

**PETROFRONTIER CORP.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL  
MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**IN RESPECT OF AN ANNUAL GENERAL AND SPECIAL  
MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST  
10, 2021**

**JULY 8, 2021**

# PETROFRONTIER CORP.

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of PetroFrontier Corp. (the "**Corporation**") will be held at the offices of DS Burstall LLP, located at Suite 1600, 333 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, on Tuesday, August 10, 2021 at 11:00 a.m. (Calgary time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2020 together with the auditors' report thereon;
2. to fix the number of directors to be elected at the Meeting at three (3);
3. to elect the directors of the Corporation to hold office until the next annual meeting of Shareholders;
4. to appoint MNP LLP as auditors for the Corporation to hold office until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration;
5. to consider and, if thought fit, pass, with or without variation, a resolution in the form included in the management information circular dated July 8, 2021 (the "**Information Circular**") accompanying this Notice of Meeting approving the Corporation's stock option plan;
6. to consider and, if deemed advisable, to pass a special resolution (the "**Proposed Transfer Resolution**"), the full text of which is set forth in the Information Circular, the effect of which may result, at the discretion of the board of directors of the Corporation, in the sale or exchange of all or substantially all of the assets of the Corporation to a limited partnership which is wholly owned by the Corporation, in accordance with Section 190(1) of the *Business Corporations Act* (Alberta) all as more particularly described in the Information Circular; and
7. to transact such other business as may properly come before the Meeting.

**Information relating to the matters to be brought before the Meeting is set forth in the Information Circular which accompanies this Notice of Annual General and Special Meeting.**

Only holders of record of Common Shares at the close of business on July 6, 2021 (the "**Record Date**") are entitled to notice of and to participate at the Meeting and only such persons or those who become holders of Common Shares after the Record Date and comply with the provisions of the *Business Corporations Act* (Alberta) are entitled to vote at the Meeting. If you are unable to attend in person, kindly fill in, sign and return the enclosed proxy in the envelope provided for that purpose.

**DATED** at Calgary, Alberta this 8<sup>th</sup> day of July, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
PETROFRONTIER CORP.**

*"Kelly Kimbley"*

Kelly Kimbley

Chief Executive Officer and Director

### **IMPORTANT**

**In order to protect the health and safety of Shareholders and the broader community, only registered Shareholders or their duly appointed proxy holders will be permitted to attend the Meeting and the Meeting will otherwise be conducted in accordance with the requirements of any applicable provincial or federal public health directives. The Corporation strongly encourages Shareholders to vote by proxy in advance of the Meeting and to not attend the Meeting in person.**

As COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning, postponing or changing the format of the Meeting. The Corporation will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

**If you are a registered Shareholder**, please complete and submit the enclosed form of proxy or other appropriate form of proxy. Completed forms of proxy must be received by Computershare Trust Company of Canada, at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department or by fax at 1-866-249-7775 (within North America) or at 1-416-263-9524 (outside North America), not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof. You may also vote by phone at 1-866-732-8683 (toll free within North America) or 1-312-588-4290 (outside North America), or by internet voting at [www.investorvote.com](http://www.investorvote.com); provided that you do so not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof.

**If you are not a registered Shareholder**, please complete the voting instruction form from your intermediary/broker and follow the instructions set out under "*Advice to Beneficial Shareholders on Voting Their Common Shares*" in the Information Circular.

# PETROFRONTIER CORP.

## MANAGEMENT INFORMATION CIRCULAR

### INTRODUCTION

This management information circular (this "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of PetroFrontier Corp. (the "**Corporation**") for use at the annual general and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held at the offices of DS Burstall LLP, located at Suite 1600, 333 - 7<sup>th</sup> Avenue S.W., Calgary, Alberta, on Tuesday, August 10, 2021 at 11:00 a.m. (Calgary time) and at any adjournment or postponement thereof for the purposes set out in the accompanying Notice of Meeting. Unless otherwise stated, the information contained in this Information Circular is given as at July 8, 2021.

**In order to protect the health and safety of Shareholders and the broader community, only registered Shareholders or their duly appointed proxy holders will be permitted to attend the Meeting and the Meeting will otherwise be conducted in accordance with the requirements of any applicable provincial or federal public health directives. The Corporation strongly encourages Shareholders to vote by proxy in advance of the Meeting and to not attend the Meeting in person.**

As COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning, postponing or changing the format of the Meeting. The Corporation will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

Unless otherwise stated, all amounts are reported in Canadian dollars.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

**This solicitation is made on behalf of the management of the Corporation.** Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors, officers, employees or agents of the Corporation. Pursuant to National Instrument 54-101 *Communication With Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of Common Shares. The cost of any such solicitation will be borne by the Corporation.

#### Voting of Proxies

All Common Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specifications. **In the absence of any such specifications, the management designees, if named as proxy, will vote FOR all of the matters set out herein.**

**The enclosed form of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the date of this Information Circular, the Corporation is not aware of any amendments to, or variations of, or other matters that may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of the management of the Corporation.**

#### Appointment and Revocation of Proxies

The information provided in this section applies to Shareholders who hold Common Shares in their own name and have a share certificate or direct registration system (DRS) statement (a "**Registered Shareholder**"). As a Registered Shareholder, you are identified on the share register maintained by the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, as being a Registered Shareholder.

Accompanying this Information Circular is the form of proxy for holders of Common Shares. **The persons named in the enclosed form of proxy are directors or officers of the Corporation. A Registered Shareholder has the right to appoint a person (who need not be a Shareholder) to represent such Registered Shareholder at the Meeting other than the persons designated in the form of proxy provided by the Corporation.**

To exercise this right, the Registered Shareholder should insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy. In order to be effective, a proxy must be forwarded so as to reach, or be deposited with, the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department or by fax at 1-866-249-7775 (within North America) or at 1-416-263-9524 (outside North America), not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment or postponement thereof; provided that the Chairperson of the Meeting may, in his or her sole discretion, at the Meeting, elect to waive the requirement that proxies be deposited prior to the aforementioned time and accept any and all proxies deposited at or before the time of the Meeting or any adjournment or postponement thereof.

A Registered Shareholder may also vote by phone at 1-866-732-8683 (toll free within North America) or 1-312-588-4290 (outside North America), or by internet voting at [www.investorvote.com](http://www.investorvote.com). Votes by the internet must be received not later than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof. The internet may also be used to appoint a proxyholder to attend and vote at the Meeting on the Registered Shareholder's behalf and to convey a Registered Shareholder's voting instructions.

A Registered Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A Registered Shareholder may revoke a proxy by depositing an instrument in writing, executed by the Registered Shareholder or by the Registered Shareholder's attorney authorized in writing, or, if the Registered Shareholder is a corporation, by a duly authorized officer or attorney of the corporation:

1. at the offices of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, at any time, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used; or
2. at the registered office of the Corporation, Suite 900, 903 - 8<sup>th</sup> Avenue SW, Calgary, Alberta T2P 0P7, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or
3. with the Chairperson of the Meeting on the day of the Meeting or an adjournment of the Meeting.

In addition, a proxy may be revoked by the Registered Shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment or postponement thereof, or by the Registered Shareholder personally attending at the Meeting and voting the Common Shares represented by the proxy or, if the Registered Shareholder is a corporation, by a duly authorized officer or attorney of such corporation attending at the Meeting and voting such Common Shares. Only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders (as defined herein) who wish to change their vote must arrange for their respective intermediary/broker to revoke the proxy on their behalf in accordance with any requirements of the intermediary/broker.

### **Advice to Beneficial Shareholders on Voting Their Common Shares**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares or their proxyholders are permitted to vote at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Corporation. Such 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 shares are registered under the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depository for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting instruction form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting instruction forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or a website address where shares can be

voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form or a proxy with a Broadridge sticker on it cannot use that voting instruction form or proxy to vote Common Shares directly at the Meeting. The voting instruction form or proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting.**

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

Pursuant to NI 54-101, the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders. The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

**The Corporation will not bear the costs for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder who wishes to attend the Meeting and indirectly vote its Common Shares as proxyholder for the Registered Shareholder should enter its own name in the blank space on the proxy form or voting instruction form provided to it and return the same to its broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

**Beneficial Shareholders should follow the instructions on the forms that they receive and contact their intermediaries promptly if they need assistance.**

#### VOTING COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, of which 223,685,112 Common Shares and nil preferred shares are issued and outstanding.

The holders of Common Shares of record at the close of business on the record date, set by the directors of the Corporation to be July 6, 2021 (the "**Record Date**"), are entitled to vote such Common Shares at the Meeting on the basis of one (1) vote for each Common Share held, except to the extent that:

1. such person transfers his, her or its Common Shares after the Record Date; and
2. the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his, her or its ownership of the Common Shares,

and makes a demand to the registrar and transfer agent of the Corporation, not later than ten (10) days before the Meeting, that his, her or its name be included on the Shareholders list for the Meeting.

The by-laws of the Corporation provide that one (1) person present and representing in person or by proxy not less than ten percent (10%) of the outstanding Common Shares entitled to vote at the Meeting, constitutes a quorum for the Meeting.

To the knowledge of the directors and executive officers of the Corporation no person or company (other than securities depositories) beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares, other than the following:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares <sup>(1)</sup>	Percentage of Class
Kasten Energy Inc. Calgary, Alberta	Direct	99,000,000	44.26%
Paul Cheung Calgary, Alberta	Direct	61,837,615	27.64%

**Note:**

(1) Based on information available on SEDI, which has not been independently verified by the Corporation.

## PARTICULARS OF MATTERS TO BE ACTED UPON

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting. **However, if any other matter properly comes before the Meeting, the management designees, if named as proxy, will vote on such matter in accordance with the best judgment of the person or persons voting the proxy.**

### I. Receipt of Financial Statements

The directors will place before the Meeting the audited financial statements of the Corporation for the year ended December 31, 2020 together with the auditors' report thereon. Shareholder approval is not required in relation to these financial statements. The financial statements have been sent to applicable Shareholders in accordance with applicable securities laws and are also available on the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### II. Fixing Number of Directors

The board of directors of the Corporation (the "**Board**") presently consists of three (3) directors. It is proposed that the number of directors for the ensuing year be set at three (3) and that the persons named below will be nominated at the Meeting. Each director elected at the Meeting will hold office until the next annual meeting of the Shareholders or until his or her successor is elected or appointed in accordance with the constating documents of the Corporation and the *Business Corporations Act* (Alberta) (the "**ABCA**"), unless his or her office is earlier vacated.

**Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the resolution setting the number of directors to be elected at the meeting at three (3) members.**

### III. Election of Directors

The following table sets out the names and places of residence of the persons proposed to be nominated by management for election as directors of the Corporation; all positions and offices in the Corporation held by them; their current principal occupation; the periods during which they have served as a director of the Corporation; and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by them, as of the date hereof. Each director elected at the Meeting will hold office until the next annual meeting of the Shareholders or until his or her successor is elected or appointed in accordance with the constating documents of the Corporation and the ABCA, unless his or her office is earlier vacated.

**Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the election of each of the nominees specified above as directors of the Corporation.**

Name, Place of Residence and Position(s) with the Corporation	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Michael Hibberd <sup>(1)</sup> Calgary, Alberta Director	Chairman and President of MJH Services Inc., a corporate finance advisory business; Chairman of Canacol Energy Ltd., public oil and gas exploration companies; Vice Chairman of Sunshine Oilsands Ltd., a public oil and gas company; Director of Pan Orient Energy Corp., a public oil and gas company.	September 26, 2013	Nil
Kenneth L. DeWyn <sup>(1)</sup> Calgary, Alberta Director	Executive Director for the Calgary Society for Christian Education since 2013 and a business performance consultant. A current or former officer and or director of several companies listed on the TSX Venture Exchange.	December 20, 2019	Nil
Kelly Kimbley <sup>(1)</sup> Calgary, Alberta President, CEO and Director	President and Chief Executive Officer of the Corporation; Currently and formerly an officer and/or director of several public companies listed on the Toronto Stock Exchange or the TSX Venture Exchange.	June 24, 2016	Nil

**Note:**

(1) Member of the Audit Committee, the Corporate Governance and Compensation Committee and the Reserves Committee.

### Cease Trade Orders

Other than as disclosed below, no proposed director of the Corporation is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) 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, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Hibberd was a director of Montana Exploration Corp. at the time that an order was issued to suspend trading until 2017 year-end financial statements and MD&A were filed and compliance with TSX Venture Exchange requirements was confirmed. The order was issued by the Alberta Securities Commission on May 4, 2018.

Mr. Hibberd is a non-executive Vice-Chairman of Sunshine Oil Sands Ltd. ("**Sunshine**"). On October 9, 2020, the Alberta Securities Commission issued an order for Sunshine to re-file its 2019 audited financial statements. The order prevents insiders and control block persons from trading Sunshine shares on the Hong Kong Stock Exchange until revoked.

### Bankruptcy

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

Mr. Hibberd was formerly a director of Skope Energy Inc. (a TSX listed oil and gas company), which commenced proceedings in the Court of Queen's Bench of Alberta under the Companies' Creditors Arrangement Act (Canada) to implement a restructuring in November 2012, which was completed on February 19, 2013.

### Personal Bankruptcy

No proposed director of the Corporation has, within the 10 years before 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 that person.

### Penalties and 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### IV. Appointment of Auditors

At the Meeting, the Shareholders will be asked to appoint MNP LLP as auditors of the Corporation to serve until the close of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

**Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the appointment of MNP LLP as auditors of the Corporation at remuneration to be fixed by the Board.**

### V. Approval of Stock Option Plan

The TSX Venture Exchange Inc. (the "**Exchange**") requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan on an annual basis. Shareholders will be asked at the Meeting to vote on a resolution to approve, for the ensuing year, the current stock option plan of the Corporation (the "**Plan**") as described below in the form attached as Schedule "A" to this management information circular.

The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options ("**Options**") to purchase Common Shares. The purpose of the



Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The number of Common Shares reserved for issuance under the Plan may not exceed ten percent (10%) of the issued and outstanding Common Shares from time to time. The period during which Options granted under the Plan are exercisable may not exceed ten years from the date such Options are granted. In addition, the number of Common Shares reserved for issuance to any one person may not exceed five percent (5%) of the issued and outstanding Common Shares, and the number of Common Shares reserved for issuance to consultants or employees conducting Investor Relations Activities (as such term is defined by the Exchange) may not exceed 2% of the issued and outstanding Common Shares in any twelve (12) month period.

Pursuant to the Plan, the Board determines the price per Common Share and the number of Common Shares which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the Options, subject to the rules of the Exchange. The price per Common Share set by the Board may not be less than the last closing price of the Common Shares on the Exchange prior to the date on which such Options are granted, less the applicable discount permitted (if any) by the Exchange.

If a holder of Options ceases to be a director, officer, employee or consultant of the Corporation for any reason other than death, such holder may, but only within a reasonable period, to be set out in the applicable Stock Option Agreement at the time of the grant, after the holder's ceasing to be a director, officer, employee or consultant (or 30 days in the case of a holder engaged in Investor Relations Activities), or prior to the expiry date of the Options, whichever is earlier, exercise any Options held by the holder, but only to the extent that the holder was entitled to exercise the Options at the date of such cessation. In the event of the death of a holder of Options, the options previously granted to such holder will be exercisable within one (1) year following the date of the death of the holder or prior to the expiry date of the Options, whichever is earlier, but only to the extent that the holder was entitled to exercise the Options at the date of such holder's death.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, pass, with or without variation, the following resolution to approve the Plan.

**"BE IT RESOLVED** as an ordinary resolution of the shareholders of PetroFrontier Corp. (the "**Corporation**") that:

1. the stock option plan (the "**Plan**") of the Corporation in the form of the Plan attached as Schedule "A" to the management information circular of the Corporation dated July 8, 2021, be and is hereby approved with such modifications as may be required by the TSX Venture Exchange;
2. the maximum number of common shares of the Corporation which may be issued under the Plan shall be equal to ten percent (10%) of the then issued and outstanding common shares of the Corporation from time to time; and
3. any director or officer of the Corporation be and is hereby authorized and directed to do and perform all such acts and things and to execute and deliver or cause to be delivered, for, in the name of and on behalf of the Corporation (whether under the seal of the Corporation or otherwise) all such agreements, instruments and other documents as in such individual's opinion may be necessary or desirable to perform the terms of this resolution."

The resolution must be approved by a simple majority approval of the votes cast at the Meeting by the holders of Common Shares. If the Plan is not approved by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants.

**Unless otherwise directed, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy FOR the resolution to approve the Plan.**

## **VI. Proposed Transfer**

At the Meeting, Shareholders will be asked to vote on a special resolution (the "**Proposed Transfer Resolution**") approving that the Corporation may, at the discretion of the Board acting in the best interest of the Corporation, effect the sale or exchange (the "**Proposed Transfer**") of all or substantially all of the assets of the Corporation (except the Corporation's lawsuit against Macquarie Capital Markets Canada Ltd.) (the "**Assigned Assets**") to a limited partnership wholly owned by the Corporation in contemplation of entering into, and for the purposes of facilitating, a potential future funding arrangement between the Corporation and a yet to be determined arm's length third party capital provider or providers ("**InvestCo**"), for the purposes of funding the development of the Assigned Assets (a "**Potential Funding**") the terms of which have yet to be negotiated or agreed upon between the Corporation and any third party or parties. To facilitate a Potential Funding, among other things, the Corporation may, at the discretion of the Board acting in the best interest of the Corporation, proceed with the Proposed Transfer.

Certain of the components to facilitate the Proposed Transfer and a Potential Funding have already been put in place should the Board, acting in the best interest of the Corporation, determine to proceed with the Proposed Transfer. The completed components and the remaining components of the Proposed Transfer and a Potential Funding are summarized as follows:

- (a) on November 9, 2019, PetroFrontier Limited Partnership (the "**Partnership**"), was formed as an Alberta limited partnership with PetroFrontier GP Ltd. (the "**General Partner**") to act as the general partner of the Partnership (the "**Limited Partnership Agreement**"). The Corporation was the sole subscriber for common shares on incorporation of the General Partner and continues to own 100% of the outstanding common shares of the General Partner;
- (b) in the event the Proposed Transfer is effected, the Corporation will transfer the Assigned Assets to the Partnership in exchange for units of the Partnership (the "**LP Units**"), for such number of LP Units that equal the value of the Assigned Assets as determined by the Board acting in the best interest of the Corporation. It is anticipated that the Corporation will initially own 99.9% of the outstanding LP Units following the assignment of the Assigned Assets with the General Partner owning the remaining 0.01% of the LP Units;
- (c) in the event the Proposed Transfer is effected, the Corporation will enter into an operating agreement (the "**Operating Agreement**") with the General Partner, acting on behalf of the Partnership, to provide operating services with respect to the Assigned Assets until such time as the General Partner has been qualified by the Alberta Energy Regulator ("**AER**") to hold all applicable licenses associated with the Assigned Assets;
- (d) in the event the Proposed Transfer and Potential Funding are effected, InvestCo will purchase LP Units for cash or other consideration (the "**Advance**"). The Advance will be utilized to develop the Assigned Assets and may be advanced in tranches over a period which is anticipated not to exceed three (3) years. Further, if a Potential Funding is effected, it is anticipated that it will include certain conditions precedent, determined in the sole discretion of the Board to be in the best interest of the Corporation, which remain subject to future negotiations; and
- (e) upon having made an Advance under a Potential Funding, InvestCo will be issued LP Units. The number of LP Units to be received by InvestCo will be dependent on the valuation of the Assigned Assets and the amount of the Advance.

The Proposed Transfer constitutes a "**Reviewable Disposition**" as that term is defined in Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* of the Exchange and as such, it is subject to the approval and acceptance of the Exchange.

### **Background to the Proposed Transfer**

The Corporation has been in discussions with capital providers and advisors with a view to acquiring additional financing, whether through equity, debt or a combination of both, to provide additional capital to further develop the Corporation's interests in the Cold Lake and Wabasca areas of Alberta which constitute the Assigned Assets. A number of those discussions have indicated that the Proposed Transfer may be a desirable component to facilitating a Potential Funding. With a view to providing that component in a timely basis, the management of the Corporation believes it is in the best interest of the Corporation to provide the Board with the authority to make that component available. In order to do so, the *Business Corporations Act* (Alberta) requires shareholder approval as set out in this Information Circular. Therefore, the requisite shareholder approval of the Proposed Transfer is being sought to facilitate a Potential Funding, which, if completed, will be the result of arm's length negotiations conducted between representatives of the Corporation and InvestCo.

The Proposed Transfer is contemplated to form part of a Potential Funding. However, to complete a Potential Funding, definitive agreements are contemplated to be entered into to form part of a Potential Funding and the completion of a Potential Funding as anticipated or at all, depends on such definitive agreements being completed in a form satisfactory to InvestCo and the Corporation.

At the discretion of the Board, a Potential Funding may not proceed as a result of the Corporation having entered into agreements pertaining to funding development of the Assigned Assets prior to the completion of a Potential Funding.

### **Effects of the Proposed Transfer**

Following the completion of the Proposed Transfer, assuming the completion of a Potential Funding of which the Proposed Transfer forms a part on the terms currently contemplated, it is expected that:

- (a) the Corporation will continue to be a corporation existing under the laws of the Province of Alberta and its issued and outstanding shares will remain unchanged; the Common Shares of the Corporation will continue to be listed on the Exchange;
- (b) the Assigned Assets will be owned by the Partnership;

- (c) 99.9% of the issued and outstanding LP Units will be owned by the Corporation until InvestCo provides the Advance or a portion thereof pursuant to a Potential Funding; and
- (d) the Assigned Assets will be operated by the Corporation until the Operating Agreement is terminated as a result of the General Partner having obtained operating approval from the AER, following which the Assigned Assets will be operated by the General Partner.

All of the proceeds of the Potential Funding will be used to develop the Assigned Assets. None of the proceeds of a Potential Funding are expected to be distributed to Shareholders.

See also "*Additional Transaction Agreements*" below.

### **Reasons and Benefits of the Proposed Transfer and Other Relevant Considerations**

The Board unanimously determined, based upon such factors considered by the Board to be relevant: (i) that the Proposed Transfer and its related components as described above is in the best interests of the Corporation; (ii) to approve the Proposed Transfer; and (iii) to recommend that Shareholders vote in favour of the Proposed Transfer Resolution. In reaching those determinations and approvals, the Board carefully considered all aspects of the Proposed Transfer and Potential Funding. The Board considered, among other things, the following factors and potential benefits and risks:

- (a) the Proposed Transfer and a Potential Funding, together with cash flow from operations, would provide the opportunity to facilitate the necessary capital to undertake further development of the Assigned Assets in order to accrete value for the stakeholders of the Corporation;
- (b) the strategic alternatives available to the Corporation versus continuing with the status quo;
- (c) the historical results of the Corporation and the prospects for its future;
- (d) the Proposed Transfer Resolution must be approved by not less than 66⅔% of the votes cast by those Shareholders who vote, and are entitled to vote, in person or by proxy at the Meeting; and
- (e) after conducting a review of the Corporation's financing and strategic alternatives, the Board determined that continuing to operate under the status-quo was not reasonably likely to create greater value for Shareholders than the value obtained for Shareholders pursuant to the Proposed Transfer and a Potential Funding.

The foregoing summary of what was considered by the Board is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendation described herein. The Board used its own knowledge of the business, financial conditions, and prospects of the Corporation along with the Corporation's advisors in their evaluation of the Proposed Transfer and a Potential Funding. Given the numerous factors that were considered in connection with evaluating the Proposed Transfer and a Potential Funding, it was not practical to quantify or assign relative weight to specific facts relied upon by the Board in reaching its conclusions and recommendations. The conclusions and recommendations of the Board were arrived at after giving consideration to the totality of the information and factors involved.

### **Additional Transaction Agreements**

It is contemplated that a condition to closing of the Proposed Transfer and a Potential Funding will be that (among other things) the Corporation, the Partnership and InvestCo, as applicable, will enter into certain additional transaction agreements (collectively, the "**Additional Transaction Agreements**") that will give effect to the Proposed Transfer and a Potential Funding, and satisfy and deliver all items contemplated thereunder. Certain anticipated material terms of each of the Additional Transaction Agreements are described and summarized below, which may be subject to change:

#### *The Limited Partnership Agreement*

In contemplation of the execution and delivery of a Potential Funding, the Partnership was formed as a limited partnership under the laws of Alberta on November 9, 2019 with the Corporation as the sole initial limited partner and the General Partner as general partner. In connection with the Proposed Transfer, the parties intend to amend and restate the provisions of the Limited Partnership Agreement to give effect to (among other things) the addition of InvestCo as a limited partner and certain other matters with respect to the business and affairs of the Partnership. The Limited Partnership Agreement provides that no distributions will be made to the limited partners without the approval of all of shareholders of the General Partner (as provided for in the General Partner unanimous shareholders agreement (the "**General Partner USA**")). All distributable cash flow of the Partnership will be made to the limited partners in accordance with their interests and otherwise at such times and in such amounts as the General Partner may determine.

In addition, the Limited Partnership Agreement will provide for the allocation of taxes among the limited partners, the manner in which a limited partner may dispose of its LP Units as well as "right of first offer", "tag-along" and "put right" provisions.

### *The Operating Agreement*

Pending qualification of the General Partner with the AER to hold all applicable licenses associated with the Assigned Assets, the Partnership will appoint the Corporation to operate the assets of the Partnership (including the Assigned Assets) pursuant to the Operating Agreement. Upon the General Partner being qualified by the AER to hold all licenses with respect to the Assigned Assets, the Operating Agreement will terminate and the General Partner will have the sole responsibility to operate such assets. The Corporation shall be entitled to be reimbursed for all expenses and work performed on behalf of the Partnership pursuant to the Operating Agreement including general and administrative expenses agreed to by the Corporation and InvestCo. It is anticipated that the General Partner will second certain employees from the Corporation to the General Partner and the general and administrative costs pertaining thereto will include remuneration and benefits of those secondees from the Corporation whom the General Partner will offer to employ on the same terms and conditions as prior to their secondment with such terms to include salaries and severance provisions to be unaffected by their secondment.

### *The General Partner USA*

Upon closing of the Proposed Transfer, the Corporation will be the sole shareholder of the General Partner. The General Partner USA will provide for various matters in relation to the business of the Partnership requiring the approval of the Corporation, including (among other things) with respect to its annual budget, the acquisition or disposition of petroleum and natural gas rights or associated facilities, the incurrence of indebtedness, the declaration of distributions to the partners of the Partnership and other management and organizational matters.

At closing of the Proposed Transfer, it is anticipated that the board of directors of the General Partner will be comprised of directors that are nominated and appointed at the exclusive direction of the Corporation. In the event a Potential Funding is closed with InvestCo, the directors are expected to be nominated and appointed by the Corporation and InvestCo equally. Board decisions will be made by a majority of directors in attendance at a properly called meeting of the board; provided that, in the event a Potential Funding is closed, it is anticipated that decisions must be voted on affirmatively by at least one nominee of the Corporation and one nominee of InvestCo.

The General Partner USA is also expected to contain provisions that govern the manner in which a shareholder may dispose of their interests in the General Partner and it is anticipated that the General Partner USA will contain "right of first offer", "tag-along" and "put right" provisions.

### **Recommendation of the Board**

The Board unanimously determined, based upon such factors considered by the Board to be relevant: (i) that the Proposed Transfer together with a Potential Funding is in the best interests of the Corporation; and (ii) to recommend that Shareholders vote in favour of the Proposed Transfer Resolution.

**The Board realizes that there are risks associated with the Proposed Transfer and a Potential Funding, including that some of the potential benefits set forth above may not be realized or that there may be significant costs associated with realizing such benefits. The Board believes that the factors in favour of the Proposed Transfer outweigh the risks and potential disadvantages, although there can be no assurance in this regard. See "Risk Factors".**

### **Dissent Rights**

Pursuant to Section 191 of the ABCA, Registered Shareholders have the right to dissent with respect to the Proposed Transfer Resolution by providing a written objection to the Proposed Transfer Resolution to the Corporation, c/o DS Burstall LLP, 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Attention: Dale Burstall, at or before the Meeting. In the event the Proposed Transfer Resolution becomes effective, each Registered Shareholder who properly dissents (a "**Dissenting Shareholder**") will be entitled to be paid by the Corporation the fair value of the Common Shares in respect of which such Shareholder dissents in accordance with Section 191 of the ABCA. A Shareholder who has voted in favour of the Proposed Transfer Resolution, in person or by proxy, shall not be accorded the right to dissent.

**A Dissenting Shareholder may dissent only with respect to all of the Common Shares held by such Dissenting Shareholder. See Schedule "C" hereto for a copy of the provisions of Section 191 of the ABCA. The statutory provisions covering the right of dissent are technical and complex. Failure to strictly comply with such requirements set forth in Section 191 of the ABCA may result in the loss of any right of dissent.**

A Dissenting Shareholder may dissent only with respect to all of the Common Shares held by such Dissenting Shareholder, or on behalf of any one Beneficial Shareholder and registered in the Dissenting Shareholder's name. Only Registered Shareholders may dissent. Beneficial Shareholders who wish to dissent should be aware that they may only do so through the registered owner of such Common Shares. Accordingly, a Beneficial Shareholder who desires to exercise the right of dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Proposed Transfer Resolution is required to be sent to the Corporation or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on the holder's behalf.

**It is strongly suggested that any Shareholders wishing to dissent seek independent legal advice well in advance of the Meeting, as the failure to strictly comply with the provisions of the ABCA may prejudice such Shareholder's right to dissent.**

### **Approval of Shareholders**

At the Meeting, or any adjournment thereof, Shareholders will be asked to consider and, if thought advisable, pass with or without variation, the Proposed Transfer Resolution approving the Proposed Transfer. To be effective, the Proposed Transfer Resolution must be approved by not less than 66⅔% of the votes cast by the Shareholders, represented either in person or by proxy at the Meeting, voting together as a single class. **It is the intention of the management designees, if named as proxy, to vote FOR the Proposed Transfer Resolution, unless the Shareholder has specified in its proxy that its Common Shares be voted against the Proposed Transfer Resolution.**

The following is the text of the Proposed Transfer Resolution which will be put forward to Shareholders for approval at the Meeting:

#### **"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. pursuant to Section 190(1) of the *Business Corporations Act* (Alberta), the consummation of the Proposed Transfer (including transactions ancillary thereto), as defined and more particularly described in the management information circular of the Corporation dated July 8, 2021, constituting the effective sale or exchange of all or substantially all of the assets of the Corporation, is hereby authorized and approved;
2. notwithstanding that this special resolution has been passed by any or all of the holders (the "**Shareholders**") of common shares of the Corporation, the directors of the Corporation are hereby authorized and empowered, at their discretion, without further notice to or approval of the Shareholders to not proceed with the Proposed Transfer; and
3. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

### **Risk Factors**

Shareholders should carefully consider the risk factors set out below and consider all other information contained in this Information Circular. The risks described below are not an exhaustive description of all the risks associated with the Proposed Transfer.

#### ***Level of Shareholder Approval Required***

To be effective, the Proposed Transfer Resolution must be approved by not less than 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting. There can be no certainty, nor can the Corporation provide any assurance, that the requisite shareholder approvals of the Proposed Transfer Resolution will be obtained.

#### ***Exchange and Other Regulatory Approval***

The Proposed Transfer and Potential Funding will require the conditional acceptance (prior to closing) and final acceptance (after closing) of the Exchange, as well as the approval of other regulatory agencies, as applicable. There can be no certainty, nor can the Corporation provide any assurance, that the Corporation will be able to obtain such acceptances and approvals. It is also possible that the Exchange or other regulators may require the terms of the Proposed Transfer and Potential Funding to be altered in order to meet with their acceptance or approval. Failure of the Corporation to obtain final acceptances and approvals will result in the Proposed Transfer or Potential Funding's inability to close. Accordingly, there can be no assurance that the Corporation will obtain Exchange or other necessary regulatory acceptances and approvals thereby preventing the Proposed Transfer or Potential Funding from occurring.

#### ***Failure to Complete the Proposed Transfer***

The Proposed Transfer is subject to the satisfaction or waiver of certain conditions including, but not limited to, the approval of the Proposed Transfer Resolution by the Shareholders, and is also subject to the normal commercial risk that the Proposed Transfer may not be completed on the terms negotiated or at all. There can be no certainty that all the conditions precedent to the Proposed Transfer will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. There can be no assurance that the Proposed Transfer will be completed as set out in the Information Circular or at all.

### ***Failure to Complete a Potential Funding***

The Proposed Transfer may form part of a Potential Funding, which may be comprised of a number of transactions anticipated to close concurrently or in proximity to one another. Completing the Proposed Transfer provides value to the Corporation only to the extent that it facilitates the completion of a Potential Funding. As at the date hereof, InvestCo has yet to be determined and, consequently, the Corporation and InvestCo have yet to complete and execute a definitive agreement or any agreements that are required in connection with the Proposed Transfer and Potential Funding. There can be no assurance that such definitive agreements will be completed and executed on the terms anticipated or at all. Additionally, the Proposed Transfer and Potential Funding will be subject to the satisfaction or waiver of certain conditions contained in their respective definitive agreements, and are subject to the normal commercial risk that such transactions may not be completed on the terms negotiated or at all. There can be no certainty that all the conditions precedent to such transactions will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver.

There can be no assurance that the Proposed Transfer and Potential Funding will be completed on the terms anticipated or at all.

### ***The Corporation Expects to Incur Significant Costs Associated with a Potential Funding***

In the event the Proposed Transfer and a Potential Funding are effected, the Corporation will incur significant direct transaction costs in connection thereto. Certain of the Corporation's costs related to a Potential Funding, including legal, accounting, printing and mailing costs, must be paid even if a Potential Funding is not completed.

### ***Risks to the Corporation's Future Business and Operations***

If the Proposed Transfer and Potential Funding are not completed, the Corporation may be subject to a number of additional material risks, including, but not limited to, those relating to the fact that the Corporation may be unable to obtain additional sources of financing or conclude another sale, merger, amalgamation or business transaction, in a timely manner, or at all.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

For the purpose of this section, a "CEO" or "CFO" means each individual who acted as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or acted in a similar capacity, for any part of the most recently completed financial year. A "Named Executive Officer" or "NEO" means (a) each CEO; (b) each CFO; (c) each of the three (3) most highly compensated executive officers of the Corporation, including any subsidiary, or the three (3) most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year.

### ***Compensation Governance***

It will be the responsibility of the Board as a whole to make decisions regarding executive compensation matters. The Corporation's compensation program will be intended to support its commitment to delivering strong performance for Shareholders. The Corporation's overall objective of its compensation philosophy will be the attraction, motivation and retention of quality, experienced people to achieve the Corporation's strategic objectives and to align the interests of its executive officers and employees with the long-term interest of the Shareholders.

All of the components of the Corporation's executive compensation program will be reviewed and confirmed by the Board following the Meeting.

It is currently contemplated that executive compensation will be comprised of the following components: (i) base salary, (ii) bonus and (iii) incentive stock options. Together, these components are designed to address the key objectives of the Corporation's compensation program.

### ***Compensation Objectives and Philosophy***

The Board believes that the Corporation should provide a compensation package that will be competitive and motivating, that will attract, hold and inspire qualified executives, that will encourage performance by executives to enhance the growth and development of the Corporation and that will balance the interests of the executives and the Shareholders. Achievement of these objectives is expected to contribute to an increase in Shareholder value.

### ***Components of Compensation***

It is expected that the Corporation will provide its executive officers with both fixed compensation, comprised of base salary, and performance-based variable incentive compensation, comprised of short-term incentives in the form of annual cash bonuses and long-term incentives in the form of Options under the Plan.

### Base Salaries

Base salary will be designed to provide income certainty and to attract and retain executives, and therefore will be based on the assessment of a number of factors such as current competitive market conditions, compensation levels within the peer group and factors particular to the executive, including individual performance, the scope of the executive's role with the Corporation and retention considerations.

### Short-Term Incentive Compensation - Bonuses

In addition to base salary, the Corporation may award executives with short term incentive awards in the form of annual cash bonuses. Annual cash bonuses are intended to provide short-term incentives to executives and to reward them for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. It is expected that the amount will not be pre-established and will be at the discretion of the Board. While it is expected there will be no target amount for annual cash bonuses, the Board will review similar factors as those discussed above in relation to base salary.

### Long-Term Incentive Compensation - Options

Long-term incentive compensation will be provided through the granting of Options under the Plan. Equity incentive awards will be designed to motivate executives to achieve long-term sustainable business results, align their interest with those of Shareholders and to attract and retain executives. Awards will be based on a variety of factors, such as the need to attract or retain key individuals, competitive market conditions and internal equity. Previous grants will be taken into account when considering new grants.

Please refer to "*Particulars of Matters to be Acted Upon – Approval of Stock Option Plan*" above for a description of the material features of the Plan.

### Compensation Policies and Risk Management

The Board recognizes that certain elements of compensation could promote unintended inappropriate or excessive risk-taking behaviours; however, the Corporation will seek to ensure that executive compensation packages appropriately balance short-term incentives, in the form of base salaries, and long-term incentives, in the form of option-based awards. As a result of the factors discussed above, the Board does not believe that its compensation policies and practices will be reasonably likely to have a material adverse effect on the Corporation.

### Summary Compensation Table

The following table sets forth a summary of compensation paid to or earned by the NEOs during the financial years ended December 31, 2020, 2019 and 2018.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share- Based Awards (\$)	Option- Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Kelly Kimbley Chief Executive Officer and Director	2020	130,984	Nil	Nil	Nil	Nil	Nil	1,159	132,143
	2019	144,162	Nil	Nil	Nil	Nil	Nil	2,862	147,024
	2018	160,122	Nil	Nil	Nil	Nil	Nil	2,622	162,744
Robert Gillies Chief Financial Officer	2020	48,453	Nil	Nil	Nil	Nil	Nil	303	48,756
	2019	32,977	Nil	Nil	Nil	Nil	Nil	2,377	35,354
	2018	47,177	Nil	Nil	Nil	Nil	Nil	2,177	49,354

### Incentive Plan Awards

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

The following table sets forth the share-based and option-based awards granted to the Named Executive Officers that are outstanding at the end of the financial year ended December 31, 2020.

Name	Option-based Awards			Share-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or Payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kelly Kimbley	1,400,000	0.16	July 21, 2021	Nil	N/A	N/A	N/A
	700,000	0.05	September 7, 2025	Nil	N/A	N/A	N/A
Robert Gillies	700,000	0.16	July 21, 2021	Nil	N/A	N/A	N/A
	500,000	0.05	September 7, 2025	Nil	N/A	N/A	N/A

**Note:**

(1) Calculated based on the difference between the respective exercise prices of the stock options and \$0.04, being the closing price of the Common Shares on December 31, 2020, the last day on which the Common Shares traded during the 2020 financial year.

**Value Vested or Earned during the Year**

The following table sets forth the value vested or earned, during the financial year ended December 31, 2020, of option-based awards, share-based awards and non-equity incentive plan compensation granted to Named Executive Officers.

Name	Option-based awards Value vested during the year <sup>(1)</sup> (\$)	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Kelly Kimbley	Nil	N/A	N/A
Robert Gillies	Nil	N/A	N/A

**Note:**

(1) Calculated based upon the difference between the exercise price of the stock options and the market price of the Common Shares on the date such options vested.

**Pension Plan Benefits**

The Corporation does not have a pension plan that provides for payments or benefits at, following, or in connection with retirement. The Corporation does not have a defined contribution plan or deferred compensation plans.

**Termination and Change of Control Benefits**

As at the date hereof, the only contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any terminations of the NEO, are as set out below.

The employment agreements for Kelly Kimbley and Robert Gillies each provide for a lump sum payment equal to three months base salary for each one year of service to a maximum of twelve months (plus 10% thereof for loss of benefits) if termination occurs without just cause or if the executive terminates the agreement on a change of control.

Name of NEO	Base Salary (\$)	Bonus (\$)	Options (#)	Unpaid Vacation (\$)	Total Obligation (\$)
<b>Termination Without Cause or Change of Control</b>					
Kelly Kimbley	\$173,250	Nil	Nil	Nil	\$173,250
Robert Gillies	\$79,200	Nil	Nil	Nil	\$79,200

**Directors Compensation**

Non-managing directors of the Corporation received a deferred annual retainer of \$20,000 and are reimbursed for their reasonable expenses by the Corporation. The Board may award additional remuneration to any director undertaking extraordinary services on behalf of the Corporation other than services ordinarily required of a director. Directors who are actively involved in the operations of the Corporation will be compensated in accordance with industry standards.

**Director Compensation Table**

The following table sets forth the value of all compensation provided to directors of the Corporation, not including the directors who were also Named Executive Officers, during the financial year ended December 31, 2020.



Name <sup>(1)</sup>	Fees earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Michael Hibberd	\$20,000	Nil	Nil	Nil	Nil	Nil	\$20,000
Kenneth L. DeWyn	\$20,000	Nil	Nil	Nil	Nil	Nil	\$20,000

**Note:**

(1) Information regarding the compensation received by Kelly Kimbley, who was a director and Named Executive Officer of the Corporation during the financial year ended December 31, 2020, may be found under the heading "Summary Compensation Table".

**Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth the share-based and option-based awards granted to directors of the Corporation, not including the directors who were also Named Executive Officers, that are outstanding at the end of the financial year ended December 31, 2020.

Name	Option-based Awards			Share-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or Payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michael Hibberd	1,000,000	\$0.16	July 21, 2021	Nil	N/A	N/A	N/A
	600,000	\$0.05	September 7, 2025	Nil	N/A	N/A	N/A
Kenneth L. DeWyn	600,000	\$0.05	September 7, 2025	Nil	N/A	N/A	N/A

**Note:**

(1) Calculated based on the difference between the respective exercise prices of the stock options and \$0.04, being the closing price of the Common Shares on December 31, 2020, the last day on which the Common Shares traded during the 2020 financial year.

**Value Vested or Earned during the Year**

The following table sets forth the value vested or earned, during the financial year ended December 31, 2020, of option-based awards, share-based awards and non-equity incentive plan compensation granted to directors of the Corporation, not including the directors who were also Named Executive Officers.

Name	Option-based awards - Value vested during the year <sup>(1)</sup> (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Michael Hibberd	Nil	N/A	N/A
Kenneth L. DeWyn	Nil	N/A	N/A

**Note:**

(1) Calculated based upon the difference between the exercise price of the stock options and the market price of the Common Shares on the date such options vested.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth certain information pertaining to the Corporation's equity compensation plan as at December 31, 2020:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	14,400,000	\$0.12	6,937,220 <sup>(1)</sup>

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	14,400,000	\$0.12	6,937,220

**Note:**

- (1) The number of authorized but unissued Common Shares that may be issued upon exercise of Options granted under the Plan at any time may not exceed 10% of the issued and outstanding Common Shares from time to time. At December 31, 2020, there were 213,372,197 Common Shares issued and outstanding.

Please refer to "*Particulars of Matters to be Acted Upon – Approval of Stock Option Plan*" above for a description of the material features of the Plan.

### MANAGEMENT CONTRACTS

Management functions of the Corporation are performed by the directors and executive officers of the Corporation. The Corporation has employment contracts with Kelly Kimbley and Robert Gillies, in addition to all remaining management, which are reviewed on an annual basis.

### INDEBTEDNESS OF DIRECTORS AND OFFICERS

There is no indebtedness outstanding of any current or former director, executive officer or employee of the Corporation or any of its subsidiaries which is owing to the Corporation or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual is, or at any time during the most recently completed financial year of the Corporation was, a director or executive officer of the Corporation, and no proposed nominee for election as a director of the Corporation, or any associate of any such director, executive officer or proposed nominee: (a) is or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or any of its subsidiaries; or (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

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

Other than as set forth in this Information Circular, the 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 Corporation's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers have received Options and may receive additional Options pursuant to the Plan.

Kasten Energy Inc. ("**Kasten**") has a material interest in all matters of the Corporation by way of its significant ownership and of the credit facility provided to the Corporation to a maximum of \$2,000,000, which is also convertible into Common Shares of the Corporation. Kasten is also part of a syndicate that advanced \$2,000,000 to the Corporation during 2021.

### AUDIT COMMITTEE DISCLOSURE

The audit committee (the "**Audit Committee**") is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the Corporation and annual external audits of the financial statements. The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures, which procedures are set out in the Corporation's audit committee mandate.

#### **Audit Committee Charter**

The Board has developed a written audit committee charter (the "**Charter**"). A copy of the Charter is attached hereto as Schedule "B" to this Information Circular.

## Composition of the Audit Committee

The Audit Committee consists of Michael Hibberd (Chair), Kenneth L. DeWyn and Kelly Kimbley, all of whom are "financially literate" within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Michael Hibberd and Kenneth L. DeWyn are considered to be "independent" within the meaning of NI 52-110. Kelly Kimbley is not considered to be "independent" within the meaning of NI 52-110 by virtue of being an executive officer of the Corporation.

## Relevant Education and Experience of Audit Committee Members

**Michael Hibberd** – Mr. Hibberd has significant experience with public and private companies involved in North American and international projects. Mr. Hibberd has significant capital markets experience and has served as an audit committee member of several public companies. Mr. Hibberd holds a Bachelor of Arts and a Masters of Business Administration from the University of Toronto. Mr. Hibberd obtained his Bachelor of Laws from the University of Western Ontario and is a member of The Law Society of Upper Canada.

**Kenneth L. DeWyn** – Mr. DeWyn is a business performance consultant, former and current director with several energy companies, and Executive Director for CSCE. Previously, he was the owner/operator of a private aviation company in Calgary. Mr. DeWyn has also been a former director of a number of CPCs that were listed on the Exchange.

**Kelly Kimbley** – Mr. Kimbley has significant experience as a senior officer and board member of numerous Canadian public and private companies. Mr. Kimbley has significant capital markets experience and has served as an audit committee member of public companies. Mr. Kimbley holds a Bachelor of Laws from the University of Saskatchewan and is a member of The Law Society of Alberta.

## Audit Committee Oversight

At no time since the commencement of the Corporation's fiscal year ended December 31, 2020 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Charter under the heading "*Approval of Audit and Remitted Non-Audit Services Provided by External Auditors*".

## External Auditor Service Fees (By Category)

The following table provides information about the fees billed to the Corporation for professional services rendered by MNP LLP for the fiscal year ended December 31, 2020 and by PricewaterhouseCoopers LLP for the fiscal year ended December 31, 2019:

	<b>2020</b>	<b>2019</b>
Audit Fees <sup>(1)</sup>	48,150	\$40,990
Audit-Related Fees	-	\$1,750
Tax Fees	-	-
All other Fees	-	-
<b>Total<sup>(2)</sup></b>	<b>48,150</b>	<b>\$42,740</b>

### Notes:

- (1) Audit fees were for professional services rendered by the auditors for the audit of the Corporation's annual financial statements.  
 (2) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Corporation's behalf.

## CORPORATE GOVERNANCE DISCLOSURE

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are in the interests of Shareholders and help to contribute to effective and efficient decision-making.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the "**CSA**") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI**

8-101"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

### **Board of Directors**

NI 58-101, when taken together with Section 1.4 of NI 52-110, provides that a member is "independent" if the member has no direct or indirect material relationship with the issuer, a "material relationship" being one which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

The Board is currently comprised of three (3) members, of which two (2) are independent directors for the purposes of NI 58-101. The independent directors are Michael Hibberd and Kenneth L. DeWyn. Kelly Kimbley is considered to not be independent as a result of being President and Chief Executive Officer of the Corporation. Management is nominating the same three (3) individuals for election to the Board at the Meeting.

The Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board requires management to provide complete and accurate information with respect to the Corporation's activities and to provide relevant information concerning the industry in which the Corporation operates in order to identify and manage risks. The Board is responsible for monitoring the Corporation's senior officers, who in turn are responsible for the maintenance of internal controls and management information systems.

### **Directorships**

Other than as set forth below, none of the directors hold directorships in other reporting issuers (or the equivalent) in jurisdictions in Canada or a foreign jurisdiction.

<b>Director</b>	<b>Other Reporting Issuers</b>
Michael Hibberd (Chair)	Canacol Energy Ltd. Pan Orient Energy Corp. Sunshine Oilsands Ltd.
Kenneth L. DeWyn	Lithium Chile Inc.
Kelly Kimbley	Lithium Chile Inc.

### **Orientation and Continuing Education of Board Members**

While the Corporation currently has no formal orientation and education program for new Board members, sufficient information (such as policies, recent financial statements, prospectuses, proxy solicitation materials, filing statements, marketing and business plans and various other operating, financial and budget reports) will be provided to any new Board member to ensure that new directors are familiarized with the Corporation's business and the procedures of the Board. In addition, new directors will be encouraged to visit and meet with management on a regular basis and are given the opportunity to meet with counsel to the Corporation to discuss their legal obligations. The Corporation will also encourage continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

### **Measures to Encourage Ethical Business Conduct**

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of its overall stewardship responsibility. The Board is of the view that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

### **Nomination of Board Members**

The Board will consider its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting 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. While there are no specific criteria for Board membership, the Corporation will attempt to attract and maintain directors with appropriate knowledge and skills which would assist in guiding the officers of the Corporation.

### **Compensation of Directors and Officers**

The Board is responsible for determining compensation payable to executive officers and directors of the Corporation. The Board has determined at this time not to establish a compensation committee. See "*Statement of Executive Compensation*".

## **Other Board Committees**

The Board has established three board committees: the Audit Committee, the Corporate Governance and Compensation Committee and the Reserves Committee. The information below summarizes the functions of each of the committees in accordance with their charters.

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

The Corporate Governance and Compensation Committee has a written mandate which includes developing the approach of the Corporation in matters concerning corporate governance, reviewing and making recommendations to the Board in connection with such matters and assisting the Board in fulfilling its responsibilities relating to human resources policies and compensation for the directors, officers and employees of the Corporation and its subsidiaries. The Corporate Governance and Compensation Committee also reviews and recommends to the Board a comprehensive statement of compensation philosophy, strategy and principles for the Corporation's executives, and periodically evaluates the Corporation's compensation and benefits program in accordance with such statement. The Corporate Governance and Compensation Committee reviews and makes recommendations to the Board regarding all new employment, consulting, retirement and severance agreements and arrangements proposed for the Corporation's executives, and evaluates existing agreements with the Corporation's executives and its directors. The Corporate Governance and Compensation Committee meets at least once annually to fulfill its mandate.

In addition, the Corporate Governance and Compensation Committee's mandate provides that the responsibilities of such committee include:

- establishing and reviewing member characteristics for the Board;
- evaluating, identifying and recommending nominees to the Board;
- monitoring and reviewing the education and development of members of the Board;
- recommending directors to serve as committee members and chairs;
- reviewing and developing corporate governance guidelines, policies and procedures for the Board;
- establishing and implementing evaluation processes for the Board, committees and chairs;
- establishing procedures for the engagement of independent counsel by a director;
- reviewing disclosure by the Corporation of matters within the committee's mandate; and
- reviewing and evaluating the committee's mandate and efficacy.

The Corporate Governance and Compensation Committee is currently comprised of Messrs. DeWyn (Chairman), Hibberd and Kimbley, of which Messrs. DeWyn and Hibberd are independent.

### **Reserves Committee**

The Reserves Committee has a written mandate and is responsible for reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and natural gas activities, including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements; reviewing the Corporation's procedures for providing information to the independent evaluator; meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided); reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefore and whether there have been any disputes with management; providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith; reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities; and generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

The Reserves Committee is currently comprised of Messrs. Hibberd (Chairman), DeWyn and Kimbley of which Messrs. DeWyn and Hibberd are independent.

### **Assessment of Directors, the Board and Board Committees**

The Board has not implemented a formal process for assessing its effectiveness or the effectiveness of its individual members or its committees. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board consider a formal assessment process to be unnecessary at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

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

Other than as set out in this information circular, to the knowledge of the Corporation, other than as set out in this Information Circular, no director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider 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 year ended December 31, 2020, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

Kasten has a material interest in all matters of the Corporation by way of its significant ownership and of the credit facility provided to the Corporation to a maximum of \$2,000,000, which is also convertible into common shares of the Corporation.

### **LEGAL PROCEEDINGS**

The directors and senior officers of the Corporation are not aware of any material litigation outstanding, threatened or pending, as of the date hereof by or against the Corporation other than litigation between the Corporation and Macquarie Capital Markets Canada Inc. ("**Macquarie**"). In July 2014, the Corporation filed a statement of claim pertaining to the termination of a 2012 underwriting agreement. In December 2014, Macquarie filed a Statement of Defense and Counterclaim against the Corporation in response to the Corporation's Statement of Claim. The Corporation has not recorded a contingent liability associated with the Counterclaim as the Corporation is of the opinion that the Counterclaim is without merit. The Corporation is continuing with its lawsuit against Macquarie and its defense of the Counterclaim.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Securityholders of the Corporation may contact the Corporation at its office address at 900, 903 - 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0P7, to request copies of the Corporation's financial statements and management's discussion and analysis.

**SCHEDULE "A"**  
**PETROFRONTIER CORP.**  
**STOCK OPTION PLAN**

**1. Purpose**

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

**2. Definitions and Interpretation**

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

- (a) **"Board of Directors"** means the Board of Directors of the Corporation;
- (b) **"Common Shares"** means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (c) **"Corporation"** means PetroFrontier Corp. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (d) **"Discounted Market Price"** means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) **"Exchange"** means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) **"Exchange Policies"** means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) **"Insider"** has the meaning ascribed thereto in Exchange Policies;
- (h) **"Option"** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (i) **"Option Period"** means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;
- (j) **"Optionee"** means a person who is a director, officer, employee, consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly- owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan; and
- (k) **"Plan"** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.

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

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

**3. Administration**

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

**4. Eligibility**

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

**5. Participation**

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

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

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

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

**6. Common Shares Subject to Options**

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. Subject to Exchange Policies, the Options granted under the Plan together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares;
- (b) the grant to Insiders within a 12 month period, of an aggregate number of Options exceeding 10% of the issued and outstanding Common Shares determined at the date of grant;
- (c) the aggregate number of Options granted within a 12 month period to any one (1) Optionee exceeding 5% of the issued and outstanding Common Shares determined at the date of grant;



- (d) the aggregate number of Options granted in a 12 month period to any one (1) Optionee who is a Consultant exceeding 2% of the issued and outstanding Common Shares determined at the date of grant; or
- (e) the aggregate number of Options granted in any 12 month period to all Optionees performing Investor Relations Activities exceeding 2% of the issued and outstanding Common Shares determined at the date of grant.

Appropriate adjustments shall be made as set forth in Section 15 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

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

**7. Option Agreement**

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

**8. Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "**Expiry Date**"), subject to earlier termination as provided in Sections 11 and 12 hereof, and subject to extension as provided in Section 10 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under the Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

**9. Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period, subject to Sections 11 and 12 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

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

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

**10. Blackout Extension Period**

If an Option is to expire during a period when the Optionee is prohibited by the Corporation from exercising such Option or from trading in Common Shares of the Corporation pursuant to its applicable policies in respect of insider trading (a "**Blackout Period**"), the expiration date of such Option shall be extended for a period of ten (10) business days immediately following the end of the Blackout Period. This Section 10 applies to all Options outstanding under the Plan.

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

Unless otherwise determined by the Board of Directors, and subject to the Exchange Policies, if an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within a reasonable period, to be set out in the applicable Stock Option Agreement at the time of the grant, following the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

**12. Death of Optionee**

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

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

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

No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

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

**14. Takeover or Change of Control**

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

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

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

**15. Anti-Dilution of the Option**

In the event of:

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

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

**16. Costs**

The Corporation shall pay all costs of administering the Plan.

**17. Termination and Amendment**

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 17(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.
- (c) The Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

**18. Withholding Tax**

Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Common Shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under the Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon exercise of an Option so withheld.

**19. Applicable Law**

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

**20. Prior Plans**

On the effective date (as set out in Section 21 hereof), subject to Exchange approval and, if required, shareholder approval:

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

**21. Effective Date**

This Plan shall become effective as of and from, and the effective date of the Plan shall be September 26, 2013, upon receipt of all necessary shareholder and regulatory approvals.

**22. Legends on Hold Periods**

If required by the Exchange policies or applicable securities laws, the Common Shares issued on exercise of the Options will be legended.

**SCHEDULE "B"**  
**AUDIT COMMITTEE CHARTER**

**Role and Obligations**

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of PetroFrontier Corp. (the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Audit Committee are as follows:

1. assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. provide better communication between directors and external auditors;
3. enhance the external auditor's independence;
4. increase the credibility and objectivity of financial reports; and
5. strengthen the role of the outside directors by facilitating in depth discussions between directors on the Audit Committee, management and external auditors.

**Membership of Committee**

1. The Committee will be comprised of at least three (3) directors of the Corporation, the majority of whom are "independent" (as such term is used in National Instrument 52-110 - Audit Committees ("**NI 52-110**").
2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chairman of the Committee (the "**Committee Chairman**").

All of the members of the Committee must be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52-110.

**Mandate and Responsibilities Committee**

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.
2. Satisfy itself on behalf of the Board with respect to Corporation's internal control systems:
  - (a) identifying, monitoring and mitigating business risks; and
  - (b) ensuring compliance with legal, ethical and regulatory requirements.
3. Review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:
  - (a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;

- (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (c) reviewing accounting treatment of unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan agreements;
  - (e) reviewing disclosure requirements for commitments and contingencies;
  - (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - (g) reviewing unresolved differences between management and the external auditors; and
  - (h) obtain explanations of significant variances with comparative reporting periods.
4. Review the financial statements, prospectuses, MD&A, annual information forms ("**AIF**") and all public disclosure containing unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and will periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board:
- (a) recommend to the Board the external auditors to be nominated;
  - (b) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
  - (c) on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
  - (d) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - (e) review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
6. Review with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.
7. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).
8. Establish a procedure for:
- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

9. Review and approve the Corporation's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Corporation.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of the Corporation without any further approval of the Board.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Committee Chairman shall be entitled to a second or casting vote.
2. The Committee Chairman will preside at all meetings of the Committee, unless the Committee Chairman is not present in which case the members of the Committee that are present will designate from among such members a Committee Chairman for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Committee Chairman.
5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other-times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Committee Chairman, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chairman.

