board regarding the approval thereof; and (v) reviewing all reports and statements required to be filed pursuant to NI 51-101.

Nominating Committee

Information regarding the Nominating Committee is disclosed above under the heading *“Corporate Governance Disclosure – Nomination of Directors”*.

Assessments

The Board has established a formal process for the regular evaluation of the effectiveness and contribution of the Board, its committees and individual directors.

Each director is required to annually complete an anonymous questionnaire to assess the Board’s effectiveness and performance. The questionnaire includes both quantitative and qualitative commentary and solicits feedback on other areas such as director knowledge and corporate governance. The questionnaire is administered by the Chairman of the Board, who compiles and analyzes the results. A summary of responses to the questionnaire, without attribution to individual Board members, is provided to the Board. The results of the evaluation are reviewed by the Board, who considers whether any changes to the Board’s processes, composition or committee structure are appropriate. Additionally, senior management is advised of any suggestions made by directors for enhancement of processes to support the work of the Board. In an effort to continuously improve the process, the format and focus of the written questionnaire is periodically reviewed by the Chairman.

Director Term Limits and Other Mechanisms of Board Renewal

The Board has not adopted term limits for the directors on the Board, mandatory retirement ages or other mechanisms of board renewal, other than the assessment process described above under the heading *“Corporate Governance Disclosure – Assessments”*. The Board believes that the imposition of director term limits and mandatory retirement ages implicitly discount the value of experience and continuity amongst board members and runs the risk of excluding experienced and potentially valuable board members as a result of an arbitrary determination. The Board believes that it is important to have directors who understand the business of the Corporation and the industry in which it operates, which the Board believes comes from time and experience.

As discussed above, the Board has established a formal process for the regular evaluation of the effectiveness and contribution of the Board, its committees and individual directors. The results of the evaluation are reviewed by the Board, who considers whether any changes to the Board’s composition or committee structure are appropriate.

Gender Diversity

As at the date hereof, the number of women on the Board is two (33%), the number of women in executive officer positions is zero (0%) and the number of women in management positions is 12%. Following the Meeting, the number of women on the Board will be two (40%) assuming that all of proposed nominees set out herein are elected to the Board.

The Board considers the level of representation of women on the Board in nominating, or in recommending for nomination, respectively, candidates for election or appointment to the Board. In identifying and nominating candidates for election or appointment to the Board, the Board considers various factors, including, but not limited to: (i) the individual merits of each potential candidate, including their skills, education, background, experience and any previous contributions to the Corporation; (ii) the number and qualities of potential candidates and whether any such candidates are women; (iii) the current composition of the Board; and (iv) the needs of the Corporation. The ultimate selection will be based on serving the best interests of the Corporation.

Although the Board considers the level of representation of women on the Board in identifying and nominating candidates, the Board has not adopted a written policy relating to the identification and nomination of women directors. The directors of the Corporation have a fiduciary duty to act in the best interests of the Corporation. As part of that duty, the Board believes that it should be able to select and nominate for election or appointment as directors those individuals who will best serve the interests of the Corporation, regardless of gender. The Board believes that implementing such a policy will potentially restrict the Board's ability to select those individuals who will best serve the interests of the Corporation.

The Corporation considers the level of representation of women in executive officer positions when making executive officer appointments. In making executive officer appointments, the Corporation considers various factors, including, but not limited to: (i) the individual merits of each potential candidate, including their skills, education, background, experience and any previous contributions to the Corporation; (ii) the number and qualities of potential candidates and whether any such candidates are women; (iii) the current composition of the executive officers; and (iv) the needs of the Corporation. The ultimate selection will be based on serving the best interests of the Corporation.

The Corporation has not adopted specific targets for gender or other dimensions of diversity at the Board or executive officer level due to the relatively small size of these groups. In addition, the Corporation believes that it is important that each appointment to the Board and at the executive officer level be made, and be perceived as being made, based on the merits of the individual and the needs of the Corporation at the relevant time. If specific targets were adopted based on specific criteria, including gender, this could limit the Corporation's ability to ensure that the overall composition of the Board and its team of executive officers meets the needs of the Corporation.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is or has been a director, executive officer or employee of the Corporation at any time since the beginning of the financial year ended December 31, 2017, nor any proposed nominee for election as a director of the Corporation, nor any associate of any such directors, executive officers or proposed nominees, is or was indebted to: (i) the Corporation; or (ii) another entity where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, in either case at any time since the beginning of the financial year ended December 31, 2017.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has or has had at any time since the beginning of the financial year ended December 31, 2017, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

There are potential conflicts of interest to which the directors and executive officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and executive officers of the

Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations and situations may arise where such directors and executive officers will be in competition with the Corporation. Any such actual or potential conflicts of interest shall be governed by applicable law.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information relating to the Corporation is provided in the Corporation's financial statements and management's discussion and analysis for the financial year ended December 31, 2017, copies of which are available on SEDAR at www.sedar.com.

Any securityholder may obtain a copy of the Corporation's financial statements and management's discussion and analysis for the financial year ended December 31, 2017 by contacting Ms. Robyn Bourgeois, General Counsel and Corporate Secretary, by e-mail, regular mail, fax or telephone as set forth below:

Birchcliff Energy Ltd.

1000, 600 – 3rd Avenue S.W.

Calgary, Alberta T2P 0G5

Phone: 1-844-261-6401

Fax: 403-261-6424

Email: RBourgeois@birchcliffenergy.com

APPENDIX A
BY-LAW NO. 2
ADVANCE NOTICE BY-LAW

BIRCHCLIFF ENERGY LTD.
(the “Corporation”)

DEFINITIONS

1. For the purposes of this Advance Notice By-Law (the “By-Law”):
 - (a) “**affiliate**” has the meaning ascribed to such term in the *Securities Act* (Alberta), as amended from time to time;
 - (b) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar regulatory authority of each relevant province and territory of Canada;
 - (c) “**associate**” has the meaning ascribed to such term in the *Securities Act* (Alberta), as amended from time to time;
 - (d) “**board**” means the board of directors of the Corporation;
 - (e) “**Business Corporations Act**” means the *Business Corporations Act* (Alberta), as amended from time to time;
 - (f) “**close of business**” means 5:00 p.m. (Calgary time) on a business day in Alberta, Canada; and
 - (g) “**public announcement**” means disclosure in a press release disseminated nationally through a news service in Canada or in a document publicly filed by or on behalf of the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

NOMINATIONS OF DIRECTORS

2. Subject only to the provisions of the *Business Corporations Act*, Applicable Securities Laws and the articles of the Corporation, only persons who are nominated in accordance with the procedures set out in this By-Law shall be eligible for election as directors of the Corporation.
3. Nominations of persons for election to the board may only be made at an annual meeting of shareholders or at a special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors, as follows:
 - (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of a shareholders’ meeting by one or more shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - (c) by any person (a “**Nominating Shareholder**”) who:

- (i) is, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this By-Law and at the close of business on the record date for notice of such meeting, either entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership as is reasonably required by the Corporation; and
 - (ii) complies with the notice procedures set forth below in this By-Law.
- 4. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraphs 5 and 7 below) and in proper written form (in accordance with paragraphs 6 and 7 below) to the Corporate Secretary of the Corporation at the head office of the Corporation.
- 5. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
 - (a) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting was made.

To the extent that the applicable annual meeting or special meeting of shareholders is adjourned or postponed, the time periods for the giving of a Nominating Shareholder's notice set forth above shall be based on the new adjourned or postponed date of the annual meeting or special meeting of shareholders and not based on the original date of such meeting.

- 6. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth or be accompanied by, as applicable:
 - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "**Proposed Nominee**"):
 - (i) the name, age, business address and residential address of the Proposed Nominee;
 - (ii) the principal occupation, business or employment of the Proposed Nominee for the most recent five years and the name and principal business of any company in which any such employment is carried on;
 - (iii) whether the Proposed Nominee is a "resident Canadian" (as such term is defined in the *Business Corporations Act*);
 - (iv) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries that are beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee as of the record date for the meeting of shareholders (if such

date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

- (v) a description of any relationship, agreement, arrangement or understanding (financial, compensation, indemnity related or otherwise) between the Nominating Shareholder and the Proposed Nominee, or any associates or affiliates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee's nomination and election as a director;
 - (vi) the Proposed Nominee's written consent to being named as a nominee for election to the board and to serve as a director of the Corporation, if elected; and
 - (vii) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the *Business Corporations Act* or Applicable Securities Laws; and
- (b) as to the Nominating Shareholder giving the notice:
- (i) the name, business address and residential address of the Nominating Shareholder;
 - (ii) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries that are beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder or any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
 - (iii) the Nominating Shareholder's interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the Nominating Shareholder's economic interest in a security of the Corporation or the Nominating Shareholder's economic exposure to the Corporation;
 - (iv) a description of any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder, or any of its associates or affiliates, or any person acting jointly or in concert with any such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board;
 - (v) a representation as to whether the Nominating Shareholder intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
 - (vi) any other information relating to the Nominating Shareholder that would be required to be made in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the *Business Corporations Act* or Applicable Securities Laws.

The Corporation may require any Proposed Nominee to furnish such other information and documents as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as an independent director of the Corporation or that could be material to a reasonable

shareholder's understanding of the independence and/or qualifications, or lack thereof, of such Proposed Nominee.

7. In addition to the requirements set forth in paragraphs 5 and 6, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.
8. Notwithstanding anything else contained herein, nothing in this By-Law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the *Business Corporations Act* or at the discretion of the Chairman of the meeting.
9. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded or to waive such non-compliance.
10. Notwithstanding any other provision of this By-Law, any notice, other document or other information required to be given to the Corporate Secretary of the Corporation pursuant to this By-Law may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Corporation has stipulated an email address for the purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the head office of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
11. Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement or provision in this By-Law.
12. This By-Law was approved and adopted by the board on March 28, 2018 (the "**Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date. Notwithstanding the foregoing, if this By-Law is not approved by ordinary resolution of shareholders of the Corporation present in person or voting by proxy at the next meeting of those shareholders validly held following the Effective Date, then this By-Law shall terminate and be void and of no further force and effect following the termination of such meeting of shareholders.
13. This By-Law shall be interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in that province.

MADE by the board the 28th day of March, 2018.

(signed) "A. Jeffery Tonken"

A. Jeffery Tonken
President, Chief Executive Officer and Chairman of
the Board

CONFIRMED by the shareholders in accordance with the *Business Corporations Act* the ____ day of _____, 2018.

Corporate Secretary

