



**Annual Meeting  
of Shareholders to be held on  
May 17, 2018**

**NOTICE OF MEETING  
and  
INFORMATION CIRCULAR**

April 6, 2018



## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**TAKE NOTICE** that the annual meeting (the "**Meeting**") of the shareholders of **PRAIRIE PROVIDENT RESOURCES INC.** (the "**Company**") will be held at the Calgary Petroleum Club at 319 – 5th Avenue S.W., Calgary, Alberta, on May 17, 2018, at 9:00 a.m. (Calgary time) for the following purposes:

1. to receive the audited consolidated comparative financial statements of the Company for the years ended December 31, 2017 and 2016, together with the report of the auditor thereon;
2. to elect directors of the Company for the ensuing year;
3. to appoint Ernst & Young LLP, Chartered Professional Accountants, as the auditor of the Company for the ensuing year, at such remuneration as may be determined by the directors; and
4. to transact such other business as may properly come before the Meeting.

More detailed information regarding the matters proposed to be placed before the Meeting is set forth in the accompanying information circular of the Company dated April 6, 2018 (together with this Notice of Meeting, the "**Circular**").

Only shareholders of record at the close of business on April 6, 2018 are entitled to receive notice of and to attend and vote at the Meeting or any adjournment thereof, except that a shareholder (including a person who did not hold any common shares on April 6, 2018) may vote common shares transferred to it after that date if the shareholder produces properly endorsed share certificates evidencing the transfer or otherwise establishes that it owns the transferred common shares, and demands, not later than 10 days before the Meeting, that the transferee's name be included before the Meeting in the list of shareholders eligible to vote.

A registered shareholder may attend the Meeting in person or may be represented at the Meeting by proxy. Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it, or another acceptable instrument of proxy, in accordance with the instructions set forth in the Circular. **A proxy will not be effective for the Meeting or any adjournment thereof unless it is completed and received by the Company's registrar and transfer agent, Alliance Trust Company, by mail, fax or email, at #1010, 407 - 2nd Street S.W., Calgary, Alberta, T2P 2Y3, fax (403) 237-6181 (Attention: Proxy Department), email [inquiries@alliancetrust.ca](mailto:inquiries@alliancetrust.ca), at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting or adjournment. A person appointed as proxyholder need not be a shareholder.**

As noted in the Circular and described in the notice-and-access notification sent to beneficial holders of common shares, the Company elected to provide the Circular to beneficial shareholders through

electronic access by posting the Circular on its website at [www.ppr.ca](http://www.ppr.ca) in accordance with applicable securities laws. The Circular will remain on the Company's website for one year thereafter and will also be available on SEDAR at [www.sedar.com](http://www.sedar.com). A paper copy of the Circular will be sent to registered shareholders in accordance with corporate law requirements.

DATED at Calgary, Alberta, this 6th day of April, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Tim Granger"*

Tim Granger  
President and Chief Executive Officer  
Prairie Provident Resources Inc.



## INFORMATION CIRCULAR

### Annual Meeting of Shareholders to be held on May 17, 2018

This information circular dated April 6, 2018 (the "**Information Circular**") is furnished in connection with the solicitation of proxies by management of Prairie Provident Resources Inc. ("**Prairie Provident**" or the "**Company**") for use at the annual meeting of the holders ("**Shareholders**") of common shares of the Company ("**Common Shares**") to be held on Thursday, May 17, 2018, at 9:00 a.m. (Calgary time) (the "**Meeting**") or at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting.

Unless specifically stated otherwise, information contained in this Information Circular is given as of March 31, 2018.

### SOLICITATION OF PROXIES BY MANAGEMENT

Enclosed with this Information Circular is a form of proxy for use at the Meeting. Shareholders are entitled to vote and are encouraged to participate in the Meeting, either in person or by proxy.

The enclosed proxy is solicited by and on behalf of management of the Company, and the persons named in the form are executive officers of the Company.

The costs incurred in the preparation and mailing of the Notice of Meeting, this Information Circular and the form of proxy will be borne by the Company. Management does not contemplate a solicitation of proxies other than by mail.

In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with intermediaries to forward proxy materials to the beneficial owners of Common Shares held of record by such intermediaries, and the Company may reimburse the reasonable fees and disbursements they incur in doing so.

### APPOINTMENT AND REVOCATION OF PROXIES

**A Shareholder entitled to vote at the Meeting may attend in person or appoint a nominee (who need not be a Shareholder) other than the persons designated in the management proxy form to represent them at the Meeting, by inserting the name of their chosen nominee in the blank space provided for that purpose on the management proxy form or by submitting another proper instrument of proxy. Such a Shareholder should notify the chosen nominee of their appointment, obtain the nominee's consent**

to act as proxyholder, and instruct the nominee on how the Shareholder's shares are to be voted. In any case, the proxy should be dated and executed by the Shareholder or their attorney authorized in writing.

A proxy will not be effective for the Meeting or any adjournment thereof unless it is completed and received by the Company's registrar and transfer agent, Alliance Trust Company, by mail, fax or email, at #1010, 407 - 2nd Street S.W., Calgary, Alberta, T2P 2Y3, fax (403) 237-6181 (Attention: Proxy Department), email [inquiries@alliancetrust.ca](mailto:inquiries@alliancetrust.ca), at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting or adjournment.

In addition to revocation by any other manner permitted by law, a Shareholder who has given a proxy may revoke it, at any time before it is exercised, by instrument in writing executed by the Shareholder or by attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney duly authorized, and deposited at the registered office of the Company at Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7 (Attention: Corporate Services/CRP) up to and including the last business day before the day of the Meeting (or adjournment, as applicable) at which the proxy is to be used, or with the chair of the Meeting on the date thereof.

#### **NOTICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

The information above regarding the appointment and revocation of proxies is generally applicable only to registered Shareholders, being persons who are recorded as holders of Common Shares in the register of shareholders maintained by the Company's registrar and transfer agent. Only registered Shareholders or the persons they validly appoint as proxyholders are permitted to vote at the Meeting.

The information in this section is directed to beneficial owners of Common Shares who do not hold their Common Shares in their own name. Persons who beneficially own Common Shares but do not appear on the records of the Company as the registered holders thereof are referred to in this Information Circular as "**Beneficial Holders**". Common Shares owned by Beneficial Holders are often registered in the name of an intermediary (such as a broker, securities dealer, bank, trust company or trustee or administrator of self-administered RRSPs, RRIAs, RESPs and similar plans) or in the name of a depository of which the intermediary is a participant (or an agent or nominee of any of the foregoing). Common Shares listed in an account statement provided by a broker or other intermediary will typically (though not necessarily) be registered in this manner.

**Only proxies deposited by a person whose name appears on the records of the Company as a registered holder of Common Shares will be recognized and acted upon at the Meeting.**

In accordance with securities regulatory requirements, the Company will distribute copies of the Notice of Meeting, this Information Circular and the enclosed form of proxy (collectively, the "meeting materials") to applicable depositories and intermediaries (or their delegates) for onward distribution to Beneficial Holders.

Existing regulatory policy requires brokers and other intermediaries holding Common Shares on behalf of others to seek voting instructions from Beneficial Holders in advance of shareholder meetings. Each intermediary has its own mailing and delivery procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting.

The voting instruction form or other proxy document supplied to a Beneficial Holder by its broker or other intermediary (or its agent or nominee) may be very similar to the management proxy form provided by the Company for use by registered Shareholders. Its purpose, however, is limited to instructing the registered Shareholder (the broker or intermediary, or its agent or nominee) how to vote on behalf of the Beneficial Holder.

In Canada, most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails that form to Beneficial Holders, and asks Beneficial Holders to return the form to Broadridge or otherwise communicate voting instructions to Broadridge (by way of internet or telephone-based procedures, for example). Broadridge then aggregates the results of all instructions received from Beneficial Holders and provides appropriate instructions respecting the voting of their Common Shares by proxy at the Meeting. **A Beneficial Holder who receives a voting instruction form from Broadridge (or otherwise from their broker or other intermediary) cannot use that form to vote Common Shares directly at the Meeting. Voting instruction forms must instead be returned, or voting instructions must otherwise be communicated, to Broadridge (or otherwise in accordance with the directions of the relevant broker or other intermediary) well in advance of the Meeting in order for the Common Shares to which the instructions relate to be properly voted at the Meeting.**

Although a Beneficial Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares that are registered in the name of their broker or other intermediary (or an agent or nominee thereof), a Beneficial Holder may, if properly appointed, attend the Meeting as proxyholder for the registered Shareholder and vote their Shares in that capacity. **Beneficial Holders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the voting instruction form or other proxy document provided to them and return the same to their broker or other intermediary (or its agent or nominee) in accordance with the instructions provided by such party.**

**If you are a Beneficial Holder and have questions regarding the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Unless specifically stated otherwise, all references to holders of Common Shares in the Notice of Meeting, this Information Circular and the enclosed form of proxy are to registered Shareholders (i.e., persons recorded in the Company's share registers as being a holder of Common Shares).

### **VOTING OF PROXIES**

Shareholders using the enclosed management proxy form may instruct the proxyholder (whether the executive officers named in the form or such other person as the Shareholder may appoint) how to vote their Common Shares by completing the voting directions contained therein.

On any vote that may be called for at the Meeting or any adjournment thereof, the persons named in the enclosed proxy form will vote or withhold from voting the Common Shares in respect of which they are appointed proxyholder in accordance with the instructions of the Shareholder appointing them. **In the absence of any such direction, the Common Shares to which the proxy relates will be voted FOR each of the matters referred to in the Notice of Meeting and in this Information Circular.**

**The enclosed management proxy form (in the absence of any amendment thereto) confers discretionary authority upon the persons named therein to vote Common Shares and otherwise act in**

**the proxyholder's discretion with respect to any amendments or variations to matters identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting or any adjournment thereof.** In the event of any such amendment, variation or other matter, the Common Shares represented by proxies in favour of management will be voted in accordance with the proxyholder's judgment.

At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

#### **NOTICE-AND-ACCESS**

Applicable Canadian securities laws permit the use of a "notice-and-access" system for the distribution of proxy-related materials to securityholders, pursuant to which reporting issuers may effect the delivery of proxy-related materials for a meeting by posting them on SEDAR as well as another website, and sending a notice package to the securityholders receiving such materials under the notice-and-access system. The notice package must include (i) a voting instruction form, (ii) basic information about the meeting and the matters to be voted on at the meeting, (iii) instructions how to obtain a paper copy of the materials, and (iv) a plain-language explanation of how the notice-and-access system operates and how the materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send the notice package electronically. The notice package must otherwise be mailed.

Prairie Provident has elected to distribute the Notice of Meeting and this Information Circular to Beneficial Holders using the notice-and-access system. Accordingly, Prairie Provident will send the required notice package to Beneficial Holders, including instructions on how to access this Information Circular online and request a paper copy. Distribution of proxy-related materials using the notice-and-access system is expected to substantially reduce printing and mailing costs to the Company and lessen the environmental impact of unnecessarily producing and distributing unwanted paper copies.

Notwithstanding the notice-and-access system, Prairie Provident is still required under the *Business Corporations Act* (Alberta) to send paper copies of its annual financial statements and proxy materials to Registered Shareholders (except Registered Shareholders who have given written consent to electronic delivery or, in the case of financial statements, have informed the Company in writing that they do not want a copy). For corporate law compliance, Registered Shareholders who have not yet consented to electronic delivery will be mailed a copy of the Notice of Meeting and this Information Circular.

Prairie Provident will not directly send its proxy-related materials directly to "non-objecting beneficial owners" under NI 54-101, and will not pay for proximate intermediaries to forward proxy-related materials and voting instruction forms to "objecting beneficial owners" under NI 54-101. Accordingly, objecting beneficial owners will not receive such materials unless their intermediary assumes the cost of delivery.

#### **VOTING SHARES, PRINCIPAL HOLDERS AND QUORUM**

The Company is authorized to issue an unlimited number of Common Shares. As of March 31, 2018, 115,891,110 Common Shares were issued and outstanding. On all matters to be voted upon at the Meeting, Shareholders are entitled to one vote for each Common Share held. The Common Shares are the only voting securities of the Company.

The Company's directors have fixed April 6, 2018 as the record date (the "**Record Date**") for determining Shareholders entitled to receive notice of the Meeting. A registered Shareholder of record at the close of business on the Record Date shall be entitled to vote the Common Shares registered in its name on that date, except to the extent that (i) it transfers any Common Shares after the Record Date, and (ii) the transferee of such Common Shares produces properly endorsed share certificates (or otherwise establishes ownership of the transferred Common Shares) and makes a demand to the registrar and transfer agent of the Company, not later than 10 days before the Meeting, that the transferee's name be included on the list of Shareholders entitled to vote at the Meeting.

To the knowledge of the directors and officers of the Company, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the votes that may be cast at the Meeting, except as set out below:

<u>Name of Holder</u>	<u>Number of Common Shares Held</u>	<u>Percentage of Outstanding Common Shares (undiluted)</u>
Goldman Sachs Asset Management, L.P. <sup>(1)(2)</sup>	49,433,242 Common Shares	42.7%
Goldman Sachs & Co. <sup>(2)</sup>	14,791,375 Common Shares	12.8%

*Notes:*

- (1) The Company understands that Goldman Sachs Asset Management, L.P. ("**GSAM**") acts as the investment manager for clients of GSAM that are the beneficial owners of these shares, being Goldman Sachs BDC, Inc., Lone Pine Luxembourg A Sarl and Goldman Sachs Long Short Credit Strategies Fund, and as such exercises control or direction over the shares.
- (2) The Company understands that GSAM and Goldman Sachs & Co. ("**GS&Co**") are both wholly-owned subsidiaries of Goldman Sachs Group, Inc.

At the Meeting, two or more persons present and holding or representing by proxy at least 10% of the outstanding Common Shares will constitute a quorum.

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

To the Company's knowledge, the only matters proposed to be placed before the Meeting are those identified in the Notice of Meeting and more particularly discussed below.

#### **1. Annual Financial Statements**

The audited consolidated comparative financial statements of the Company for the years ended December 31, 2017 and 2016, together with the auditor's report thereon, will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the Board of Directors, sent to registered Shareholders and filed on SEDAR at [www.sedar.com](http://www.sedar.com), all in accordance with applicable legal requirements. A copy of the annual financial statements is also available electronically from the Company's website at [www.ppr.ca](http://www.ppr.ca). Questions regarding the financial statements may, however, be brought forward at the Meeting.

#### **2. Election of Directors**

The Board of Directors is currently comprised of the following individuals:



Patrick McDonald (Chair)  
 Terence (Tad) Flynn  
 Tim Granger

Derek Petrie  
 Ajay Sabherwal  
 Rob Wonnacott

At the Meeting, management proposes to nominate each of the current directors for re-election as a director of the Company, and submit to the Shareholders an ordinary resolution to elect each nominee as a director for the ensuing year, to hold office until the close of the next annual meeting of Shareholders.

**Unless otherwise directed by the Shareholders appointing them as proxyholder, the persons named in the enclosed proxy form intend to vote all Common Shares in respect of which they are appointed proxyholder FOR the election of each such nominee as a director of the Company for the ensuing year.**

The following table sets forth, for each proposed director nominee, his name and jurisdiction of residence, the date since which he has served as a director, his principal occupation, business or employment currently and during the past five years, and his equity holdings in the Company at March 31, 2018.

Name, Jurisdiction of Residence and Position with the Company	Principal Occupations	Director Since <sup>(5)</sup>	Equity Holdings at March 31, 2018 <sup>(6)</sup>
Patrick McDonald Colorado, USA  <i>Chairman of the Board</i>	Chief Executive Officer of Carbon Natural Gas Company (oil and gas exploration and production) since 2011 and of its predecessor, Nytis Exploration, since 2004; prior to its business combination with Sabine Oil & Gas LLC in December 2014, Chief Executive Officer of Forest Oil Company (oil and gas exploration and production) since September 2012 and its Interim Chief Executive Officer since June 2012	March 2011	44,656 Common Shares  50,350 DSUs
Tim Granger Alberta, Canada  <i>President, Chief Executive Officer and a Director</i>	President and Chief Executive Officer of the Company since April 2013; prior thereto, Chief Executive Officer and Managing Director of Molopo Energy Limited (oil and gas exploration and production) from January 2012 to January 2013; prior thereto, President and Chief Executive Officer of Compton Petroleum Company (oil and gas exploration and production) from January 2009 to December 2011	April 2013	747,152 Common Shares <sup>(7)</sup>
Terence (Tad) Flynn <sup>(1)(3)(4)</sup> New York, USA  <i>Director</i>	Managing Director, Financial Advisory Services, and head of Asset Management Services of Houlihan Lokey (investment bank) since April 2009; prior thereto, held various positions at Bankers Trust, Salomon Brothers, Bear Stearns Companies, Inc. and UBS (each investment banks) beginning in 1983	January 2014	36,271 Common Shares  75,760 DSUs
Derek Petrie <sup>(2)(3)(4)</sup> Alberta, Canada  <i>Director</i>	President of R2 Design & Manufacturing (oilfield services and equipment) since February 2016; prior thereto, retired businessman from April 2014 to February 2016; prior thereto, director of T&T Inspections & Engineering Ltd. (division of Hyduke Energy Services) (oilfield services) since February 2014; prior thereto, General Manager for Do All Industries (fabricating and engineering services to the drilling industry) from September 2012 to February 2014; prior thereto, General Manager at Mastco Derrick Services Ltd. (drilling rig fabricator) from 2000 to September 2012	September 2016	483,138 Common Shares  50,350 DSUs

Name, Jurisdiction of Residence and Position with the Company	Principal Occupations	Director Since <sup>(5)</sup>	Equity Holdings at March 31, 2018 <sup>(6)</sup>
Ajay Sabherwal <sup>(1)(2)(4)</sup> Washington, DC, USA  <i>Director</i>	Chief Financial Officer of FTI Consulting, Inc. (business advisory services) since August 2016; prior thereto, Executive Vice President and Chief Financial Officer of FairPoint Communications, Inc. (telecommunications) from July 2010 to August 2016	January 2014	31,271 Common Shares  50,350 DSUs
Rob Wonnacott <sup>(1)(2)(3)</sup> Alberta, Canada  <i>Director</i>	Partner and Director of Value Point Capital (private equity investment) since 2010; Principal of NVB Financial Corp. (financial advisory) since 2015; Chief Executive Officer of Pendo Petroleum Inc. (oil and gas exploration and production) from June 2012 to July 2013; prior thereto, Chief Financial Officer of Grizzly Oil Sands ULC (bitumen development company) from January to June 2011	September 2011	31,271 Common Shares  50,350 DSUs

*Notes:*

- (1) Member of the Audit Committee of the Board of Directors, consisting of Messrs. Sabherwal (Chair), Flynn and Wonnacott.
- (2) Member of the Reserves Committee of the Board of Directors, consisting of Messrs. Petrie (Chair), Wonnacott and Sabherwal. Mr. Wonnacott served as Chair of the Reserves Committee until March 29, 2018, when Mr. Petrie was designated Chair.
- (3) Member of the Compensation Committee of the Board of Directors, consisting of Messrs. Wonnacott (Chair), Flynn and Petrie. David Fitzpatrick, who was an independent director of the Company prior to his retirement on January 1, 2018, served as Chair of the Compensation Committee through 2017.
- (4) Member of the Nominating and Corporate Governance Committee of the Board of Directors, consisting of Messrs. Flynn (Chair), Petrie and Sabherwal.
- (5) For each director other than Mr. Petrie, the commencement month referred to in this column refers to the month in which the director was first appointed as a director of Lone Pine Resources Inc., as predecessor of the Company. See Note 1 to the Summary Compensation Table on page 15.
- (6) Comprised of both Common Shares and deferred share units (DSUs) beneficially owned, or controlled or directed, directly or indirectly, by each non-executive director. See "*Statement of Executive Compensation – Director Compensation*" and "*Equity Compensation Arrangements – Incentive Security Plan*" below.
- (7) In addition, Mr. Granger also holds 332,682 stock options, 166,341 performance share units and 362,688 restricted share units granted under the Company's equity compensation plans, and 186,500 warrants to purchase Common Shares acquired through participation in a public offering completed by Prairie Provident in March 2017. See "*Equity Compensation Arrangements*" below.

Each person elected as a director of the Company will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed, or his office is earlier vacated, in accordance with the *Business Corporations Act* (Alberta) and the articles and by-laws of the Company.

*Cease Trade Orders or Bankruptcies*

Except as set out below, no proposed director nominee:

- (a) is, or has within the past ten years been, a director, chief executive officer or chief financial officer of any entity that was the subject of a cease trade or similar order, or an order that denied it access to any exemption under securities legislation, that was in effect for more than 30 consecutive days and was either issued (i) while the nominee was acting in that capacity, or (ii)

after the nominee ceased to act in that capacity but resulted from an event that occurred while the nominee was so acting;

- (b) 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;
- (c) is, or has within the past ten years been, a director or executive officer of any entity that, while the nominee was acting in that capacity or within a year of ceasing to so act, became bankrupt, made a proposal under any bankruptcy or insolvency legislation or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has, within the past ten years, become bankrupt, made a proposal under any bankruptcy or insolvency legislation, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Messrs. McDonald and Wonnacott were directors of, and Mr. Granger was an executive officer and director of, one or more of Lone Pine Resources Inc. and its affiliates at the time such companies commenced restructuring proceedings under the *Companies' Creditors Arrangement Act* (Canada) and Chapter 15 of the United States Bankruptcy Code in September 2013, and continued in such capacities through successful implementation of a comprehensive capital reorganization and financial restructuring on January 31, 2014. See Note 1 to the Summary Compensation Table on page 15. Mr. McDonald was President and Chief Executive Officer of Forest Oil Corporation at the time of its business combination with Sabine Oil & Gas LLC in December 2014, and continued as a director of that company (renamed Sabine Oil & Gas Corporation) until July 2016. In July 2015, Sabine Oil & Gas Corporation and certain of its subsidiaries commenced proceedings under Chapter 11 of the United States Bankruptcy Code. From August 2010 through August 2016, Mr. Sabherwal was Executive Vice President and Chief Financial Officer of FairPoint Communications, Inc., which commenced proceedings under Chapter 11 of the United States Bankruptcy Code in October 2009 and completed its reorganization thereunder in January 2011. From November 2005 through March 2009, Mr. Sabherwal was Chief Financial Officer of Aventine Renewable Energy Holdings, Inc., which commenced proceedings under Chapter 11 of the United States Bankruptcy Code in April 2009 and completed its reorganization thereunder in March 2010.

#### *Majority Voting Policy*

The Board of Directors has adopted a Majority Voting Policy that applies to an uncontested director election, which for purposes of the policy means an election of directors at a shareholders' meeting at which the number of nominees for election as a director of the Company is not greater than the number of directors to be elected. A copy of the Majority Voting Policy is available electronically from the Company's website at [www.ppr.ca](http://www.ppr.ca).

The Majority Voting Policy provides that if less than a majority of the total votes cast or withheld from voting with respect to the election of any director nominee are not voted in favour of his or her election, but he or she is nevertheless duly elected as a matter of corporate law, then that director shall promptly tender his or her resignation, subject to and only effective upon acceptance by the Board of Directors. The Board of Directors will refer the resignation to the Nominating and Corporate Governance Committee

(or such other board committee as is determined, based on its composition and other relevant factors, to be appropriate in the circumstances) for consideration.

In considering any resignation tendered pursuant to the policy, the designated committee shall consider all factors deemed relevant by its members including, without limitation, the circumstances of the vote, any stated reasons for Shareholders withholding from voting for the director, the director's qualifications, competencies, skills and contribution to the Board of Directors and the Company, the consequences of the resignation to the Company (including, without limitation, pursuant to any material contract or concerning the Company's compliance with any applicable laws or regulatory requirements), and whether the resignation would be in the best interests of the Company. The committee will then make a recommendation to the Board of Directors whether to accept the tendered resignation and, if acceptance is recommended, whether to do so on an immediate or delayed basis. A director who has tendered a resignation pursuant to the policy shall not participate in any meeting of the committee or the Board of Directors at which the resignation is considered.

The Board of Directors will determine whether to accept the tendered resignation within 90 days after the date of the shareholders' meeting. Subject at all times to their fiduciary duty to the Company, the Board of Directors is expected to accept a resignation tendered pursuant to the Majority Voting Policy in the absence of exceptional circumstances.

The Company will announce the Board of Director's decision by news release. If the Board of Directors does not accept the resignation, the news release shall address the reasons for that decision.

#### *Advance Notice By-law*

The Company has adopted an advance notice by-law, which applies to the nomination of directors at the Meeting and is intended to provide a clear process for director nominations. A copy of the Company's advance notice by-law is available electronically from the Company's website at [www.ppr.ca](http://www.ppr.ca) and is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Among other things, the advance notice by-law requires that any Shareholder wishing to nominate a candidate for election as a director at an annual meeting of Shareholders (or at a special meeting at which directors will be elected) must provide notice thereof to the Corporate Secretary of the Company not less than 30 days prior to the meeting date (or 40 days where the Company uses notice-and-access to send proxy-related materials to Shareholders in connection with the meeting); provided, however, that if the meeting is to be held less than 50 days after the date on which first public announcement of the meeting date is made, then the required notice may be given not later than the close of business on the 10th day following announcement in the case of an annual meeting or the 15th day following announcement in the case of a special meeting.

The by-law also specifies the information and accompanying documentation that a nominating Shareholder must provide with respect to itself and the nominee candidate in order for the nomination notice to be effective. No person nominated by a Shareholder will be eligible for election as a director of the Company unless nominated in accordance with the advance notice by-law.

The Board of Directors reserves discretion to waive any requirement of the advance notice by-law.

### **3. Appointment of Auditor**

Ernst & Young LLP, Chartered Professional Accountants, has served as the auditor of the Company and its predecessor, Lone Pine Resources Inc., since November 2011. The auditor's report of Ernst & Young LLP on the Company's consolidated comparative financial statements for the financial years ended December 31, 2017 and 2016 will be placed before the Meeting.

At the Meeting, management proposes to submit to the Shareholders an ordinary resolution to appoint Ernst & Young LLP as the auditor of the Company, to hold office until the close of the next annual meeting of Shareholders, at such remuneration as may be determined by the directors.

**Unless otherwise directed by the Shareholders appointing them as proxyholder, the persons named in the enclosed proxy form intend to vote all Common Shares in respect of which they are appointed proxyholder FOR the appointment of Ernst & Young LLP as the auditor of the Company for the ensuing year, at such remuneration as may be determined by the directors.**

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

Each of the Company's executive officers is a "named executive officer" for which compensation information is provided in this Statement of Executive Compensation. This group is comprised of Tim Granger (President and Chief Executive Officer), Mimi Lai (Vice President, Finance and Chief Financial Officer), Robert (Bob) Guy (Vice President, Operations), Tony van Winkoop (Vice President, Exploration) and Gjoa Taylor (Vice President, Land).

### ***Objectives of the Compensation Program***

The Company's compensation program aims to keep compensation practices consistent with strategic business and financial objectives and competitive within the oil and gas industry, with a view to attracting, motivating and retaining executive personnel with value-generating skills and expertise and encouraging behaviour and performance among key employees, including executive officers, considered to be in the Company's best interests and beneficial to its Shareholders. The Company's executive compensation practices are structured to provide each executive officer with a competitive income, to encourage and reward outstanding individual performance that benefits the Company, and to create meaningful incentives to remain in the Company's employ and not be unreasonably susceptible to competitor recruiting efforts. The program design and the weighting of its constituent components reflect the competitive nature of the oil and gas industry and market conditions.

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

Executive compensation is comprised of three primary components: (i) an annual base salary, which is intended to provide a fixed level of cash compensation that is competitive in the industry and will enable the Company to attract, motivate and retain capable executives; (ii) an annual cash incentive bonus, which is variable, performance-based and intended to maintain individual focus on the achievement of year-over-year corporate objectives that are believed to further the interests of Shareholders; and (iii) periodic grants of long-term equity-based compensation, which seek to correlate executive officer compensation with the creation of shareholder value, align long-term economic interest with that of the Company's Shareholders, and provide a meaningful tool for retention.

The named executive officers are also eligible to participate in medical and dental plans, group term life and accidental death and dismemberment insurance plans and short-term and long-term disability plans on the same terms and conditions as the Company's other salaried employees. During 2017, all full-time employees also participated in a Group Savings Plan (GSP), a contributory retirement plan maintained by the Company that seeks to encourage employees to save a portion of current compensation for post-retirement living. Subject to certain limitations imposed by law, the Company contributes 5% of its employees' base pay to the GSP. Employees may then contribute from 1% to 4% of their regular base pay through payroll deductions, which the Company will match to a maximum of 4%. GSP participants may choose to invest their account balances in certain investment options within the GSP.

In Spring 2017, the Company introduced an employee share purchase plan (ESPP) that enables eligible employees (including executive officers) to direct that amounts that would otherwise be invested on their behalf pursuant to the GSP instead be invested in Common Shares pursuant to the ESPP. Common Shares are purchased under the ESPP through a third party agent at prevailing market prices on the Toronto Stock Exchange ("**TSX**") or any other stock exchange or alternative trading platform on which the Common Shares may be traded at the time. Neither the Company nor any participating employee controls the timing of purchase orders under the ESPP or the prices at which they are executed. The ESPP is an alternative to the GSP with respect to amounts that can be invested by or on behalf of employees pursuant to Company contributions (including matching contributions) or payroll deductions. Accordingly, any amounts that an eligible employee directs towards the purchase of Common Shares under the ESPP results in a dollar-for-dollar reduction in amounts eligible to be invested under the GSP. The ESPP does not provide for any new or enhanced compensation benefits to eligible employees.

During 2017, the Company contributed an aggregate of \$112,875 under the GSP and ESPP on behalf of the named executive officers.

The Company does not maintain a pension plan for any of its officers or employees.

### ***Compensation Determinations***

In making compensation determinations for 2017, the Compensation Committee, which is responsible for developing the Company's overall compensation philosophy and reviewing and approving the compensation of its executive officers, reviewed available compensation survey information, industry compensation data (including that reported by peer companies) and other information it considered relevant, taking into account how each element of compensation fits into overall compensation objectives and interacts with other elements. In considering the competitiveness of the Company's executive compensation practices, the Compensation Committee considered available information from companies in an identified peer group of other junior oil and gas companies, which was selected for comparability to the Company based on size and scale of operations, stage of development, production profile, geographic focus and asset location, market position and stock exchange listing. See "*Incentive Plan Awards – Performance Share Units*" for a list of peer group members.

All Compensation Committee members are independent of the Company within the meaning of applicable securities laws.

All executive officers participated in the Company's Annual Incentive Plan for 2017 (the "**2017 AIP**"), which was adopted in early 2017 and provided participants with a performance-driven incentive through eligibility to receive a cash bonus based upon a targeted percentage of base salary. Target bonus levels

were set at 70% of base salary for the chief executive officer and 50% of base salary for the other named executive officers.

The 2017 AIP was administered by the Compensation Committee, with assistance from the Vice President, Finance and the Vice President, Operations with respect to the calculation and verification of approved financial and operating measures. Performance benchmarks and award determinations were established and approved by the Compensation Committee.

For the 2017 AIP, the Compensation Committee approved four quantitative and one qualitative key performance measures ("**KPM**") – each with a 20% weighting – for purposes of determining bonus awards thereunder, and established threshold (0% payout), target (100% payout) and above target (up to 200% payout) benchmarks.

For each quantitative KPM, actual 2017 results were compared to forecast numbers set in early 2017, and the extent to which actual results met, exceeded or fell short of the forecast determined whether (and to what extent) the portion of the total target award attributed to that KPM was achieved. For purposes of the 2017 AIP, quantitative KPM results: (i) that met the forecast attracted a 1X multiplier (100% payout on that component); (ii) that were at least 10% better than the forecast attracted a multiplier of up to 2X (up to a 200% payout on that component) depending on the magnitude of over-performance; or (iii) that fell short of the forecast by 10% or more attracted a nil multiplier (no payout on that component). Total bonus awards were a function of applying the relevant multiplier for each KPM to the portion of the target bonus amount weighted to that KPM.

The approved quantitative KPMs under the 2017 AIP were:

- *Working Interest (WI) Production (20% weighting)* – The WI production KPM is not subject to royalty and similar burdens, thereby eliminating the impact of commodity price changes, and is adjusted for the impact of acquisitions and/or divestitures during the year.
- *WI Cash Capital Costs (20% weighting)* – This KPM excludes non-cash expenses such as stock-based compensation as well as capitalized general and administrative (G&A) expenses, but does include cash capital expenditures on decommissioning activities, and is subject to adjustment during the year in the event the Board approving additional capital activity.
- *WI Cash Operating Costs and G&A Expenses (20% weighting)* – WI cash operating costs include lease operating expenses, expensed workovers and transportation expense. G&A expenses are measured on a gross basis, before overhead recoveries charged to operating expenses and capitalized G&A amounts.
- *Capital Investment Efficiency (20% weighting)* – The capital efficiency KPM is evaluated based on finding and development (F&D) costs (on a proved plus probable reserves basis), capital efficiency and recycle ratio for the year, with each such sub-measure having equal weighting.

In addition to quantitative KPMs, the 2017 AIP featured a discretionary qualitative component – also with a 20% weighting – enabling the Compensation Committee to adequately recognize accomplishments or events relevant to its compensation determinations but which may not be addressed elsewhere in the 2017 AIP. The 2017 AIP allows for a multiplier of between 0 and 2X to be applied to the 20% discretionary component of the target award. Goals pertaining to the chief executive officer in this regard related to

development of a three-year strategic plan for the Company, environmental, health and safety matters, staff development and investor relations initiatives.

In January 2018, the Compensation Committee reviewed performance in relation to the KPM benchmarks under the 2017 AIP, as well as corporate accomplishments during the year that were not specifically addressed by those benchmarks, and approved an aggregate payout under the 2017 AIP equal to 118% (1.18X) of the target bonus for all employees (including executive officers). Total cash bonus awards under the 2017 AIP to the named executive officers, as a group, was \$812,173.

Long-term equity-based compensation is achieved through grants of incentive stock options ("**Options**") pursuant to the Company's stock option plan ("**Option Plan**") and share unit awards ("**Unit Awards**") pursuant to the Company's incentive security plan ("**Incentive Security Plan**"). See "*Equity Incentive Plan Awards*" and "*Equity Compensation Arrangements*" below.

The Compensation Committee has assessed risks related to the Company's compensation policies and practices, and concluded that they do not create risks that are reasonably likely to have a material adverse effect on the Company. All aspects of the Company's compensation programs, including base salary, benefits, annual (short-term) incentive compensation, long-term equity-based compensation and severance entitlements, have been considered in light of long-term shareholder interests.

### ***Financial Instruments***

Pursuant to Prairie Provident's Disclosure and Trading Policy, directors and executive officers of the Company are expressly prohibited from, directly or indirectly, purchasing any financial instrument or otherwise entering into any transaction that is designed to hedge or offset a decrease in the market value of the Common Shares or any other securities granted as compensation or held, directly or indirectly.

### ***Compensation Governance and Oversight***

The Compensation Committee is currently comprised of three independent directors (being Messrs. Wonnacott, Flynn and Petrie). Mr. Wonnacott currently acts as Chair of the Compensation Committee. David Fitzpatrick, who was an independent director of the Company prior to his retirement on January 1, 2018, served as Chair of the Compensation Committee through 2017. All members have developed skills and experience with respect to executive compensation matters through past service as public company directors (including as compensation committee members), participating in the development of both short-term and long-term incentive plans for other entities, and active engagement with compensation consultants and advisors in designing and implementing executive compensation programs.

### ***Compensation Consultants***

To assist in the execution of its responsibilities, the Compensation Committee may engage independent compensation advisors.

In early 2017, Hugessen Consulting Inc. was engaged to provide advisory services on director compensation benchmarking, which was conducted under the direction of the Compensation Committee.

Total fees billed to the Company by Hugessen Consulting Inc. for each of the last two financial years are as follows.



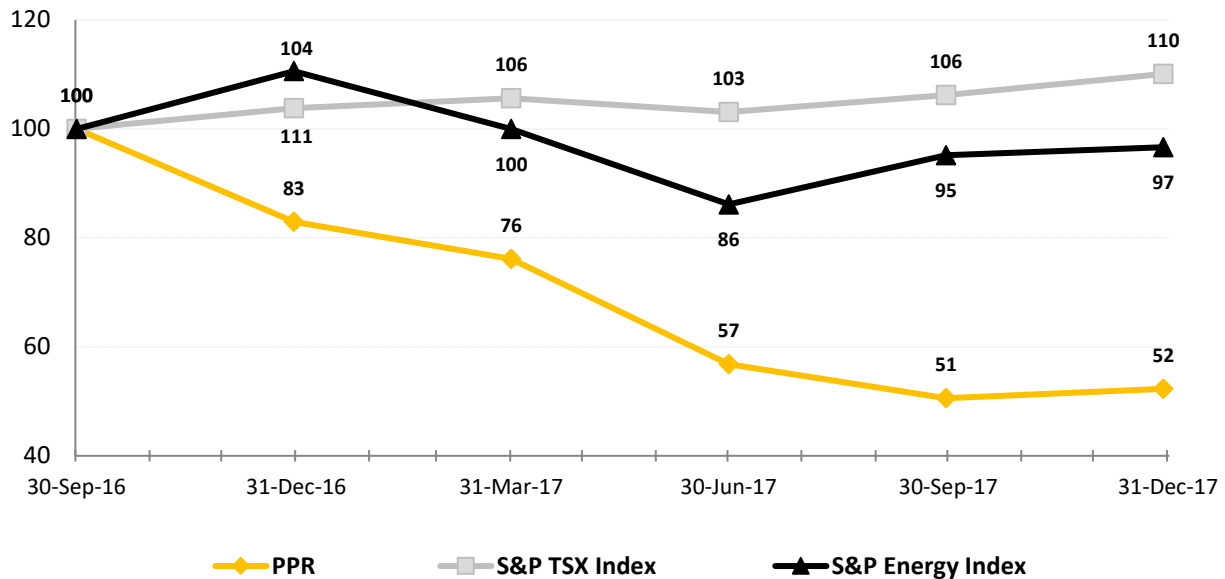
	Financial Year ended December 31,	
	2016	2017
Executive Compensation-Related Fees <sup>(1)</sup>	\$58,760	\$1,630
All Other Fees	—	—

Note:

(1) For services related to determining compensation for any of the Company's directors and executive officers.

### Performance Graph

The Company became a reporting issuer and listed its Common Shares on the TSX in September 2016. The following graph shows the total cumulative return on a \$100 investment on September 30, 2016 in Common Shares compared to the cumulative total return of the S&P/TSX Capped Energy Index and the S&P/TSX Composite Index, over the period ending December 31, 2017.



	30-Sep-2016	31-Dec-2016	31-Mar-2017	30-Jun-2016	30-Sep-2017	31-Dec-2017
Prairie Provident (TSX:PPR) <sup>(1)</sup>	100	82.85	76.14	56.82	50.57	52.27
S&P/TSX Composite Index	100	103.81	105.58	103.10	106.17	110.07
S&P/TSX Capped Energy Index	100	110.57	99.97	86.14	95.17	96.60

Note:

(1) Based on the closing price of the Common Shares on the TSX at the end of each quarter during the period.

Executive compensation determinations are not directly correlated to the Company's relative share price performance. As a significant portion of executive pay is, though, equity-based through the grant of incentive awards under the Option Plan and Incentive Security Plan, total executive compensation is necessarily affected by changes in share price.

## Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the last three financial years to the named executive officers.

Name and Office(s)	Year <sup>(1)</sup>	Salary (\$)	Share-Based Awards (\$)	Option- Based Awards (\$)	Non-Equity Incentive Plan Compensation	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(2)</sup> (\$)		
Tim Granger <i>President and Chief Executive Officer</i>	2017	306,000	88,720 <sup>(9)</sup>	95,374 <sup>(10)</sup>	252,756	120,000 <sup>(3)</sup>	862,850
	2016	385,000 <sup>(4)</sup>	51,006 <sup>(9)</sup>	52,115 <sup>(10)</sup>	231,000	–	729,121
	2015	420,000	–	–	294,000	–	714,000
Mimi Lai <sup>(5)</sup> <i>Vice President, Finance and Chief Financial Officer</i>	2017	250,665	50,268 <sup>(9)</sup>	54,036 <sup>(10)</sup>	147,892	–	502,861
	2016	242,440	28,054 <sup>(9)</sup>	29,966 <sup>(10)</sup>	135,163	–	435,623
	2015	240,750	–	–	120,375	–	361,125
Robert (Bob) Guy <sup>(6)</sup> <i>Vice President, Operations</i>	2017	244,800	50,268 <sup>(9)</sup>	54,036 <sup>(10)</sup>	144,432	–	493,536
	2016	240,000	28,054 <sup>(9)</sup>	29,966 <sup>(10)</sup>	132,000	–	430,020
	2015	120,000	–	–	60,000	–	180,000
Tony van Winkoop <sup>(7)</sup> <i>Vice President, Exploration</i>	2017	239,504	50,268 <sup>(9)</sup>	54,036 <sup>(10)</sup>	141,423	–	485,231
	2016	72,157	–	–	43,083	–	115,240
Gjoa Taylor <sup>(8)</sup> <i>Vice President, Land</i>	2017	213,000	44,400 <sup>(9)</sup>	47,730 <sup>(10)</sup>	125,670	–	430,800
	2016	62,331	–	–	100,000	–	162,331

Notes:

- (1) Historical information for any period prior to September 12, 2016 is for Lone Pine Resources Inc. and its subsidiary, Lone Pine Resources Canada Ltd. (now Prairie Provident Resources Canada Ltd.) (together, "**Lone Pine**"), which previously conducted the Prairie Provident business. On September 12, 2016, pursuant to an arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") involving, among others, Prairie Provident, Lone Pine and Arsenal Energy Inc. ("**Arsenal**"), (i) the ownership and capital structure of Lone Pine was reorganized, with the Company becoming the parent corporation of Lone Pine and the former Lone Pine shareholders becoming shareholders of Prairie Provident, and (ii) Prairie Provident acquired all of the outstanding shares of Arsenal.
- (2) Amounts relate to annual incentive bonuses awarded in respect of the year (notwithstanding that payment may be made after year-end).
- (3) Mr. Granger was paid a retention bonus of \$120,000 one year following completion of the Arrangement.
- (4) Mr. Granger's base salary was \$420,000 to October 15, 2016, and changed to \$300,000 effective October 16, 2016.
- (5) Ms. Lai was appointed Vice President, Finance and Chief Financial Officer effective September 12, 2016, and prior thereto served as Vice President, Finance and Controller.
- (6) Between July 1, 2015 and December 31, 2015, Mr. Guy provided consulting services in a similar capacity as a named executive officer.
- (7) Mr. van Winkoop was previously an executive officer of Arsenal, and was appointed Vice President, Exploration of the Company effective September 12, 2016 upon completion of the Arrangement.
- (8) Ms. Taylor was previously an executive officer of Arsenal, and was appointed Vice President, Land of the Company effective September 12, 2016 upon completion of the Arrangement.
- (9) Amounts reflect the grant date fair value of performance share units (PSUs) granted to named executive officers, computed in accordance with IFRS 2. The Company calculates the grant date fair value using the 1-day VWAP on the date of grant, which was \$0.80 per unit for 2017 grants and \$0.92 per unit for 2016 grants. Prairie Provident uses IFRS 2 as its methodology for computing the grant date fair value for purposes of consistency with its financial statements. In accordance with IFRS 2, the fair value of the PSUs is amortized in the financial statements over the applicable service period.
- (10) Amounts reflect the grant date fair value of stock options granted to named executive officers, computed in accordance with IFRS 2. The Company estimates the grant date fair value using the Black-Scholes option pricing model for the date of grant, which was \$0.43 per option for 2017 grants and \$0.47 per option for 2016 grants. Prairie Provident uses IFRS 2 as its methodology for computing the grant date fair value for purposes of consistency with its financial statements. In accordance with IFRS 2, the fair value of the stock options is amortized in the financial statements over the applicable service period.

## **Equity Incentive Plan Awards**

At December 31, 2017, the Company had outstanding: (i) 471,332 performance share units ("**PSUs**") and 243,369 deferred share units ("**DSUs**") granted under the Incentive Security Plan; and (ii) 2,684,469 Options granted under the Option Plan. See "*Equity Compensation Arrangements*" below. These totals include 354,905 PSUs and 2,684,469 Options granted in January 2017, and 243,369 DSUs granted throughout 2017 in lieu of directors fees that would otherwise have been paid in cash. See "*Director Compensation*".

The Company also previously had outstanding a number of share units issued pursuant to the 2016 arrangement involving, among others, Prairie Provident, Lone Pine Resources Inc., Lone Pine Resources Canada Ltd. (now Prairie Provident Resources Canada Ltd.) and Arsenal Energy Inc. On January 31, 2017, all such share units were settled pursuant to their terms and, in connection therewith, the Company issued 84,086 Common Shares in total (including 63,725 Common Shares to named executive officers).

No further PSUs or Options have been granted to the date hereof. During the first quarter of 2018, the Company granted (i) a further 72,922 DSUs to directors in respect of quarterly directors' fees, and (ii) a total of 1,922,274 RSUs to officers and employees.

The RSUs vest in one-third increments on January 31, 2019, 2020 and 2021, with each vested RSU entitling the holder to receive one Common Share or the cash equivalent thereof. RSU grants to the named executive officers were as follows: Tim Granger - 362,688, Mimi Lai - 206,047, Robert (Bob) Guy - 205,636, Tony van Winkoop - 205,279 and Gjoa Taylor - 181,410.

### ***Performance Share Units***

Each PSU entitles the holder to receive, on vesting and settlement in December 2018 (as to 116,427 PSUs) or December 2019 (as to 354,905 PSUs), up to two Common Shares or the cash equivalent thereof, subject to the performance criteria attached thereto.

The performance criteria applicable to the outstanding PSUs is based on the Company's total shareholder return ("**TSR**") relative to that of a peer group of junior oil and gas companies comprised of Delphi Energy Corp., Gear Energy Ltd., Granite Oil Corp., Eagle Energy Inc., Journey Energy Inc., Manitok Energy Inc., Marquee Energy Ltd., Petroshale Inc., RMP Energy Inc., Strategic Oil & Gas Ltd., Tamarack Valley Energy Ltd., Toscana Energy Income Corporation, Yangarra Resources Ltd. and Zargon Oil & Gas Ltd., using a percentile rank approach. Depending on the Company's relative TSR performance over each defined measurement period, the portion of the total PSU award weighted to that period will vest and settle (be paid out) according to a payout multiplier of between 0% (based on a relative TSR ranking in the 25th percentile or lower) and 200% (based on a relative TSR ranking in the 75th percentile or greater). The target level of 100% is based on a relative TSR ranking at the 50th percentile.

The relative TSR measurement periods and weighting for the 116,427 PSUs granted in September 2016 are as follows: (i) Q4/2016 – 7.5% weighting; (ii) full-year 2017 – 22.5% weighting; (iii) full-year 2018 – 22.5% weighting; and (iv) full term (Q4/2016 through 2018) – 47.5% weighting.

The relative TSR measurement periods and weighting for the 354,905 PSUs granted in January 2017 are as follows: (i) full-year 2017 – 20% weighting; (ii) full-year 2018 – 20% weighting; (iii) full-year 2019 – 20% weighting; and (iv) full term (2017-2019) – 40% weighting.

### Deferred Share Units

Each DSU entitles the holder to receive, on settlement following cessation of service, one Common Share or the cash equivalent thereof. All of the DSUs are held by directors, were issued in lieu of directors' fees that would otherwise have been paid in cash, and vested immediately upon grant. See "– Director Compensation".

### Outstanding Equity Incentive Plan Awards at Year-End

The following table sets forth, for each named executive officer, information regarding equity incentive plan awards outstanding at December 31, 2017 and held by that officer.

Named Executive Officer	Share-based Awards			Option-based Awards			
	Number of shares or units of shares that have not vested (#)	Market or payout value <sup>(1)</sup> of share-based awards that have not vested (\$) <sup>(2)(3)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)	Number of securities underlying unexercised options (#) <sup>(4)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Tim Granger <i>President and Chief Executive Officer</i>	166,341	79,844	–	110,882 221,800	0.96 0.76	Sep 25, 2021 Jan 27, 2022	–
Mimi Lai <i>Vice President, Finance and Chief Financial Officer</i>	93,328	44,797	–	63,757 125,665	0.96 0.76	Sep 25, 2021 Jan 27, 2022	–
Robert (Bob) Guy <i>Vice President, Operations</i>	93,328	44,797	–	63,757 125,665	0.96 0.76	Sep 25, 2021 Jan 27, 2022	–
Tony van Winkoop <i>Vice President, Exploration</i>	62,835	30,161	–	125,665	0.76	Jan 27, 2022	–
Gjoa Taylor <i>Vice President, Land</i>	55,500	26,640	–	111,000	0.76	Jan 27, 2022	–

Notes:

- (1) Based on the closing price on the TSX of \$0.48 per Common Share on December 29, 2017 (being the last trading day of the year).
- (2) Comprised of PSUs granted (i) in 2016, which are subject to vesting and settlement in December 2018, and (ii) in 2017, which are subject to vesting and settlement in December 2019. None of the outstanding PSUs have vested.
- (3) Each outstanding PSU was granted on terms that entitle the holder to receive, on vesting and settlement in December 2018 (as to the 116,427 PSUs granted in 2016) or December 2019 (as to the 354,905 PSUs granted in 2017), up to two Common Shares or the cash equivalent thereof, subject to the performance criteria attached thereto. For purposes of this table, each PSU is assumed to settle for Common Shares on a one-for-one basis. The multiplier at which PSUs will in fact settle for Common Shares, however, cannot yet be determined as the underlying performance periods are ongoing. See "Equity Incentive Plan Awards – Performance Share Units".
- (4) Comprised of 744,674 Options granted in September 2016 at an exercise price of \$0.96 per share and 1,939,795 Options granted in January 2017 at an exercise price of \$0.76 per share. The 2016 Options vest in one-third increments on January 1, 2017, 2018 and 2019. The 2017 Options vest in one-third increments on January 31, 2018, 2019 and 2020. Each vested Option is exercisable for one Common Share at the applicable exercise price.

**Value Vested or Earned During the Year**

The following table sets forth, for each named executive officer, the value of all incentive plan awards that vested or were earned during the year ended December 31, 2017.

Named Executive Officer	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Option-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(3)</sup> (\$)
Tim Granger <i>President and Chief Executive Officer</i>	79,736	–	252,756
Mimi Lai <i>Vice President, Finance and Chief Financial Officer</i>	6,458	–	147,892
Robert (Bob) Guy <i>Vice President, Operations</i>	–	–	144,432
Tony van Winkoop <i>Vice President, Exploration</i>	–	–	141,423
Gjoa Taylor <i>Vice President, Land</i>	–	–	125,670

Notes:

- (1) Amounts in this column relate to the settlement on January 31, 2017 of all remaining share units issued pursuant to the 2016 arrangement involving, among others, Prairie Provident, Lone Pine Resources Inc., Lone Pine Resources Canada Ltd. (now Prairie Provident Resources Canada Ltd.) and Arsenal Energy Inc., and are based on the volume-weighted average trading price of the Common Shares on the TSX for the five trading days before the settlement date (being \$0.752 per share).
- (2) For option-based awards, the value vested during the year is calculated as the aggregate dollar value that would have been realized if all such awards that vested during the year had been exercised on the vesting date, based on the difference between the market price of the underlying securities and the exercise or base price of the option-based awards on the vesting date. The exercise price of all Options that vested during the year ended December 31, 2017 was greater than the market price of the Common Shares on the vesting date.
- (3) Amounts in this column are bonus payments awarded under the Company's Annual Incentive Plan for 2017, which were based on 2017 performance but paid in early 2018. See "Statement of Executive Compensation – Compensation Determinations".

**Termination and Change of Control Benefits**

Each executive officer has an employment agreement that provides for termination payments in the event of involuntary termination (otherwise than for cause or as a result of death, permanent disability or retirement) or resignation by the executive in the event of a change in duties following a change of control. The payment amount is calculated as follows: (i) for Tim Granger (President and Chief Executive Officer), 24 months (200%) of annual base salary, plus an additional 15% of that amount in lieu of benefits; and (ii) for each of Mimi Lai (Vice President, Finance and Chief Financial Officer), Robert Guy (Vice President, Operations), Tony van Winkoop (Vice President, Exploration) and Gjoa Taylor (Vice President, Land), 18 months (150%) of annual base salary, plus one additional month for every year of service after September 2016, to a maximum of 24 months (200%), plus an additional 15% of that amount in lieu of benefits.

For purposes of these agreements, a "change of control" generally means: (i) any person or group becoming the beneficial owner of, or acquiring control or direction over, 50% of the Company's voting securities; (ii) a business combination with another entity following which former Prairie Provident securityholders hold less than 50% of the voting power in the combined entity; (iii) shareholder approval

for liquidating or winding-up the Company; or (iv) the sale, lease or exchange of all or substantially all of the Company's assets (other than a transfer to an affiliate).

The agreements provide for "double trigger" change of control benefits, in that resignation by the executive following a change of control will trigger a termination payment only if the change of control is followed by a change of duties for the executive, which would include a material change in position or duties, responsibilities, title or office, a material reduction in compensation or removal of benefits (without alternative benefits of reasonably equivalent value), or a relocation of the executive's employment by more than 75 kilometers.

Estimated incremental payments, payables and benefits to the named executive officers assuming an involuntary termination or covered change of control event on December 31, 2017 were: (i) \$703,800 for Mr. Granger; (ii) \$456,420 for Ms. Lai; (iii) \$445,740 for Mr. Guy; (iv) \$436,454 for Mr. van Winkoop; and (v) \$387,838 for Ms. Taylor.

### Director Compensation

The Company's compensation program for non-executive directors in 2017 provides for an annual base retainer fee of \$60,000 plus additional fees for committee service, as follows:

- \$15,000 for service as Chair of the Audit Committee;
- \$10,000 for service as Chair of any other committee; and
- \$5,000 for service as a committee member (otherwise than as Chair).

Director fees are paid quarterly.

Of the base annual retainer, one-third (\$20,000 annually, or \$5,000 per quarter) is payable through the issue of DSUs on the last business day of each quarter based on the volume-weighted average trading price of the Common Shares for the five preceding trading days, and the remaining two-thirds (\$40,000 annually, or \$10,000 per quarter) is payable in cash. Directors may elect, in advance and subject to certain conditions, to receive all or a portion of their annual fees that would otherwise be paid in cash (whether that portion of the base annual retainer not automatically paid through the issue of DSUs, or additional fees for committee service) in the form of additional DSUs in lieu of cash payment.

Non-executive directors are also reimbursed for out-of-pocket expenses incurred in connection with attending meetings of the Board of Directors or committees thereof.

To the extent permitted by law, all directors are entitled to indemnification by the Company in respect of actions or proceedings to which they made a party by reason of being or having been a director.

The following table sets forth information concerning the total compensation provided to the directors of the Company during the year ended December 31, 2017 (other than Tim Granger, President and Chief Executive Officer, whose aggregate compensation as a named executive officer is set forth in the Summary Compensation Table above and who does not receive any additional compensation for service as a director).

Name of Director	Fees earned <sup>(1)</sup> (\$)	Share-based awards <sup>(2)</sup> (\$)	Total (\$)
Patrick McDonald	50,000	20,000	70,000

Name of Director	Fees earned <sup>(1)</sup> (\$)	Share-based awards <sup>(2)</sup> (\$)	Total (\$)
Terence (Tad) Flynn	56,250	23,750	80,000
Derek Petrie	55,000	20,000	75,000
Ajay Sabherwal	65,000	20,000	85,000
Rob Wonnacott	60,000	20,000	80,000
David Fitzpatrick <sup>(3)</sup>	60,000	20,000	80,000

*Notes:*

- (1) Amounts in this column are directors' fees paid in cash, and do not include any portion of directors' fees paid through the issue of DSUs.
- (2) Amounts in this column are directors' fees paid through the issue of DSUs. All DSUs were issued in lieu of directors' fees otherwise payable in cash, and each is valued according to the volume-weighted average trading price of the Common Shares on the TSX for the five trading days before the issue date.
- (3) Mr. Fitzpatrick, who served as a director of the Company throughout 2017, resigned effective January 1, 2018 in connection with his retirement.

No option-based awards or other incentive plan awards were made to non-employee directors in 2017.

The following table sets forth, for each non-executive director, information regarding equity incentive plan awards outstanding at December 31, 2017 and held by that director.

Name of Director	Share-based Awards			Option-based Awards			
	Number of shares or units of shares that have not vested (#) <sup>(1)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(2)(3)</sup>	Market or payout value <sup>(1)</sup> of vested share-based awards not paid out or distributed (\$)	Number of securities underlying unexercised options (#) <sup>(4)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Patrick McDonald	–	–	18,783	20,946	0.96	Sep 25, 2021	–
Terence (Tad) Flynn	–	–	22,903	15,708	0.96	Sep 25, 2021	–
Derek Petrie	–	–	18,783	–	–	–	–
Ajay Sabherwal	–	–	18,783	15,708	0.96	Sep 25, 2021	–
Rob Wonnacott	–	–	18,783	15,708	0.96	Sep 25, 2021	–
David Fitzpatrick <sup>(3)</sup>	–	–	18,783	15,708	0.96	Sep 25, 2021	–

*Notes:*

- (1) Based on the closing price on the TSX of \$0.48 per Common Share on December 29, 2017 (being the last trading day of the year).
- (2) Comprised of DSUs granted in 2017 in lieu of directors' fees otherwise payable in cash. All such DSUs vest immediately upon grant, but are subject to settlement only after the holder retires or otherwise ceases service with the Company.
- (3) Mr. Fitzpatrick, who served as a director of the Company throughout 2017, resigned effective January 1, 2018 in connection with his retirement.

One-third of the Options held by each non-executive director vested on January 1, 2017 in accordance with the original grant terms. As the exercise price of all such Options was greater than the market price of the Common Shares on the vesting date, there was no value vested during the year.

## Equity Ownership Guidelines

With a view to the alignment of long-term interests between management and Shareholders, the Board of Directors has adopted equity ownership guidelines for directors and executive officers.

Pursuant to current guidelines: (i) executive officers of the Company are to acquire within three years and hold an equity interest in the Company with a target value based on a multiple of three times annual base salary for the President and Chief Executive Officer and two times annual base salary for each Vice President; and (ii) directors are to acquire within five years and hold an equity interest in the Company of not less than \$125,000.

The following tables sets out the target ownership amount and equity holding for each director and executive officer at March 31, 2018.

### Executive Officers

Name	Target Ownership (\$)	Equity Held (#) <sup>(1)</sup>	Ascribed Value (\$) <sup>(2)</sup>
Tim Granger	940,950	747,152 Common Shares	550,776
Mimi Lai	513,864	46,765 Common Shares	36,734
Robert (Bob) Guy	501,840	20,000 Common Shares	17,200
Tony van Winkoop	491,386	318,786 Common Shares	265,147
Gjoa Taylor	436,650	41,665 Common Shares	40,003

Notes:

- (1) For executive officers, equity holdings are measured as Common Shares only.
- (2) For purposes of the ownership guidelines and this summary, holdings are valued at the greater of market value (based on the closing price of the Common Shares on the TSX on March 29, 2018 of \$0.43 per share) and actual acquisition cost. In the case of Common Shares acquired in substitution or exchange for predecessor securities of Lone Pine or Arsenal, acquisition cost is based on the 5-day volume weighted average trading price of the Common Shares at the time.

### Directors

Name	Target Ownership (\$)	Equity Held (#) <sup>(1)</sup>	Ascribed Value (\$) <sup>(2)</sup>
Patrick McDonald	125,000	44,656 Common Shares	63,699
Terence (Tad) Flynn	125,000	50,350 DSUs	
Derek Petrie	125,000	31,271 Common Shares	65,549
Ajay Sabherwal	125,000	483,138 Common Shares	488,860
Rob Wonnacott	125,000	50,350 DSUs	
		31,271 Common Shares	52,099
		50,350 DSUs	52,099



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Notes:

- (1) For directors, equity holdings are measured as Common Shares and DSUs issued in lieu of cash compensation, which vest immediately upon grant.
- (2) For purposes of the ownership guidelines and this summary, holdings are valued at the greater of market value (based on the closing price of the Common Shares on the TSX on March 29, 2018 of \$0.43 per share) and actual acquisition cost. In the case of Common Shares acquired in substitution or exchange for predecessor securities of Lone Pine or Arsenal, acquisition cost is based on the 5-day volume weighted average trading price of the Common Shares at the time.

### **Indebtedness of Directors and Executive Officers**

No director or executive officer of the Company, no person who served as such during the last financial year, no proposed nominee for election as a director of the Company and no known associate of any such person, is or was at any time since January 1, 2017 indebted to the Company or any of its subsidiaries or the beneficiary of any guarantee or similar financial assistance from the Company or any of its subsidiaries with respect to indebtedness to another entity. No current or former director, executive officer or employee of the Company is currently indebted to the Company or any of its subsidiaries.

### **EQUITY COMPENSATION ARRANGEMENTS**

The Company's equity compensation arrangements consist of the Option Plan and the Incentive Security Plan (together, the "**Plans**"). Both were adopted in September 2016 and are administered by the Compensation Committee (for this purpose, the "**Administrator**").

The Plans provide for a maximum number of Common Shares issuable thereunder based on a specified percentage of the number of Common Shares outstanding from time to time. Specifically, the aggregate number of Common Shares available for issuance under the Plans shall not exceed 8% percent of the total number of Common Shares outstanding (on a non-diluted basis) at the time of grant, with Common Shares issuable under the Incentive Security Plan not to exceed 3% of the number of Common Shares then issued and outstanding.

The Plans are also subject to insider participation limits, pursuant to which (i) the number of Common Shares that may be issuable to insiders of the Company at any time under all security-based compensation arrangements of the Company, and (ii) the number of Common Shares issued under all such arrangements to insiders of the Company during any one-year period, shall in either case not exceed 10% of the issued and outstanding Common Shares. These insider participation limits do not, however, operate to increase the aggregate maximum limit referred to above.

Common Shares underlying any Options or Unit Awards that are exercised or settled, or expire or terminate for any reason, will be available for purpose of further grants under the Option Plan or Incentive Security Plan.

#### **Stock Option Plan**

The Option Plan provides for the grant from time to time to directors, officers, employees and consultants of the Company and its subsidiaries (collectively, "**Service Providers**") of Options to purchase Common Shares at an exercise price determined at the time of grant.

An Option exercise price cannot be lower than the market price of a Common Share on the grant date, with market price defined as the volume-weighted average trading price for the Common Shares on the

TSX (or other applicable stock exchange) for the five immediately preceding trading days on which the Common Shares traded.

The basis and schedule upon which Options shall vest and become exercisable will be determined by the Administrator at the date of grant. The maximum term to expiry is five years.

If a holder of Options ceases to be a Service Provider, any unvested Options immediately terminate and any vested Options shall be exercisable for 90 days thereafter (subject to the outside expiry date determined at the time of grant); except that if the holder ceases to be a Service Provider because of: (i) death, then all of the holder's unvested Options will thereupon vest and his or her executors or other proper representatives will have 90 days within which to exercise vested Options; or (ii) permanent disability, then a part of the holder's unvested Options will vest based on the ratio of the holder's length of service following the grant date to the period between the grant date and the ordinary vesting date, and all vested Options will remain outstanding and exercisable in accordance with their terms. In the event of termination without cause, unless the Board of Directors exercises its discretion to permit continued vesting over the applicable notice period, then all unvested Options terminate.

In connection with a change of control of the Company within the meaning of the Option Plan (which includes a change in majority composition of the Board of Directors), unless the Options can practicably be continued or replaced and certain other criteria are satisfied, then all vested and unvested Options will, conditional upon completion of the change of control, be surrendered in consideration for an issue of Common Shares having a value equivalent to their in-the-money value. The Board of Directors may also permit conditional exercise of vested and unvested Options to enable holders to participate as shareholders in an approved or agreed change of control transaction, conditional upon completion thereof.

Options cannot be transferred or assigned, other than for estate settlement purposes.

The Administrator may amend or terminate the Stock Option Plan and any issued Option without the approval of Shareholders (but subject to TSX approval if required under TSX rules), except that Shareholder approval will, in accordance with TSX rules, be required for: (i) an increase to the maximum number of Common Shares issuable pursuant to the Option Plan; (ii) a reduction in the exercise price of an Option (or cancellation of an Option with subsequent issue of a replacement Option); (iii) an extension to the term of an Option; (iv) amendments that would permit Options to be transferred or assigned otherwise than for normal estate settlement purposes; (v) additional categories of eligible Service Providers; (vi) removal or amendment to insider participation restrictions; (vii) removal or amendment of the amendment provisions of the Option Plan; and (viii) any other amendment for which Shareholder approval is required under TSX rules.

### **Incentive Security Plan**

The Incentive Security Plan provides for the grant from time to time to directors, officers and employees of the Company and its subsidiaries (collectively, "**Participants**") of "phantom" Unit Awards in the form of restricted share units ("**RSUs**"), performance share units ("**PSUs**") and deferred share units ("**DSUs**").

RSUs credited to a Participant's account represent a right, upon vesting, to receive Common Shares or the cash equivalent thereof. DSUs and PSUs credited to a Participant's account similarly represent a right to receive Common Shares or the cash equivalent thereof, except that: (i) for PSUs, vesting is generally conditional upon satisfaction of such corporate or personal performance criteria as may be determined

by the Administrator at the time of grant; and (ii) for DSUs, settlement is deferred until after the Participant has ceased to be a director of or employed by the Company or its subsidiaries or any affiliate (within the meaning of certain applicable Canadian federal income tax rules).

For Incentive Security Plan purposes, a DSU is a type of RSU, but having terms and conditions that satisfy the requirements of regulation 6801(d) to the *Income Tax Act* (Canada) (the "**Tax Act**"). Unless specified otherwise, reference in this Information Circular to an RSU means an RSU that is not a DSU.

RSUs and PSUs are granted in respect of services rendered by a Participant in a particular calendar year (the "**Service Year**"), and must be settled (paid out) by December 15 of the third calendar year following the Service Year (the "**December Deadline**") in order to meet certain rules under the Tax Act applicable to "salary deferral arrangements".

DSUs, by contrast, are meant to not settle within such a three-year window, but instead be paid out only after the holder retires or otherwise ceases service to the Company, during the period between the Participant's termination date and December 15 of the next following calendar year. DSUs do not meet the criteria under the Tax Act applicable to "salary deferral arrangements", but instead qualify under alternative provisions that are not premised on a three-year settlement window.

Unless otherwise determined by the Administrator: (i) RSUs vest as to one-third of the number granted, on each of the first and second anniversaries of grant, and as to the final 1/3 on the earlier of the third anniversary and the December Deadline; (ii) PSUs vest in their entirety on the earlier of the third anniversary of the grant date and the December Deadline, subject to satisfaction of the applicable performance criteria; and (iii) DSUs vest immediately upon grant, as they will ordinarily be granted in lieu of cash compensation otherwise payable to the Participant.

If a holder of Awards ceases to be a Participant, any unvested Awards terminate and vested Awards will be settled (paid out) in accordance with their terms; except that if the holder ceases to be a Participant because of: (i) death, then unvested RSUs will thereupon vest and unvested PSUs will vest based on assumed performance at the "target" level; or (ii) permanent disability, then (A) a part of the holder's unvested RSUs will vest based on the ratio of the holder's length of service following the grant date to the period between the grant date and the ordinary vesting date, and (B) the Company will determine in due course how many unvested PSUs would have been earned based on the applicable performance criteria had the holder remained a Participant, and a part of that notional number of PSUs that would have been earned will vest based on the ratio of the holder's length of service following the grant date to the period between the grant date and the ordinary vesting date.

In connection with a change of control of the Company within the meaning of the Incentive Security Plan (which includes a change in majority composition of the Board of Directors), unless the Awards can practicably be continued or replaced and certain other criteria are satisfied, then all unvested Awards will vest, and vested Awards (other than DSUs) will be immediately settled (paid out).

Awards cannot be transferred or assigned, other than for estate settlement purposes in the event of death.

The Administrator may amend or terminate the Incentive Security Plan and any issued Award without the approval of Shareholders (but subject to TSX approval if required under TSX rules), except that Shareholder approval will, in accordance with TSX rules, be required for: (i) an increase to the maximum number of Common Shares issuable pursuant to the Incentive Security Plan; (ii) amend the determination

thereunder of the fair market value of a Common Share in respect of any Award; (iii) an extension to the expiry date of an Award; (iv) amendments that would permit Awards to be transferred or assigned otherwise than for normal estate settlement purposes; (v) additional categories of eligible Participants; (vi) removal or amendment to insider participation restrictions; (vii) removal or amendment of the amendment provisions of the Incentive Security Plan; and (viii) any other amendment for which Shareholder approval is required under TSX rules.

The Incentive Security Plan was amended in March 2017 to enable the Company to grant DSUs – as Awards that are not settled until retirement and therefore likely outside of the three-year settlement window otherwise applicable to RSUs and PSUs – having terms and conditions that satisfy the requirements of regulation 6801(d) to the Tax Act. Requisite TSX approval was obtained. Shareholder approval was not required. The amendments did not increase the maximum number of Common Shares issuable pursuant to the Incentive Security Plan, and did not affect the terms of conditions of any outstanding Awards.

### Securities Authorized for Issuance under Equity Compensation Arrangements

The following table provides information regarding the number of Common Shares authorized for issuance pursuant to the Option Plan and the Incentive Security Plan at December 31, 2017.

<u>Equity compensation arrangement</u> <sup>(1)</sup>	<u>Number of securities to be issued upon exercise of outstanding options or units</u>	<u>Weighted average exercise price of outstanding options</u>	<u>Number of Common Shares remaining available for future issuance under the arrangement</u> <sup>(4)</sup>
Stock Option Plan	2,654,233 <sup>(2)</sup>	\$0.81	3,140,152 <sup>(5)</sup>
Incentive Security Plan	Up to 1,186,033 <sup>(3)</sup>	n/a	2,290,598 <sup>(5)</sup>

*Notes:*

- (1) The Option Plan and Incentive Security Plan were both approved by the former shareholders of Lone Pine Resources Inc. and Lone Pine Resources Canada Ltd. (together, "Lone Pine") and by the former shareholders of Arsenal Energy Inc. ("Arsenal"), in connection with the arrangement under section 193 of the *Business Corporations Act* (Alberta) completed on September 12, 2016, pursuant to which (i) the ownership and capital structure of Lone Pine was reorganized, with the Company becoming the parent corporation of Lone Pine and the former Lone Pine shareholders becoming shareholders of Prairie Provident, and (ii) Prairie Provident acquired all of the outstanding shares of Arsenal. The Company does not have any equity compensation arrangements not approved by shareholders.
- (2) There were 2,654,233 Options outstanding under the Option Plan at December 31, 2017. Each vested Option is exercisable for one Common Share at an exercise price of \$0.76 (as to 1,939,795 Options) or \$0.96 (as to 744,674 Options) per share. No further Options have been granted to the date hereof.
- (3) There were 471,332 PSUs and 243,369 DSUs outstanding under the Incentive Security Plan at December 31, 2017. Each PSU entitles the holder to receive, on vesting and settlement in December 2018 (as to 116,427 PSUs) or December 2019 (as to 354,905 PSUs), up to two Common Shares or the cash equivalent thereof, subject to the performance criteria attached thereto. See "Statement of Executive Compensation – Equity Incentive Plan Awards – Performance Share Units". Each DSU entitles the holder to receive, on settlement after the holder retires or otherwise ceases service with the Company, one Common Share or the cash equivalent thereof. See "Statement of Executive Compensation – Director Compensation". No further PSUs have been granted to the date hereof. During the first quarter of 2018: (i) the Company granted a further 72,922 DSUs to directors and a total of 1,922,274 RSUs to officers and employees; (ii) 39,131 DSUs were settled following the retirement of David Fitzpatrick from the Board of Directors effective January 1, 2018; and (iii) 92,736 Options were cancelled in connection with personnel departures.
- (4) The maximum number of Common Shares available for issuance under the Option Plan and the Incentive Security Plan together shall not exceed 8% percent of the total number of Common Shares outstanding (on a non-diluted basis) at the time of grant, with Common Shares issuable under the Incentive Security Plan not to exceed 3% of the number of Common Shares then issued and outstanding. Common Shares underlying any Options or Unit Awards that are exercised or settled, or expire or terminate for any reason, will be available for purpose of further grants under the Option Plan or Incentive Security Plan.
- (5) Assuming a maximum allotment of authorized Common Shares to the Incentive Security Plan, then (i) up to 3% of the number of Common Shares outstanding may be issued pursuant to awards under the Incentive Security Plan, and (ii) up to of 5% of the number of Common Shares outstanding may be issued pursuant to awards under the Option Plan. There were 115,887,700 Common Shares outstanding at December 31, 2017.

## Burn Rate

The following table provides the annual burn rate for each of the Company's equity compensation arrangements for 2017, being the first completed fiscal year since their adoption in September 2016.

<b>Equity compensation arrangement</b>	<b>Awards Granted in 2017</b>	<b>Weighted Average Number of Common Shares Outstanding in 2017</b>	<b>Burn Rate <sup>(2)</sup></b>
Stock Option Plan	2,684,469	113,350,234	2.4%
Incentive Security Plan	598,274 <sup>(1)</sup>	113,350,234	0.5% <sup>(3)</sup>

*Notes:*

- (1) Comprised of 354,905 PSUs granted to executive officers and 243,369 DSUs granted to non-executive directors.
- (2) In accordance with TSX requirements, the "burn rate" for any equity compensation arrangement in a year is calculated by dividing the number of securities granted under the arrangement during the year, by the weighted average number of Common Shares outstanding for the year.
- (3) Each outstanding DSU entitles the holder to receive, on settlement, one Common Share or the cash equivalent thereof. Each outstanding PSU entitles the holder to receive up to two Common Shares or the cash equivalent thereof, subject to the performance criteria attached thereto. See "*Statement of Executive Compensation – Equity Incentive Plan Awards – Performance Share Units*". For purposes of this table, each PSU is assumed to settle for Common Shares on a one-for-one basis. If instead each PSU is assumed to settle for Common Shares on a two-for-one basis, then the 2017 burn rate for the Incentive Security Plan would be 0.8%.

## CORPORATE GOVERNANCE

### Composition of the Board of Directors

The Board of Directors, which is responsible for supervising the management of the business and affairs of the Company, is comprised of six directors, of whom five – including the Chair – are independent. Each of Patrick McDonald (Chair), Terence (Tad) Flynn, Ajay Sabherwal, Rob Wonnacott and Derek Petrie is independent of the Company within the meaning of Canadian securities laws. Tim Granger, President and Chief Executive Officer, is not considered independent on the basis of his service as an executive officer of the Company.

David Fitzpatrick, who served as a director of the Company throughout 2017 until his retirement effective January 1, 2018, was also independent of the Company.

### Other Directorships

None of our current directors also serves as a director of another reporting issuer (or the equivalent).

### Charters and Position Descriptions

The Board of Directors has established a charter for itself and each of its four standing committees (being the Audit Committee, the Reserves Committee, the Compensation Committee and the Nominating and Corporate Governance Committee), and has developed position descriptions for the board and committee chairs and the chief executive officer. Attached as Schedule "A" is a copy of the Board of Directors charter.

## Board Committees

The Board of Directors has four principal committees: (i) the Audit Committee, (ii) the Reserves Committee, (iii) the Compensation Committee; and (iv) the Nominating and Corporate Governance Committee. Each such committee is comprised entirely of independent directors.

- Audit Committee – The principal purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the integrity of the Company's financial statements and related accounting, financial reporting and audit processes, internal accounting and financial control systems and procedures, disclosure controls and procedures, the qualification and performance of the Company's independent auditors, and the Company's risk management strategies; and compliance by the Company with applicable legal requirements relating thereto. The Audit Committee is comprised of Ajay Sabherwal (Chair), Terence (Tad) Flynn and Rob Wonnacott.
- Reserves Committee – The principal purpose of the Reserves Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding assessment of the Company's reserves data and/or resources data and compliance by the Company with applicable legal requirements relating thereto (including with respect to public disclosure of information concerning the Company's reserves data and/or resources data). The Reserves Committee is comprised of Derek Petrie (Chair), Rob Wonnacott and Ajay Sabherwal. Mr. Wonnacott served as Chair of the Reserves Committee until March 29, 2018, when Mr. Petrie was designated Chair.
- Compensation Committee – The principal purpose of the Compensation Committee is to assist the Board of Directors in establishing and administering the Company's executive compensation program and otherwise fulfilling its responsibilities regarding executive appointment, evaluation and compensation matters. The Compensation Committee is comprised of Rob Wonnacott (Chair), Terence (Tad) Flynn and Derek Petrie. Mr. David Fitzpatrick, who was an independent director of the Company prior to his retirement on January 1, 2018, served as Chair of the Compensation Committee through 2017.
- Nominating and Corporate Governance Committee – The principal purpose of the Nominating and Corporate Governance Committee is to assist the Board of Directors in developing the Company's approach to corporate governance and adopting and implementing governance principles and guidelines for the Company, and in considering nomination, composition and compensation matters regarding the Board of Directors and its committees. The Nominating and Corporate Governance Committee is comprised of Terence (Tad) Flynn (Chair), Derek Petrie and Ajay Sabherwal.

The Board of Directors also has an Executive Committee comprised of Messrs. McDonald (Chair) and Granger, to which the Board of Directors may, in its discretion, delegate targeted responsibilities from time to time.

## Directors' Meetings

The following table sets forth the attendance record of each director and committee member, as applicable, for meetings of the Board of Directors and its appointed committees held during 2017.

Director	Board of Directors	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Reserves Committee
	<i>(6 meetings)</i>	<i>(5 meetings)</i>	<i>(3 meetings)</i>	<i>(3 meetings)</i>	<i>(5 meetings)</i>
Patrick McDonald	6	–	–	–	–
Tim Granger	6	–	–	–	–
Terence (Tad) Flynn	6	5	3	3	–
Derek Petrie	6	–	3	3	5
Ajay Sabherwal	6	5	–	3	5
Rob Wonnacott	6	5	3	–	5
David Fitzpatrick <sup>(1)</sup>	6	–	3	–	5

*Note:*

(1) Mr. Fitzpatrick, who served as a director of the Company throughout 2017, resigned effective January 1, 2018 in connection with his retirement.

The independent directors meet in the absence of non-independent directors and members of management during or at the conclusion of each scheduled meeting of the Board of Directors, and at the conclusion of certain committee meetings. Tim Granger, President and Chief Executive Officer, does not attend such in camera sessions.

In addition to regular meetings, management holds frequent update calls with the directors, and consultation among the directors and with management on noteworthy matters occurs outside of formal meetings and scheduled updates. Directors have ready and unfettered access to management and advisors.

No formal meetings of the Executive Committee were required in 2017.

### **Director Assessments**

The effectiveness and contribution of each director and of the Board of Directors and each of its committees are subject to annual evaluation, with the Board of Directors and each committee conducting an annual self-evaluation to assess, and identify opportunities to improve performance. The Nominating and Corporate Governance Committee leads the Board of Directors in its annual self-evaluation.

### **Orientation and Continuing Education**

Orientation of new directors will be overseen by the Nominating and Corporate Governance Committee, which is responsible for arranging for and overseeing delivery to new directors of appropriate orientation regarding the role of the Board of Directors and its committees and the expected contributions of individual directors, and the nature and operation of the Company's business, including meetings with management or other employees. The Nominating and Corporate Governance Committee is also responsible for overseeing the provision of continuing education opportunities to all directors. New directors will be provided with relevant corporate documents and other reference materials concerning organizational matters and board proceedings and thoroughly briefed by management and the current directors on the Company's business and affairs. The Company does not have a formalized continuing education program at this time, and does not currently consider one to be necessary to ensure that its

directors maintain the skill and knowledge necessary to meet their obligations as board members. The identification and continued nomination for election of individual directors is based in part on their principal occupations, existing industry experience and expertise, and applicability to the business and affairs of the Company, which is supplemented by management presentations and detailed periodic reporting to the directors. External roles and responsibilities, together with the ongoing reporting from and consultation with management and among the directors, facilitate the maintenance on the part of each director of the skills and knowledge necessary to discharge his responsibilities as a director of the Company. Orientation and continuing education matters are subject to ongoing review in light of intervening events and evolving circumstances.

### **Ethical Business Conduct**

The Board of Directors and management of the Company encourage and promote a culture of ethical business conduct as part of their responsibility to manage, and supervise the management of, the Company's business and affairs. Internal communication and supervision regard ethical business conduct is facilitated by the fact that the Company is a relatively small organization with fewer than 30 employees apart from contractors providing field services.

The Board of Directors has adopted a written code of business conduct and ethics in support of the Company's commitment to honesty, integrity and accountability and requirement of the highest standards of professional and ethical conduct from our directors, officers, employees and consultants. Copies of the code are available electronically to Company personnel, who will be periodically required to acknowledge the provisions of the code and compliance therewith. Among other things, the code requires that violations be reported so that appropriate corrective action can be taken. Persons who fail to comply with the code will be subject to disciplinary measures, up to and including discharge from the Company.

In considering any transactions or agreements in respect of which a director or executive officer has or may have a material interest, the Board of Directors will require that the interested party declare their interest and, as applicable, abstain from voting on any decision of the directors to approve or disapprove of the transaction or agreement. The interested director or executive officer will ordinarily be required to recuse themselves from deliberations on the transaction or agreement in question, which the Board of Directors shall consider without the interested director or executive officer being present. In all circumstances, each director is required to act honestly and in good faith with a view to the Company's best interests.

### **Director Nominations and Management Succession**

The Nominating and Corporate Governance Committee is also responsible for leading the search for and identifying individuals qualified to serve as directors of the Company, and making recommendations to the Board of Directors with respect to director candidates and nominees for election by Shareholders at each annual meeting of shareholders (or other meeting at which one or more directors will be elected) or for appointment between meetings, as applicable. In connection therewith, the Nominating and Corporate Governance Committee is to: (i) review the respective qualifications, competencies and skills of each such individual, including any competing commitments; (ii) consider the appropriate size of the Board of Directors, including with a view to facilitating effective decision-making; (iii) consider the purpose and composition requirements of each board committee; (iv) consider the competencies and skills that the Board of Directors, as a whole, should possess; (v) consider the competencies and skills of existing or incumbent directors and those that each potential new nominee will contribute to the Board of Directors;



(vi) have regard to the director qualification criteria specified in the charters of the Board of Directors and its various committees and otherwise applicable to the Company under corporate or securities laws or stock exchange requirements; and (vii) have regard to the desirability that directors represent a diversity of backgrounds.

Complementing the oversight responsibility of the Nominating and Corporate Governance Committee with respect to director nominations is the responsibility of the Compensation Committee to identify and evaluate potential candidates for executive officer positions with the Company and its subsidiaries, and oversee development of the Company's management succession plans.

In furtherance of these responsibilities, director nomination and executive appointment decisions will emphasize and be guided by consideration of a candidate's skills, knowledge, expertise, background and character and the extent to which they complement Prairie Provident's overall objective of having a board and management team that, collectively, represents depth and breadth of experience in areas relevant to the Company's business and affairs. The Board of Directors recognizes the benefits of diversity in this regard, and will consider the level of women representation on the board and in executive officer positions among the multitude of relevant factors, but has not adopted a written policy relating to the identification and nomination of women directors or a target for women representation in director or management positions. At this time, the Board of Directors does not consider such a policy or target to be necessary in order for the Company to either appreciate or realize the potential for incremental advantage arising from a candidate's experience being informed by gender or other demographic characteristics. Currently, none of the six directors of the Company, and two (or 40%) of its five executive officers, are women.

The Board of Directors has not adopted director term limits, but as part of the annual performance review of the Board of Directors and its committees and in assessing director nominees, the Nominating and Corporate Governance Committee will consider the term of service of each incumbent director, the average term of service of all incumbent directors, and director turnover over the preceding three years, with a view to balancing the benefits of regular renewal against the benefits of familiarity with the Company's business and affairs, all in the context of the needs and circumstances facing the Company and the Board of Directors at the time.

#### **Audit Committee Member Qualifications**

Each Audit Committee member has been determined by the Board of Directors to be independent of the Company and financially literate within the meaning of Canadian securities legislation. Following is a brief description of the education and experience of each such director that is relevant to the performance of his responsibilities as a member of the Audit Committee:

- Ajay Sabherwal (Chair) – Mr. Sabherwal has served various issuers as chief financial officer for over 17 consecutive years, and is currently Chief Financial Officer of FTI Consulting, a leading global advisory firm based in Washington, DC. Mr. Sabherwal holds a bachelor's degree in Mechanical Engineering and a master's degree in Economics from the Birla Institute of Technology and Science (India), a top engineering and business school, and a Master of Business Administration (MBA) degree from the University of Manchester (UK).
- Terence (Tad) Flynn – Mr. Flynn is Managing Director, Financial Advisory Services, and head of Asset Management Services at Houlihan Lokey, a global investment bank based in Los Angeles, California with offices across the United States, Europe and the Asia-Pacific region. Mr. Flynn

served on the Audit Committee at Full Circle Capital Company from August 2014 to November 2016. Before joining Houlihan Lokey in 2009, he had been a Managing Director with UBS for several years. Mr. Flynn holds a bachelor's degree in Economics from Harvard College.

- Rob Wonnacott – Mr. Wonnacott has served in various senior and executive level positions for more than two decades, including a Managing Director and Vice Chairman of Corporate and Investment Banking with National Bank Financial, Chief Financial Officer of Grizzly Oil Sands and Chief Executive Officer of Pendo Petroleum, and is currently a Partner and Director with Value Point Capital, a Western Canadian private equity investment group. He is a registered Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and holds a bachelor's degree in Civil Engineering from Queen's University. Mr. Wonnacott also holds a Master of Business Administration (MBA) degree from the University of Western Ontario.

## OTHER INFORMATION

### Interests of Informed Persons

Management of the Company is not aware of any "informed person" (as that term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company, any proposed nominee for election as a director of the Company, or any associate or affiliate of any such person or proposed nominee, having a material interest (direct or indirect) in any transaction since January 1, 2017, or in any proposed transaction, that has materially affected or would materially affect the Company or any of its subsidiaries.

### Normal Course Issuer Bid

In November 2017, the Company filed with and had accepted by the TSX a notice of intention to make a normal course issuer bid ("**NCIB**"), pursuant to which it may repurchase up to 4,900,000 Common Shares at such times and in such quantities as the Company may determine, subject to applicable regulatory restrictions. Purchases under the NCIB may be made through open market transactions on the TSX and any alternative Canadian trading platforms on which the common shares are traded, based on the prevailing market price. Any Common Shares purchased under the NCIB will be cancelled.

Transactions under the NCIB will depend on future market conditions. Prairie Provident retains discretion whether to make purchases under the NCIB, and to determine the timing, amount and acceptable price of any such purchases, subject at all times to applicable TSX and other regulatory requirements.

The period during which Prairie Provident is authorized to make purchases under the NCIB commenced on December 1, 2017 and ends on November 30, 2018 or such earlier date as the NCIB is completed or is terminated at the Company's election.

Under TSX rules, not more than 21,517 Common Shares can be purchased on the TSX on any single trading day under the NCIB, except that one block purchase in excess of the daily maximum is permitted per calendar week.

A Shareholder may obtain a copy of the Company's notice of intention regarding the NCIB, without charge, on request to the Company at Suite 1100, 640 - 5th Avenue S.W., Calgary, Alberta, T2P 3G4 (Attention: Corporate Secretary), telephone (403) 292-8000.

### **Additional Information**

Additional information relating to Prairie Provident is filed under the Company's company profile on SEDAR at [www.sedar.com](http://www.sedar.com), including financial information provided in its comparative annual financial statements and management's discussion and analysis for the year ended December 31, 2017. In addition to the SEDAR website, copies of such financial statements and management's discussion and analysis are also available electronically from the Company's website at [www.ppr.ca](http://www.ppr.ca) or on request to the Company at Suite 1100, 640 - 5th Avenue S.W., Calgary, Alberta, T2P 3G4 (Attention: Corporate Secretary), telephone (403) 292-8000.

## SCHEDULE "A"



### PRAIRIE PROVIDENT RESOURCES INC.

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#### BOARD OF DIRECTORS CHARTER

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This Charter of the Board of Directors (the "Board") of Prairie Provident Resources Inc. (the "Corporation") is adopted as of September 13, 2016 to promote the effective functioning of the Board and its committees (each, a "Committee").

This Charter, together with the charters of the various Committees constituted from time to time, provides a framework for the governance of the Corporation, with sound corporate governance policies and practices providing an essential foundation for the Board in fulfilling its oversight responsibilities in respect of the Corporation.

#### **Role of the Board and Management**

The Corporation's day-to-day business is conducted by its officers, employees and agents, under the direction of the Chief Executive Officer of the Corporation (the "CEO") and the oversight of the Board, with the objective of enhancing the long-term value of the Corporation. The Board is elected by the shareholders to oversee management of the business and affairs of the Corporation and is required by law to act in the best interests of the Corporation as a whole having due regard to the interests of the shareholders and, as applicable, other stakeholders.

#### **Oversight Responsibility**

In fulfilling its stewardship role to supervise the management of the business and affairs of the Corporation, the Board shall oversee the development of, and approve, the Corporation's goals and objectives and the strategy for their achievement, including by providing oversight and guidance on the strategic issues facing the Corporation and on the implementation of appropriate business plans to effect corporate strategy, and monitoring the Corporation's progress towards the execution of its strategy and the achievement of its goals and objectives. In furtherance of that responsibility, the Board shall consider the principal risks of the business in which the Corporation is engaged with a view to achieving a proper balance between risks incurred and the potential return, and satisfy itself that there are systems in place to monitor and manage those risks with a view to the long-term viability and interests of the Corporation.

#### **Individual Director Responsibilities**

Directors shall perform the roles and functions described in this Board Charter and the in charters of all Committees on which they serve. They must devote sufficient time and resources to carry out their responsibilities, including through attendance and active participation at Board and Committee meetings and diligent review of materials distributed in connection therewith. The Corporation shall make

arrangements to facilitate director attendance and participation by telephone, electronic means or other communication facilities that permit all participants to hear each other. In serving as Board and Committee members, directors shall comply with all applicable laws, including the *Business Corporations Act* (Alberta) and applicable securities laws.

### **Board Composition, Qualifications and Independence**

Number of Directors. The size of the Board shall be fixed from time to time in accordance with the provisions of the Corporation's constating documents and bylaws, as in effect from time to time.

Director Independence Generally. A majority of the Board shall be individuals who are not officers or employees of the Corporation or any of its affiliates, and do not otherwise have any direct or indirect relationship with the Corporation or any of its affiliates that could, in the Board's view, be reasonably expected to interfere with the exercise of his or her independent judgment, and otherwise meet such criteria for independence as are prescribed under applicable corporate and securities laws for determining the independence of a Canadian public company's directors generally (and not, for certainty, such additional criteria as may be applicable in respect of an audit committee).

The Board shall otherwise be comprised of persons who, individually and in the aggregate, meet all applicable qualification criteria with which the Corporation is required to comply under applicable corporate and securities laws and stock exchange requirements to which the Corporation is subject, and any applicable policies of the Board from time to time. The Board will regularly review the relationships between the Corporation and each director and other relevant factors to determine whether applicable independence and other qualification criteria are met, including in advance of any proposal to nominate an incumbent director for re-election to the Board.

Independence of Committee Members. In addition to the independence requirements applicable to directors generally, the Board shall, in constituting any particular Committee and appointing the members thereof, have regard to such additional criteria for independence as may be applicable in respect of that Committee under applicable corporate and securities laws and stock exchange requirements, including in particular the additional independence standards applicable in respect of audit committees.

Nomination of Board Members. The Nominating and Corporate Governance Committee of the Board ("NCGC") shall lead the search for and identify individuals qualified to serve on the Board. The NCGC will evaluate director candidates and inquire into their backgrounds and qualifications, and make recommendations to the Board regarding director nominees to be presented for approval at shareholders' meetings or for appointment between shareholders' meetings, as applicable. Shareholders may nominate directors for election at the Corporation's annual shareholders' meeting in accordance with applicable law and the Corporation's constating documents and bylaws, as in effect from time to time.

Director Qualifications. The Corporation seeks a Board comprised of individuals that, taken together, represent depth and diversity of experience at policy-making levels in business and other areas relevant to the Corporation's business and affairs. With that in mind, the Board considers candidates diverse in background and professional and educational experience. All directors must have high personal and professional ethics and integrity and exhibit characteristics of diligence, objectivity, accountability, informed judgment, financial literacy, maturity, high performance standards and relevant knowledge and skills. Directors must be committed to representing the best interests of the Corporation.

Directors should be prepared to serve on the Board for an extended period, and must be committed to devoting the time and resources necessary to carry out their responsibilities and be sufficiently familiar

with the business and affairs of the Corporation to ensure active participation in the deliberations of the Board and each Committee on which he or she serves.

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

New Board members are to be provided with a director orientation session and continuing directors are to be provided opportunities for continuing education to become more knowledgeable about areas of importance to the Corporation's business and affairs. In addition, management of the Corporation shall make appropriate personnel available to answer any questions a director may have about any aspect of the Corporation's business and affairs. Directors are free to contact the CEO at any time to discuss any aspect of the Corporation's business and affairs, and shall have unrestricted access to other officers, employees and advisors of the Corporation and its subsidiaries.

### **Resignation and Tenure of Service**

Management directors shall offer to resign as a director (subject to acceptance by the Board) at the time of retiring or resigning from employment with the Corporation or any subsidiary thereof, as applicable. A director is also expected to offer to resign (subject to acceptance by the Board) in the event of any change in personal or professional circumstances that compromises his or her ability to effectively serve as a director of the Corporation and carry out his or her responsibilities. If an offer to resign is not accepted by the Board, then the director's tenure will continue unaffected for the remaining term. Although the Board does not consider term limits on a director's service to necessary or appropriate for the Corporation, directors cannot expect nomination for re-election after each term until retirement. The Board's self-evaluation process referred to below is an important factor in determining a Board member's tenure.

### **Director Compensation**

Compensation and other benefits to directors shall be reviewed annually by an appropriate Committee and guided by the principles that directors be fairly compensated for the work required in light of scale and scope of the Corporation and its business and affairs, that the interests of directors be aligned with the best interests of the Corporation and that the compensation and benefits program be transparent to shareholders.

### **Ethics and Conflicts of Interest**

The Board expects the Corporation's directors, officers and employees to act ethically at all times and to adhere to the Corporation's Code of Business Conduct and Ethics as in effect from time to time. Directors must promptly disclose to the Board and the NCGC any actual or potential conflicts of interest involving or affecting a director, and must comply with all applicable requirements of corporate and other laws in connection with the conflict. Disclosure of conflicts must be made promptly and in any event prior to any Board or Committee meeting at which transactions or other matters to which the actual or potential conflict relates are expected to be considered. Directors must recuse themselves from Board or Committee proceedings or decisions affecting their personal, business or professional interests, or otherwise as required by law.

### **Board Structure and Meetings**

Board Leadership. The Board is led by its Chair, who shall be a director selected by resolution of the Board who is independent within the meaning of applicable corporate and securities laws and stock exchange

requirements to which the Corporation is subject. The Board Chair shall preside at all Board meetings (including in camera sessions), and approve the agenda in consultation with the CEO and, as considered appropriate by the Chair, Committee chairs and other directors. Any director may request that additional items be included on the agenda for a Board meeting.

Board Meetings. The Board shall meet not less than once per fiscal quarter to (without limitation) review, receive and discuss presentations and reports by management on the Corporation's performance, business, strategic plans, opportunities and prospects, and progress towards its goals and objectives, as well as immediate issues confronting the Corporation. The Board will meet at such other times and intervals as are necessary to effectively supervise the management of the business and affairs of the Corporation and otherwise fulfill its responsibilities, and also hold periodic informational sessions from time to time at the instance of the Chair of the Board or the CEO to update the directors on significant developments and events.

Absent extenuating circumstances, directors are expected to attend all scheduled meetings of the Board and of Committees on which they serve, and review in advance meeting materials distributed in connection therewith.

Unless the Board determines it to be impracticable in respect of any particular meeting, the Board shall hold an in camera session without management or non-independent directors at each regular meeting of the Board.

Board Committees. The Board has established the following 4 standing Committees to assist it in discharging its responsibilities: (i) Audit Committee; (ii) Reserves Committee; (iii) Compensation Committee; and (iv) Nominating and Corporate Governance Committee. Each such Committee has its own charter. The Board may, from time to time, establish and maintain such additional Committees, or reorganize existing Committees, as it deems necessary or appropriate in its discretion. Committee members are appointed by the Board and may be removed by the Board in its discretion. In appointing Committee members the Board shall designate one member as Committee chair, who shall (among other things) be responsible for reporting to the Board on the Committee's activities. Committee meetings may be held in conjunction with full Board meetings.

The membership of each Committee shall meet all applicable independence and other qualification criteria with which the Corporation is required to comply under applicable corporate and securities laws and stock exchange requirements to which the Corporation is subject, and any applicable policies of the Board from time to time.

No member of the Audit Committee may simultaneously serve on more than 2 other audit committees of public companies, unless the Board shall have determined that such simultaneous service will not impair the member's ability to effectively serve on the Audit Committee.

Unless a Committee determines otherwise, the agenda, materials and minutes for each Committee meeting shall be available to all directors, and other directors may attend a Committee meeting (provided that management directors cannot participate in any in camera session of a Committee). Any director may request that an item from a Committee meeting agenda be considered by the full Board.

A Committee's chair shall preside at all meetings of that Committee (including in camera sessions), and approve the agenda in consultation with the Board Chair, appropriate executive officers of the Corporation and, as considered appropriate by the Committee chair, other directors. Any Committee member may request that additional items be included on the agenda for a Committee meeting.

Annual Performance Evaluation. The Board and each Committee will perform an annual self-evaluation, under which each director will be asked to provide his or her assessment of the effectiveness of the Board and each Committee on which the director serves.

### **Access to Management and Advisors**

Directors shall have unrestricted access to the management and advisors of the Corporation and its subsidiaries. The Board and its Committees have the right at any time to engage, at the Corporation's expense, independent legal counsel and such other advisers as the Board or such Committee may, in its discretion, from time to time determine to be appropriate in the performance of its responsibilities, and to determine the terms of engagement.

### **Succession Planning**

The Board will monitor, develop and implement succession planning for the CEO and other senior executives, based on recommendations from the appropriate Committee(s). The CEO should at all times make available his or her recommendations and evaluations of potential successors, including a review of any recommended development plans for such individuals.

### **Board Interaction with External Constituencies**

The Board takes the position that management speaks for the Corporation. Accordingly, directors will not meet or otherwise directly communicate with shareholders, research analysts, vendors, press representatives or other external constituencies on behalf of the Corporation unless the communication (i) is requested by the Chair, the CEO or the Board, (ii) is necessary in the performance of responsibilities hereunder or the applicable Committee charter, or (iii) occurs during the course of a Board or Committee meeting in which shareholder observers are participating.

A majority of the independent directors shall approve the Corporation's process for collecting and organizing shareholder communications to the Board.

### **Reporting of Concerns and Other Communications with the Board**

Any complaint, concern or other communication from an interested person regarding (i) accounting, auditing, internal control or financial reporting matters, or legal or regulatory compliance at the Corporation, should be directed to the Chair of the Audit Committee, or (ii) any other matter concerning the Corporation, should be directed to the Chair, in either case in care of the Corporate Secretary of the Corporation, at the Corporation's principal office in Calgary, Alberta.

### **Majority Voting Policy**

The Board shall adopt a majority voting policy pursuant to which any director nominated for election at a shareholders' meeting involving an uncontested election must tender to the Board his or her resignation if not elected by a majority of votes cast in respect of his or her election. The policy shall apply to incumbent and new directors, and a director must offer to resign in the circumstances and as otherwise provided in the policy.