

INFORMATION CIRCULAR – PROXY STATEMENT

DATED March 25, 2022



CARDINAL
ENERGY LTD.

WWW.CARDINALENERGY.CA

WHO WE ARE

Cardinal is a Canadian oil focused company built to provide investors with exposure to low decline light and medium quality oil production in Western Canada.

We are publicly traded on the Toronto Stock Exchange (TSX: CJ). Find out more about us on our website www.cardinalenergy.ca.

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PROXY SUMMARY

The following summary highlights some of the important information you will find in this information circular – proxy statement. We recommend you read the entire information circular before voting.

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LETTER TO SHAREHOLDERS

March 25, 2022

Dear Fellow Shareholder,

On behalf of the Board of Directors and management of Cardinal Energy Ltd., I am pleased to inform you that we will be holding our annual and special shareholders' meeting in our office at 600, 400 – 3rd Avenue S.W., Calgary Alberta, on Friday, May 13, 2022 at 10:00 a.m. (Calgary time).

We intend to hold the meeting in person. However, due to ongoing concerns about the COVID-19 pandemic, we remain mindful of the well-being of our shareholders and their families, our industry partners, other stakeholders and the communities in which we operate and we encourage shareholders not to attend the meeting in person. Subject our by-laws, attendance in person at the meeting will be restricted to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the meeting; no external guests will be allowed to attend. We will comply with applicable public health guidelines and, in addition, we may prohibit or impose restrictions on in person attendance.

2021 Actions

In 2021, our primary focus was on sustainability and debt reduction as we continued the recovery from the COVID-19 pandemic. We set a conservative \$27 million capital budget which did not include the drilling of any wells. As commodity prices increased throughout the year, in the second quarter, we increased our budget to \$46 million which included an eight well drilling program. In the third quarter of 2021, we closed the acquisition of Venturion Oil Corp. which added approximately 2,400 boe/d of production throughout our Central and North areas. Our fourth quarter 2021 average production was the highest in over two years at 20,525 boe/d setting us up for a solid start to 2022.

We successfully managed our financial position whereby we reduced our net debt position from \$246.8 million at the end of 2020 to \$178.2 million at the end of 2021. See "*Appendix "B" – Advisories – Non-GAAP and Other Specified Financial Measures*". A combination of increased production and commodity prices and a disciplined capital program contributed to our net debt reduction in 2021. We will continue to focus on this strategy to ensure we reduce our risk and control external factors.

The Board and Governance

In 2021, we were pleased to add Mr. John Gordon to our board and updated our committee compositions following his appointment.

Sustainability

In 2021, we participated in various government programs focused on well and pipeline abandonments and facility decommissioning which enabled us to make significant progress on our long-term abandonment and reclamation efforts. In 2022, we expect to continue with our meaningful abandonment and reclamation program and will strengthen our environmental, social and governance ("ESG") performance as we build on our negative carbon footprint. We are committed to minimizing the amount

of greenhouse gas ("**GHG**") emissions associated with our business. The cornerstone from which we will continue to grow and evolve our ESG mandate is our carbon dioxide ("**CO₂**") sequestration project in Saskatchewan. We sequester more CO₂ than our operations directly emit (1.05 tonnes of CO₂ equivalent sequestered for every tonne of CO₂ equivalent emissions in 2021) making us unique among oil and gas producers. Our annual 2021 ESG report is posted on our corporate website.

Your Vote Counts

Your vote is important to us. We encourage you to ensure your vote is recorded by returning the signed form of proxy or vote via our internet option. If your common shares are not registered in your name and are held in the name of a nominee, you may wish to consult the information beginning on the first page of the accompanying information circular – proxy statement for information on how to vote your common shares.

On behalf of our board and management of Cardinal, we thank you for your ongoing support and confidence.

Sincerely,

(signed) "*M. Scott Ratushny*"

M. Scott Ratushny
Chair and Chief Executive Officer

NOTICE OF ANNUAL AND SPECIAL MEETING

NOTICE is hereby given that the annual and special meeting of the shareholders of Cardinal Energy Ltd. will be held in our office at 600, 400 – 3rd Avenue S.W., Calgary Alberta at 10:00 a.m. (Calgary time) on Friday, May 13, 2022 to:

1. receive and consider our financial statements for the year ended December 31, 2021, together with the report of the auditors thereon;
2. fix the number of directors to be elected at the meeting at five members;
3. elect five directors;
4. appoint the auditors and authorize the directors to fix their remuneration as such;
5. consider a non-binding advisory resolution on our approach to executive compensation;
6. consider and, if thought fit, approve an ordinary resolution to approve common shares issuable pursuant to unallocated awards under our bonus award incentive plan;
7. consider and, if thought fit, approve a special resolution to reduce the stated capital of our common shares; and
8. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular – proxy statement accompanying this notice.

Only shareholders of record at the close of business on April 1, 2022, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

We intend to hold the meeting in person. However, due to ongoing concerns about the COVID-19 pandemic, we remain mindful of the well-being of our shareholders and their families, our industry partners, other stakeholders and the communities in which we operate and we encourage shareholders not to attend the meeting in person. Subject our by-laws, attendance in person at the meeting will be restricted to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the meeting; no external guests will be allowed to attend. We will comply with applicable public health guidelines and, in addition, we may prohibit or impose restrictions on in person attendance.



As always, we encourage shareholders to vote their common shares prior to the meeting by following the instructions under the heading "*Voting Matters*" in the accompanying information circular – proxy statement.

DATED at Calgary, Alberta this 25th day of March, 2022.

BY ORDER OF OUR BOARD OF DIRECTORS

(signed) "*M. Scott Ratushny*"

M. Scott Ratushny
Chair and Chief Executive Officer

INFORMATION CIRCULAR – PROXY STATEMENT DATED MARCH 25, 2022 FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 13, 2022

VOTING MATTERS

Voting

How to vote

The voting process is different depending on whether you are a registered or non-registered shareholder:

| Registered Shareholders | Non-registered Shareholders (or Beneficial Shareholders) | | | | | | | | | | | | | | |
|---|---|---|-----|--|-------|--|------|---|---|----------|---|-------|--|------|---|
| <p>Your common shares are registered in your name.</p> <p>Voting by proxy is the easiest way to vote. This means you have the right to appoint someone else (your proxyholder) to attend the meeting and vote your common shares for you. Your proxyholder does not need to be a shareholder, but this person or company must attend the meeting and vote on your behalf.</p> <p>Print the name of the person or company you are appointing in the space provided on the proxy form you received in your package of materials. Then complete your voting instructions, date and sign the form and return it to Odyssey Trust Company.</p> <p>If you do not appoint your own proxyholder, the Cardinal representatives named on the proxy form will act as your proxyholder, and will vote your common shares according to your instructions.</p> <p>If you sign and return the form but do not give your voting instructions or specify that you want your common shares withheld from voting on certain matters, the Cardinal representatives will vote FOR each of the items of business to be considered at the meeting.</p> <p>Vote by proxy</p> <table border="1"> <tr> <td>Internet</td> <td>Go to https://login.odysseytrust.com/pxlogin and enter your web voting ID number noted on your proxy form and follow the instructions on the screen.</td> </tr> <tr> <td>Fax</td> <td>Enter your voting instructions on the proxy form, sign and date it, and fax the completed form to: 1-800-517-4553.</td> </tr> <tr> <td>Email</td> <td>Enter your voting instructions on the proxy form, sign and date it, and email the completed form to: Odyssey Trust Company at proxy@odysseytrust.com.</td> </tr> <tr> <td>Mail</td> <td>Enter your voting instructions on the proxy form, sign and date it, and send the completed form as specified in the proxy form.</td> </tr> </table> <p>Vote in person</p> <p>If you are a registered shareholder and would like to attend the Meeting and vote your common shares in person, check in with an Odyssey Trust Company representative when you arrive at the meeting. Do not fill out the proxy form because you will be casting your vote at the meeting.</p> | Internet | Go to https://login.odysseytrust.com/pxlogin and enter your web voting ID number noted on your proxy form and follow the instructions on the screen. | Fax | Enter your voting instructions on the proxy form, sign and date it, and fax the completed form to: 1-800-517-4553. | Email | Enter your voting instructions on the proxy form, sign and date it, and email the completed form to: Odyssey Trust Company at proxy@odysseytrust.com . | Mail | Enter your voting instructions on the proxy form, sign and date it, and send the completed form as specified in the proxy form. | <p>Your common shares are held in the name of your nominee (usually a bank, trust company, broker, securities dealer or other financial institution) and you are the beneficial shareholder.</p> <p>The majority of brokers in Canada and the United States delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("Broadridge"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. Please return your voting instructions as specified in the voting instruction form.</p> <p>Submit your voting instructions</p> <p>Use one of the methods provided on the voting instruction form, or simply complete the form and mail it to the address provided on the form.</p> <p>Vote by proxy</p> <table border="1"> <tr> <td>Internet</td> <td>Go to www.proxyvote.com and follow the instructions on screen.</td> </tr> <tr> <td>Phone</td> <td>1-800-474-7493 (toll-free in North America) and follow the interactive voice recording instructions to submit your vote.</td> </tr> <tr> <td>Mail</td> <td>Enter your voting instructions on the voting instruction form, sign and date it, and send the completed form as specified in the voting instruction form.</td> </tr> </table> <p>Vote in person</p> <p>If you are a beneficial shareholder and would like to attend the meeting and vote your common shares in person, you should enter your own name in the blank space on the voting instruction form provided to you and return the same by mail following the instructions on the form well in advance of the meeting. Check in with an Odyssey Trust Company representative when you arrive at the meeting.</p> | Internet | Go to www.proxyvote.com and follow the instructions on screen. | Phone | 1-800-474-7493 (toll-free in North America) and follow the interactive voice recording instructions to submit your vote. | Mail | Enter your voting instructions on the voting instruction form, sign and date it, and send the completed form as specified in the voting instruction form. |
| Internet | Go to https://login.odysseytrust.com/pxlogin and enter your web voting ID number noted on your proxy form and follow the instructions on the screen. | | | | | | | | | | | | | | |
| Fax | Enter your voting instructions on the proxy form, sign and date it, and fax the completed form to: 1-800-517-4553. | | | | | | | | | | | | | | |
| Email | Enter your voting instructions on the proxy form, sign and date it, and email the completed form to: Odyssey Trust Company at proxy@odysseytrust.com . | | | | | | | | | | | | | | |
| Mail | Enter your voting instructions on the proxy form, sign and date it, and send the completed form as specified in the proxy form. | | | | | | | | | | | | | | |
| Internet | Go to www.proxyvote.com and follow the instructions on screen. | | | | | | | | | | | | | | |
| Phone | 1-800-474-7493 (toll-free in North America) and follow the interactive voice recording instructions to submit your vote. | | | | | | | | | | | | | | |
| Mail | Enter your voting instructions on the voting instruction form, sign and date it, and send the completed form as specified in the voting instruction form. | | | | | | | | | | | | | | |

Who can vote

You are entitled to receive notice of and vote at the meeting if you hold common shares at the close of business on April 1, 2022, the record date. If you acquire your common shares after the record date, you can ask for your name to be included in the list of eligible shareholders up until 10 days before the meeting if you have proper proof that you own the common shares. Contact our transfer agent, Odyssey Trust Company at 1-888-290-1175.

Send your voting instructions right away

Take some time to read this information circular – proxy statement and then vote your common shares right away. We must receive your voting instructions by 10:00 a.m. (Calgary time) on May 11, 2022 to ensure your common shares are voted at the meeting.

If you are a beneficial shareholder, you will need to allow enough time for your nominee (or their representative) to receive your voting instructions and then submit them to Odyssey Trust Company.

If the meeting is postponed or adjourned, you must send your voting instructions at least 24 hours (not including Saturdays, Sundays and holidays) before the time the meeting is reconvened.

Changing your vote

If you change your mind about how you want to vote your common shares, you can revoke your proxy in one of the following ways, or by any other means permitted by law.

If you are a registered shareholder:

- Vote again on the internet before 10:00 a.m. (Calgary time) on May 11, 2022;
- Complete a proxy form with a later date than the form you originally submitted, and email, fax or mail it as soon as possible so that it is received before 10:00 a.m. (Calgary time) on May 11, 2022;
- Send a written notice from you or your authorized attorney revoking your previously provided proxy to our Corporate Secretary so that it is received before 4:30 p.m. (Calgary time) on May 12, 2022; or
- Present a written notice from you or your authorized attorney revoking your previously provided proxy with the Chair of the meeting.

If you are a beneficial shareholder, follow the instructions provided by your nominee or in the voting instruction form you have received.

How to obtain paper copies of our meeting materials

Registered and beneficial shareholders can ask for free paper copies of this information circular – proxy statement and the proxy form or voting information form to be sent to them by mail. If you have any questions about the notice and access provisions or would like to request paper copies of the materials for the meeting, please contact our transfer agent, Odyssey Trust Company at 1-888-290-1175.

Or request free paper copies from us at:

600, 400 – 3rd Avenue S.W.,
Calgary Alberta T2P 4H2
Email: info@cardinalenergy.ca

Solicitation of Proxies

This information circular – proxy statement is furnished in connection with the solicitation of proxies for use at the annual and special meeting of our shareholders to be held on Friday, May 13, 2022 in our office at 600, 400 – 3rd Avenue S.W., Calgary Alberta at 10:00 a.m. (Calgary time) and any adjournment thereof.

Only shareholders of record at the close of business on April 1, 2022, will be entitled to vote at the meeting, unless that shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders entitled to vote at the meeting.

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

The persons named in the enclosed instrument of proxy are our officers. As a shareholder you have the right to appoint a person or company, who need not be a shareholder, to represent you at the meeting. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other name.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of common shares can be recognized and acted upon at the meeting. If your common shares are listed in your account statement provided by your broker, then, in almost all cases, those common shares will not be registered in your name on our records. Such common shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to a mailing/tabulating agent who mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can use their website or call their toll-free telephone number to instruct them how to vote your shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of shares to be represented at the meeting. If you receive a voting instruction form from a mailing/tabulating agent, it cannot be used as a proxy to vote shares directly at the meeting as it must be returned to the mailing/tabulating agent well in advance of the meeting in order to have the shares voted.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you, or the person you give your proxy, attend personally at the meeting, you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at our head office, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chair of the meeting on the day of the meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual and special meeting and this information circular – proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion By Proxy

The common shares represented by proxy in favour of management nominees will be voted or withheld from voting on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon, the shares will be voted on any poll in accordance with the specification so made. **If you do not provide instructions, your shares will be voted in favour of the matters to be acted upon as set out herein.** The persons appointed under the form of proxy, which we have furnished, are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular – proxy statement, we know of no such amendment, variation or other matter.

Notice-and-Access

We have elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* for the meeting in respect of the mailing of our meeting materials, annual financial statements and management's discussion and analysis to the non-registered holders of our common shares but not to the registered holders of our common shares. The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post its meeting materials and information circular and related materials online.

We have also elected to use procedures known as "stratification" in relation to our use of the notice-and-access provisions. Stratification occurs when we, while using the notice-and-access provisions, provide a paper copy of our notice of meeting and information circular and, if applicable, a paper copy of our financial statements and related management's discussion and analysis, to some but not all of our shareholders. In relation to the meeting, our registered shareholders will receive a paper copy of the notice of meeting, this information circular, a form of proxy and our financial statements and related management's discussion and analysis whereas non-registered holders of our common shares will receive a notice-and-access notification and a voting instruction form. In addition, a paper copy of the notice of meeting, this information circular, a form of proxy and our financial statements and related management's discussion and analysis will be mailed to those shareholders who do not hold their common shares in their own name but who have previously requested to receive paper copies of these materials.

We will be delivering proxy-related materials to non-objecting beneficial owners of our common shares directly with the assistance of Broadridge. We intend to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of our common shares.

Voting Shares and Principal Holders Thereof

We are authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, without nominal or par value. As at March 25, 2022 there were 152,773,458 common shares and no preferred shares issued and outstanding. As a holder of common shares you are entitled to one vote for each common share you own.

To the knowledge of our directors and officers, as at March 25, 2022 no person or company beneficially owned, or controlled or directed, directly or indirectly, more than 10% of our common shares, other than as set forth below:

| Name | Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾⁽²⁾ | Percentage of Our Issued and Outstanding Common Shares |
|-------------------|---|--|
| N. Murray Edwards | 17,287,000 | 11.4% |

Notes:

- (1) Based on information filed on SEDI as of March 25, 2022.
- (2) Does not include: (i) 6,247,000 share purchase warrants held by Mr. Edwards, each of which is exercisable for one common share at an exercise price of \$0.55 per warrant until December 30, 2023; and (ii) 2,000,000 share purchase warrants held by Mr. Edwards, each of which is exercisable for one common share at an exercise price of \$3.16 per warrant until July 14, 2024.

MATTERS TO BE ACTED UPON AT THE MEETING

Fixing the Number of Directors

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of fixing the number of directors to be elected at the meeting at five.

Election of Directors

Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of the election as directors of the five nominees set forth below:

M. Scott Ratushny
Stephanie Sterling
John A. Brussa
John Gordon
David D. Johnson

Each director so elected will hold office until the next annual meeting of our shareholders or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with our articles or by-laws.

Voting for Election of Directors

Voting for the election of directors will be conducted on an individual, and not a slate, basis. The individual voting results will be published by news release and on *www.sedar.com* after the meeting. The individual voting results will be reviewed by our Corporate Governance & Compensation Committee and will be considered as part of the committee's overall review and assessment of the nominees recommended to shareholders at our next annual meeting of shareholders.

Our board of directors has also adopted a majority voting policy, which provides that if a nominee for election as a director receives a greater number of votes "withheld" than votes "for" at a meeting of our shareholders, such nominee will offer his or her resignation as a director to our board of directors promptly following the meeting of shareholders at which the director was elected.

In most cases, our board will accept the offer of resignation. Our Corporate Governance & Compensation Committee can, however, recommend retaining the director when there are extenuating circumstances. The committee will consider all relevant factors, including why shareholders withheld votes, the director's length of service, qualifications and contributions to us, share ownership, the current mix of skills and attributes of the directors on our board; the impact with respect to covenants in our agreements or plans, if any; and legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications. In any case, the board will disclose its decision, including an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation, in a press release within 90 days of the meeting. The nominee will not participate in any committee or board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

Management recommends that shareholders vote FOR the election of each of these nominees. The persons named in the enclosed form of proxy intend to vote FOR the election of each of these nominees unless the shareholder specifies authority to do so is withheld.

Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless the shareholder has specified in his or her proxy that his or her common shares are to be withheld from voting on the election of directors. Each director so elected will hold office until the next annual meeting of our shareholders or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with our articles or by-laws.

Proposed Directors

For each person proposed to be nominated for election as a director, the following table sets forth their name, place of residence, age (at December 31, 2021), the year in which they became a director, a brief biography, their membership on committees of our board, their attendance at board and committee meetings during 2021 the common shares and other securities beneficially owned, controlled or directed (directly or indirectly) held by them and the votes for and withheld for their election at the last annual and special meeting of shareholders, as applicable. This information is based partly on our records and partly on information received by us from the nominees.

| | | | | | |
|--|--|---------------------------|-------------------|---------------------------|------------------|
| M. SCOTT RATUSHNY Calgary, Alberta Chair Age: 57 Director Since: 2011 | Mr. Ratushny is our founder and has over 25 years of diverse oil and gas experience and has been involved in the creation, financing and growth of several successful private and public oil and gas companies. He has been our Chair and Chief Executive Officer since May 2011. Prior to founding Cardinal he was the Chair and Chief Executive Officer of Midway Energy Ltd., a public oil and gas company, from July, 2009 to May, 2012. Prior thereto he was the Chair and Chief Executive Officer of Pilot Energy Ltd., a public oil and gas company, from April 2004 to January 2008. | | | | |
| | Board / Committee Memberships in 2021 | | Meetings Attended | Total Attendance | |
| | Board (Chair) | | 8/8 | 19/19 (100%) | |
| | Reserves | | 1/1 | | |
| | Corporate Governance & Compensation ^(a) | | 3/3 | | |
| | Audit ^(a) | | 4/4 | | |
| Environmental, Social and Governance ^(a) | | 3/3 | | | |
| Cardinal Securities Held as at: | Common Shares | | Bonus Awards | | Total Value (\$) |
| | Amount (#) | Value ⁽¹⁾ (\$) | Amount (#) | Value ⁽²⁾ (\$) | |
| | March 25, 2022 | 3,481,542 | 27,817,521 | 546,669 | |
| March 26, 2021 | 2,705,768 | 6,764,420 | 773,333 | 1,933,333 | 8,697,753 |
| Voting Results from last Shareholder Meeting | | Votes For | Votes Withheld | Total Votes Cast | |
| Number of Votes | | 46,911,873 | 1,442,699 | 48,354,572 | |
| Percentage of Votes | | 97.02% | 2.98% | 100% | |
| Other Public Directorships | | | | | |
| None | | | | | |

Note:

(a) As our Chair, Mr. Ratushny attends all committee meetings.

| | | | | | |
|---|--|----------------------------------|-------------------------|----------------------------------|-------------------------|
| <p>STEPHANIE STERLING Calgary, Alberta</p> <p>Lead Director Age: 54 Director Since: 2017</p> | <p>Ms. Sterling is a retired senior executive with Shell Canada with over 25 years' experience in engineering, large project start-up and operations, governance, joint venture negotiations and relationships, risk management, business development and strategic planning. She has served as General Manager for Non-Technical Risk Integration, Community and Indigenous Relations for Shell in Canada, USA and Latin America where she was responsible for integrating risk management into new projects. She also served as the Vice President Business and Joint Ventures for Shell's Heavy Oil business, where she was responsible for the joint venture governance, commercial negotiations and relationships for two significant joint ventures: the Athabasca Oil Sands Project among Shell, Chevron and Marathon; and the AERA joint venture in California between Shell and Exxon.</p> <p>Ms. Sterling has also been a director of the Alberta Petroleum Marketing Commission, a Crown board, since July 2017 and is the Chair of the Audit Committee of the Alberta Petroleum Marketing Commission and a director of Cabin Ridge Project Limited, a private coal mining company, since April, 2020. She previously served on the board of Riversdale Resources Limited, a private coal development company from 2017 to 2019.</p> <p>Ms. Sterling holds a Bachelor of Science (Mechanical Engineering) degree, an MBA from the University of Alberta, and the ICD.D designation from the Institute of Corporate Directors.</p> | | | | |
| | Board / Committee Memberships in 2021 | Meetings Attended | Total Attendance | | |
| | Board (Lead Director) | 8/8 | 19/19 (100%) | | |
| | Corporate Governance & Compensation (Chair) | 3/3 | | | |
| | Environmental, Social and Governance (Chair) | 3/3 | | | |
| | Audit | 4/4 | | | |
| | Reserves | 1/1 | | | |
| | Common Shares | | Bonus Awards | | |
| Cardinal Securities Held as at: | Amount (#) | Value ⁽¹⁾ (\$) | Amount (#) | Value ⁽²⁾ (\$) | Total Value (\$) |
| March 25, 2022 | 263,883 | 2,108,425 | 78,167 | 624,554 | 2,732,980 |
| March 26, 2021 | 199,654 | 499,135 | 125,946 | 314,865 | 814,000 |
| Voting Results from last Shareholder Meeting | | Votes For | Votes Withheld | Total Votes Cast | |
| Number of Votes | | 46,886,504 | 1,444,568 | 48,331,072 | |
| Percentage of Votes | | 97.01% | 2.99% | 100% | |
| Other Public Directorships | | | | | |
| None | | | | | |

| | | | | | |
|--|--|------------------------------|------------------|------------------------------|---------------------|
| <p>JOHN BRUSSA Calgary, Alberta</p> <p>Independent Director Age: 64 Director Since: 2012</p> | <p>Mr. Brussa is Chair of the Calgary-based energy law firm of Burnet, Duckworth & Palmer LLP and has been a partner of the firm since 1987, specializing in the area of taxation. He has been a director of Cardinal since it was founded in 2012. He served on his first public oil and gas board in 1990 and currently serves on the board of directors for a number of energy and energy related companies. Mr. Brussa brings a wealth of experience stewarding both private and public companies through continued industry evolution and growth, and provides key strategic direction for managing operational strategy, hedging, legal aspects, tax implications and corporate governance.</p> <p>Mr. Brussa holds a Bachelor of Arts degree in History and Economics and a Bachelor of Laws degree. He is a past governor of the Canadian Tax Foundation and a Gold Medalist (Law) from the University of Windsor.</p> | | | | |
| | Board / Committee Memberships in 2021 | Meetings Attended | Total Attendance | | |
| | Board | 8/8 | 19/19 (100%) | | |
| | Environmental, Social and Governance | 3/3 | | | |
| | Corporate Governance & Compensation ^(a) | 3/3 | | | |
| | Audit ^(a) | 4/4 | | | |
| | Reserves ^(a) | 1/1 | | | |
| | Common Shares | | Bonus Awards | | |
| Cardinal Securities Held as at: | Amount (#) | Value ⁽¹⁾ (\$) | Amount (#) | Value ⁽²⁾ (\$) | Total Value (\$) |
| March 25, 2022 | 3,515,354 | 28,087,678 | 78,167 | 624,554 | 28,712,233 |
| March 26, 2021 | 2,734,692 | 6,836,730 | 117,933 | 294,833 | 7,131,563 |
| Voting Results from last Shareholder Meeting | | Votes For | Votes Withheld | Total Votes Cast | |
| Number of Votes | | 46,439,022 | 1,915,550 | 48,354,572 | |
| Percentage of Votes | | 96.04% | 3.96% | 100% | |
| Other Public Directorships | | | | | |
| <p>Crew Energy Inc. Crown Capital Partners Inc. Leucrotta Exploration Inc. Titanium Corporation Inc.</p> | | | | | |

Note:

- (a) Represents attendance at committee meeting as a non-member. All of our directors ordinarily also attend committee meetings and are given access to committee materials regardless of whether they are a member of the committee.

| | | | | | |
|---|---|---------------------------|------------------|------------------|------------------|
| <p>JOHN GORDON Calgary, Alberta</p> <p>Independent Director Age: 64 Director Since: 2021</p> | <p>Mr. Gordon's principal occupation is a Corporate Director. Mr. Gordon is currently a director of Topaz Energy Corp. and the Chair of its Audit Committee.</p> <p>Mr. Gordon served as the Canadian Managing Partner, Quality and Risk Management, the Canadian Managing Partner, Audit and the Calgary Office Managing Partner for KPMG LLP prior to his retirement in 2018. Mr. Gordon has extensive experience in providing audit and other services to public oil and gas companies.</p> <p>Mr. Gordon is a Chartered Professional Accountant (FCPA), a Chartered Financial Analyst (CFA), and is a graduate of the University of Saskatchewan.</p> <p>Mr. Gordon serves on the Board of the CAMH Foundation, the AARC Adolescent Recovery Centre, and is an active member of the Institute of Corporate Directors.</p> <p>Mr. Gordon has more than 30 years of experience in a variety of industries, including the energy sector.</p> | | | | |
| | Board / Committee Memberships in 2021 ^(a) | Meetings Attended | Total Attendance | | |
| | Board | 5/5 | 13/13 (100%) | | |
| | Environmental, Social and Governance ^(b) | 1/1 | | | |
| | Corporate Governance & Compensation | 3/3 | | | |
| | Audit | 4/4 | | | |
| | Common Shares | | Bonus Awards | | |
| Cardinal Securities Held as at: | Amount (#) | Value ⁽¹⁾ (\$) | Amount (#) | Value (\$) | Total Value (\$) |
| March 25, 2022 | 50,000 | 399,500 | 50,064 | 400,011 | 799,511 |
| March 26, 2021 | 30,000 | 75,000 | N/A | N/A | 75,000 |
| Voting Results from last Shareholder Meeting | | Votes For | Votes Withheld | Total Votes Cast | |
| Number of Votes | | 46,928,701 | 1,425,871 | 48,354,572 | |
| Percentage of Votes | | 97.05% | 2.95% | 100% | |
| Other Public Directorships | | | | | |
| Topaz Energy Corp. | | | | | |

Notes:

- (a) Mr. Gordon was appointed a director at the 2021 annual meeting on May 14, 2021. Represents attendance at board and/or committee meetings held since Mr. Gordon's appointment and includes meetings attended by Mr. Gordon as an observer prior to his appointment.
- (b) Represents attendance as a non-member. All of our directors ordinarily also attend committee meetings and are given access to committee materials regardless of whether they are a member of the committee.

| | | | | | |
|---|--|------------------------------|------------------|------------------------------|---------------------|
| <p>DAVID JOHNSON Calgary, Alberta</p> <p>Independent Director Age: 71 Director Since: 2012</p> | <p>Mr. Johnson is an independent businessman with over forty years of diverse experience in the oil & gas industry including a background in production, reservoir evaluation and operations. Mr. Johnson was the Chair of Progress Energy Resources Corp. from July 2004 until its sale to PETRONAS in 2012. Mr. Johnson has also held the positions of Executive Chair of Progress Energy Trust and President and Chief Executive Officer of ProEx Energy Ltd. Prior to these positions, he was President and Chief Executive Officer of Progress Energy Ltd. and prior thereto, President and Chief Executive Officer of Calgary based Encal Energy Ltd.</p> <p>Mr. Johnson holds a Bachelor of Degree in Petroleum Engineering from the University of Wyoming. He is a member of the Association of Engineers, Geoscientists of Alberta and has served twice as a Governor of the Canadian Association of Petroleum Producers.</p> | | | | |
| | Board / Committee Memberships in 2020 | Meetings Attended | Total Attendance | | |
| | Board | 8/8 | 19/19 (100%) | | |
| | Reserves (Chair) | 1/1 | | | |
| | Audit | 4/4 | | | |
| | Corporate Governance & Compensation | 3/3 | | | |
| | Environmental, Social and Governance | 3/3 | | | |
| | Common Shares | Bonus Awards | | | |
| Cardinal Securities Held as at: | Amount (#) | Value ⁽¹⁾ (\$) | Amount (#) | Value ⁽²⁾ (\$) | Total Value (\$) |
| March 25, 2022 | 1,002,144 | 8,007,131 | 78,167 | 624,554 | 8,631,685 |
| March 26, 2021 | 971,482 | 2,428,705 | 117,933 | 294,833 | 2,723,538 |
| Voting Results from last Shareholder Meeting | | Votes For | Votes Withheld | Total Votes Cast | |
| Number of Votes | | 46,944,098 | 1,410,474 | 48,354,572 | |
| Percentage of Votes | | 96.67% | 3.33% | 100% | |
| Other Public Directorships | | | | | |
| None | | | | | |

Notes:

- (1) The 2022 value of the common shares was calculated by multiplying the number of common shares by the closing price of the common shares on the Toronto Stock Exchange (the "TSX") on March 25, 2022 (\$7.99). The 2021 value of the common shares was calculated by multiplying the number of common shares by the closing price of the common shares on the TSX on March 26, 2021 (\$2.50).
- (2) The 2022 value of the bonus awards was calculated by multiplying the number of bonus awards by the closing price of the common shares on the TSX on March 25, 2022 (\$7.99). The 2021 value of the bonus awards was calculated by multiplying the number of bonus awards by the closing price of the common shares on the TSX on March 26, 2021 (\$2.50). The calculated value has not been adjusted for dividends and assumes a payout multiplier of 1.0x for performance bonus awards granted to Mr. Ratushny. Dividend entitlements on bonus awards are currently paid in cash.
- (3) We have imposed share ownership guidelines for all of our directors and executive officers. See "Ownership Guidelines".
- (4) Does not include warrants held by the following directors: (i) Mr. Ratushny holds 140,000 warrants, each of which is exercisable into one common share at an exercise price of \$3.16 per warrant until July 14, 2024; (ii) Mr. Brussa holds 140,000 warrants, each of which is exercisable into one common share at an exercise price of \$3.16 per warrant until July 14, 2024; and (iii) Mr. Johnson holds 500,000 warrants, each of which is exercisable into one common share at an exercise price of \$0.55 per warrant until December 30, 2023 and 120,000 warrants, each of which is exercisable into one common share at an exercise price of \$3.16 per warrant until July 14, 2024.

Experience and Background of Proposed Directors

Our Corporate Governance & Compensation Committee seeks to recruit candidates who reflect a diversity of skills, experience and perspectives which are relevant to our business. The committee has established the following "skills matrix" outlining the skills and experience which they believe are required by the members of our board of directors.

| Skills Matrix | |
|---|---|
| <i>Executive Leadership</i> | Experience as a CEO or equivalent is believed to provide the most effective counsel to management, as well as critical oversight on behalf of stakeholders. |
| <i>Enterprise Risk Assessment</i> | Board or executive experience in evaluating and managing risks in the oil and natural gas business is sought to assist our board in understanding and assessing the risks and opportunities faced by us. |
| <i>Value Creation</i> | Board or executive experience in evaluating and executing on, value creation opportunities through acquisitions, divestitures, mergers or developmental opportunities is critical to our board's ability to effectively fulfill its oversight responsibilities relating to our corporate strategy and ultimate value creation. |
| <i>Environmental, Social, and Governance</i> | Board or management experience with or knowledge of, risks and opportunities related to a broad range of environment and climate-related and other environmental compliance and sustainability issues such as emissions, water use and waste reduction, land and energy use and workplace health and safety in the oil and gas industry are important since such experiences assists our board in more effectively carrying out compliance oversight responsibilities and to support our commitment to managing and operating in a safe, efficient, environmentally responsible manner in association with our industry partners and to continually improving our environmental, health, safety and social performance. |
| <i>Operations</i> | As all of our business is derived from oil and natural gas operations, we seek candidates who possess a solid understanding of our industry and its operations. |
| <i>Reserves and Resource Evaluation</i> | Board experience with, or management responsibility for, oil and natural gas reserve and resource evaluation and reporting is critical to assist our board to carry out its oversight responsibilities of the evaluation of our reserves and resources. |
| <i>Compensation and Human Resources</i> | Compensation and human resource skills and experience assist our board in fulfilling its responsibility to ensure that we maintain effective incentive programs which attract, motivate and retain top talent, while at the same time reinforcing strategic priorities. |
| <i>Accounting & Finance</i> | Financial literacy in reading financial statements, financial accounting and operational accounting experience as well as corporate finance knowledge and experience usually from senior accounting and financial management, audit firm background or banking experience are valued in order to enable our board to oversee management's handling of financial and financial reporting matters, including by: critically assessing our financial performance and projections; understanding our critical accounting policies, as well as technical issues relevant to the external audit; and evaluating the robustness of our internal controls. |

| Skills Matrix | |
|--|---|
| <i>Legal, Regulatory and Governmental</i> | A broad understanding of corporate, securities, land tenure and oil and natural gas law, regulatory regimes in Western Canada and governmental royalty, incentive and taxation policies usually through management experience or a legal background are important since such experiences assist our board in more effectively carrying out its compliance oversight responsibilities and support our board in understanding the regulatory trends shaping the oil and gas industry and assessing our strategic response to such trends. |
| <i>Corporate Governance</i> | A broad understanding of good corporate governance usually through experience as a board member or as a senior executive officer is valued in light of the competing demands of stakeholders and the increasingly complex governance environment in which public companies operate. |

The following table outlines the experience and background of, but not necessarily the technical expertise of, the individual nominees of our board based on information provided by such individuals:

| Name | Executive Leadership | Enterprise Risk Assessment | Value Creation | Environmental, Social, and Governance | Operations | Reserves and Resource Evaluation | Compensation and Human Resources | Accounting & Finance | Legal, Regulatory and Governmental | Corporate Governance |
|--------------------|----------------------|----------------------------|----------------|---------------------------------------|------------|----------------------------------|----------------------------------|----------------------|------------------------------------|----------------------|
| M. Scott Ratushny | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ |
| John A. Brussa | ✓ | ✓ | ✓ | - | - | - | ✓ | - | ✓ | ✓ |
| John Gordon | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ | ✓ | ✓ |
| David D. Johnson | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Stephanie Sterling | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Total | 5/5 | 5/5 | 5/5 | 4/5 | 4/5 | 3/5 | 5/5 | 3/5 | 5/5 | 5/5 |

Additional Disclosure Relating to Proposed Directors

To the knowledge of our directors and executive officers, other than as provided below, no proposed director is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including us), that was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer or was subject to such an order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of our directors and executive officers, other than as provided below, no proposed director is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets or has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Brussa resigned as a director of Calmena Energy Services Inc. ("Calmena") on June 30, 2014. On January 19, 2015, a senior lender of Calmena (the "Senior Lender") made an application to the Court of Queen's Bench of Alberta (the "Court") to appoint an interim receiver under the Bankruptcy and Insolvency Act (Canada) and trading in the common shares of Calmena was suspended by the Toronto Stock Exchange. On January 20, 2015, the Senior Lender was granted a receivership order by the Court.

Messrs. Brussa and Ratushny were directors of Enseco Energy Services Corp. ("Enseco"), a public oilfield service company, which was placed in receivership on October 14, 2015 and, in connection therewith, a receiver was appointed under the Bankruptcy and Insolvency Act (Canada). Messrs. Brussa and Ratushny resigned as a director of Enseco on October 14, 2015. On December 21, 2015 Enseco was assigned into bankruptcy by the receiver.

Mr. Brussa was a director of Argent Energy Ltd. which was the administrator of Argent Energy Trust. On February 17, 2016, Argent Trust and its Canadian and United States holding companies (collectively "Argent") commenced proceedings under the Companies' Creditors Arrangement Act ("CCAA") for a stay of proceedings until March 19, 2016. On the same date, Argent filed voluntary petitions for relief under Chapter 15 of the United States Bankruptcy Code ("Chapter 15"). On March 9, 2016, the stay of proceedings under the CCAA was extended until May 17, 2016. Additionally on March 10, 2016 the U.S. Bankruptcy Court approved an order recognizing the CCAA as the foreign main proceedings under Chapter 15. Mr. Brussa resigned on June 30, 2016.

Mr. Brussa resigned as a director of Twin Butte Energy Ltd. ("Twin Butte") on September 1, 2016. On September 1, 2016, the senior lenders of Twin Butte (the "Senior Lenders") made an application to the Court of Queen's Bench of Alberta (the "Court") to appoint a receiver and manager over the assets, undertakings and property of Twin Butte under the Bankruptcy and Insolvency Act (Canada) and trading in the common shares of Twin Butte was suspended by the Toronto Stock Exchange. On September 1, 2016, the Senior Lenders were granted a receivership order by the Court.

Messrs. Brussa and Johnson were directors of Virginia Hills Oil Corp. ("VHO"), a TSX-V listed oil and gas company. On February 13, 2017, VHO received a demand notice and notice of intention to enforce security from its lenders and agreed to consent to the early enforcement of the lenders' security and the appointment of a receiver over all of the current and future assets, undertakings and properties of VHO. The receiver was appointed on February 13, 2017. Mr. Johnson resigned as a director of VHO on April 5, 2016 and Mr. Brussa resigned as a director of VHO on February 24, 2017.

Except as otherwise disclosed herein, no proposed director has, within the last ten years before the date hereof, been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On June 30, 2005 the United States Securities and Exchange Commission ("SEC") issued a settlement order relating to certain administrative proceedings involving a number of parties including KPMG LLP and Mr. Gordon, a former partner of KPMG LLP. The SEC alleged that during the years 1999 to 2002, Mr. Gordon, while a partner at KPMG LLP, knew, in his role as concurring and reviewing audit partner, that certain accounting services were being provided by KPMG LLP to an SEC registrant, while KPMG LLP were also serving as auditors to the same registrant. KPMG received \$60,148 in aggregate fees from the audit and bookkeeping services it performed for this registrant during this period. Under the terms of the settlement with the SEC, Mr. Gordon agreed not to appear or practice as an accountant before the SEC, with respect to SEC registrants, for a period of nine months, after which time, he was automatically reinstated.

Appointment of Auditors

Our board recommends the appointment of the firm of KPMG LLP, Independent Registered Chartered Professional Accountants, as our auditors, to hold office until the next annual meeting of our shareholders. Our board will also be authorized to set the fees paid to KPMG LLP.

KPMG LLP has acted as our auditors since our formation. Our audit committee has assessed the performance of KPMG LLP as our auditors and concluded that KPMG LLP was providing the necessary services and the quality thereof was sufficient to maintain KPMG LLP as our recommended auditors.

The following table provides information about the fees billed to us for professional services rendered by KPMG LLP during fiscal 2020 and 2021:

| Year | Audit Fees ⁽¹⁾ (\$) | Audit-Related Fees ⁽²⁾ (\$) | Tax Fees ⁽³⁾ (\$) | All Other Fees ⁽⁴⁾ (\$) |
|-------------|---|---|---|---|
| 2020 | 200,000 | 57,000 | 2,675 | 15,000 |
| 2021 | 260,000 | 75,000 | 4,815 | 25,000 |

Notes:

- (1) Audit fees consist of fees for the audit of our annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported as audit fees.
- (3) Tax fees include tax compliance, tax advice, tax planning and compilation of tax returns.
- (4) Other fees includes additional work required to implement new accounting standards.

Advisory Vote on Executive Compensation

The underlying principle for executive compensation throughout our company is "pay-for-performance". We believe that this philosophy achieves the goal of attracting and retaining excellent employees and executive officers, while rewarding the demonstrated behaviors that reinforce our values and help us to deliver on our corporate objectives.

Our board believes that shareholders should have the opportunity to fully understand the objectives, philosophy and principles that guide the executive compensation-related decisions made by our Corporate Governance & Compensation Committee. Shareholders are encouraged to review the "*Executive Compensation*" section of this information circular – proxy statement, which discusses our compensation philosophy and approach to executive compensation, what our named executive officers are paid, and how their respective levels of compensation are determined.

Our board is committed to open and transparent communication with our shareholders. In 2020, we adopted a formal shareholder engagement policy, which is available on our website. We encourage you to engage with us on our approach to compensation and with any related questions you may have. Shareholders may contact our Lead Director by mail at our head office at 600, 400 – 3rd Avenue S.W., Calgary Alberta T2P 4H2, if they wish to share their view on executive compensation with our board of directors.

To acknowledge shareholder interest in determining compensation, we have an annual "say on pay" advisory vote, which is a non-binding shareholder advisory vote on executive compensation. This provides shareholders with a formal opportunity to provide their views on our board's approach to executive compensation.

At last year's annual meeting, we received 95.39% support on our say-on-pay vote. This was an increase in support from the year prior and we remain committed to actively soliciting shareholder feedback on our approach to compensation and this advisory vote is an important part of the ongoing process of engagement between the shareholders and our board.

As this is an advisory vote, the results will not be binding upon the board. However, our board will consider the outcome of the vote, along with feedback received from shareholders, as part of its ongoing review of executive compensation.

At the meeting, shareholders will be asked to vote on the following resolution:

"BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the board of directors of Cardinal Energy Ltd. (the "Corporation"), that the shareholders accept the approach to executive compensation disclosed in the information circular – proxy statement of the Corporation dated March 25, 2022."

Our board of directors recommends that shareholders vote FOR the non-binding advisory resolution regarding our approach to executive compensation.

Matters Relating to Our Bonus Award Incentive Plan

Approval of Unallocated Bonus Awards

Our bonus award incentive plan currently forms the primary basis of our long-term incentive compensation program. The bonus award incentive plan was last approved by our shareholders at our annual and special meeting held on May 16, 2019. For further information on the plan terms, see "*Bonus Award Incentive Plan*" below.

Pursuant to the rules of the Toronto Stock Exchange, all unallocated rights, options or other entitlements under a "security based compensation arrangement" which does not have a fixed maximum number of securities issuable thereunder must be approved by an issuer's directors and equity securityholders every three years. As our bonus award incentive plan was last approved on May 16, 2019, shareholders are being asked at the meeting to consider an ordinary resolution to approve common shares issuable pursuant to unallocated awards under the bonus award incentive plan for a further three year term. If the ordinary resolution is passed at the meeting, we will be required to seek similar approval from our shareholders on the next renewal date being no later than May 13, 2025.

Incentive-based compensation is an integral component of our compensation package. Our bonus award incentive plan is intended to maintain our competitiveness within the Canadian oil and gas industry to facilitate the achievement of our long-term goals. In addition, our bonus award incentive plan is intended to promote a proprietary interest in us by and to encourage our directors, officers, employees and others service providers to put forth maximum efforts for the success of our affairs and to focus our management on operating and financial performance and long-term total shareholder return. This will provide an additional benefit for participants to contribute to our future success and prosperity.

Our Corporate Governance & Compensation Committee is responsible for determining the allocation of bonus awards between restricted and performance bonus awards. Our current practice is to allocate 75% of the bonus awards granted to our Chief Executive Officer and our other officers as performance bonus awards. As a result, a significant portion of the bonus awards granted to the named executive officers are in the form of performance bonus awards. The balance of our employees do not receive performance bonus awards. The performance bonus awards, through the payout multiplier, provide a direct link between corporate performance and the level of payout received. Our Corporate Governance & Compensation Committee believes that the pay for performance orientation of the performance bonus awards is aligned with shareholder interests. If threshold performance is not met, the payout multiplier will be 0x and no payouts will be made under the awards. Our independent non-management directors are not entitled to receive performance bonus awards under our bonus award incentive plan.

The terms of the bonus award incentive plan provide that we have, in our sole and absolute discretion, the option of settling the value of the notional common shares underlying a bonus award, by any of the following methods or by a combination of such methods: (i) payment in common shares issued from treasury; (ii) payment in cash; or (iii) payment in common shares acquired in the market. If the proposed shareholder approval is not obtained at the meeting, we will no longer be able to issue common shares from treasury to settle the award value of any unallocated bonus awards, being those which have not been granted as of May 16, 2022. Bonus awards granted prior to this date will continue to be unaffected by the approval or disapproval of the subject resolution. In the absence of approval by our shareholders

at the meeting, we will be forced to settle bonus awards granted in the future under our bonus award incentive plan either in cash or by common shares acquired in the market. In either event, if we were required to settle such bonus awards in this fashion, our cash flow could be unavailable for other purposes such as funding our ongoing capital expenditure program and/or returning capital to shareholders.

As of March 25, 2022, there were an aggregate of 3,842,586 bonus awards outstanding, representing 2.5% of our issued and outstanding common shares on that date, leaving approximately 3.8 million common shares (representing 2.5% of our issued and outstanding common shares on that date) reserved and available for issuance pursuant to the settlement of bonus awards that may be granted in the future (assumes a payout multiplier of 1x for the performance based bonus awards).

Our board has approved certain housekeeping and other amendments to the bonus award incentive plan effective March 25, 2022 which do not require shareholder approval. Such amendments included (i) a clarification that the payment date of bonus awards extended as a result of a leave of absence past the expiry date of such bonus award will terminate and become null and void on their applicable expiry date; and (ii) a change to the "payout multiplier" for performance awards for 1st and 2nd quartile performance, from 1.5x and 1.25x, to 2.0x and 1.5x, respectively. A copy of the amended plan will be filed on our profile on the SEDAR website at www.sedar.com with this information circular – proxy statement on or about April 6, 2022 under the category "Other Securityholder Documents".

Form of Resolution and Approval Requirement

At the meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution in the form set forth below in connection with the bonus award incentive plan:

"BE IT RESOLVED as an ordinary resolution of the shareholders of Cardinal Energy Ltd. (the "Corporation") that:

1. All common shares which may be issuable pursuant to unallocated bonus awards under the Corporation's Bonus Award Incentive Plan are hereby approved and authorized until May 13, 2025; and
2. any director or officer of the Corporation is authorized and directed to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the foregoing resolution."

In order to be passed, the above ordinary resolution must be approved by a majority of the aggregate votes cast by shareholders at the meeting.

Our board unanimously recommends that shareholders vote FOR the resolution. The persons named in the enclosed form of proxy intend to vote FOR the ordinary resolution unless the shareholder specifies otherwise.

Reduction of Stated Capital

At the meeting, shareholders will be asked to consider and, if deemed advisable, to approve by way of special resolution, a reduction of the stated capital account of our common shares by \$200 million. If approved, the stated capital reduction will be effective as of May 13, 2022.

Reasons for the Reduction of Stated Capital

Under the corporate statute governing us, a corporation is prohibited from taking certain actions, including declaring or paying a dividend, if, among other things, there are reasonable grounds for believing that the realizable value of its assets would as a result of the declaration or payment of the dividend be less than the aggregate of its liabilities and stated capital of all classes of its shares.

The purpose of reducing the stated capital of our common shares is to reduce the aggregate of our liabilities and stated capital so as to increase the difference between such amount and the realizable value of our assets, thereby providing us with additional flexibility to pay dividends if, as and when declared by our board. The proposed reduction in stated capital will have no impact on our day-to-day operations and will not alter our financial condition.

The corporate statute governing us provides that a corporation shall not reduce its stated capital if there are reasonable grounds for believing that (i) the corporation is, or would after the reduction be, unable to pay its liabilities as they become due, or (ii) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. We do not have reasonable grounds to believe that (i) we are, or would after the proposed stated capital reduction be, unable to pay our liabilities as they become due, or (ii) the realizable value of our assets would, as a result of the proposed stated capital reduction, be less than the aggregate of our liabilities.

The proposed stated capital reduction will have no immediate income tax consequences to a holder of common shares, nor will it affect a shareholder's adjusted cost base of the common shares for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"). However, the reduction in the stated capital will reduce the paid-up capital (as defined in the Tax Act) of the common shares by an amount equal to the reduction in stated capital. Although the reduction of the stated capital and the corresponding reduction of the paid-up capital of the common shares will not have any immediate Canadian income tax consequences, it may have an effect in the future, in certain circumstances, if we are wound up or make a distribution to our shareholders, or if we redeem, cancel or acquire our common shares. As a general rule, upon such transactions, a holder of common shares will be deemed to have received a dividend to the extent that the amount paid or distributed exceeds the paid-up capital of the common shares.

Shareholder Approval

At the meeting, shareholders will be asked to pass the following special resolution as may be approved at the Meeting:

"BE IT RESOLVED as a special resolution of the shareholders of Cardinal Energy Ltd. (the "Corporation") that:

1. The stated capital account of the common shares of the Corporation be reduced by \$200 million and a corresponding increase be made to the contributed surplus account, all as more particularly described in the Corporation's information circular - proxy statement dated March 25, 2022; and
2. any director or officer of the Corporation is authorized and directed to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to the foregoing resolution."

In order to be passed, the above special resolution must be approved by not less than two-thirds of the aggregate votes cast by shareholders at the meeting. **Our board unanimously recommends that shareholders vote FOR the reduction of our stated capital. The persons named in the enclosed form of proxy intend to vote FOR the resolution unless the shareholder specifies otherwise.**

DIRECTOR COMPENSATION

Director Compensation

Our board of directors, through the Corporate Governance & Compensation Committee, is responsible for the development and implementation of a compensation plan for our directors who are not also officers. We do not pay any compensation to officers for acting as a director. For information concerning the compensation paid to Mr. Ratushny who is also our Chair and Chief Executive Officer, see "*Executive Compensation*".

The main objectives of our compensation plan for directors are to attract and retain the services of the most qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities assumed in board and committee membership and at a level that is similar to the compensation paid to directors of a peer group of oil and gas companies. In addition, our philosophy of using compensation to foster a culture of ownership also extends to our director compensation policies. Our board of directors believes it is important that directors demonstrate their commitment to our stewardship through share ownership.

The total compensation structure for non-employee directors for 2021 consisted of an annual board retainer and an annual equity award of bonus awards provided under our bonus award incentive plan. We have the option of settling the award value payable in respect of a bonus award by: (i) payment in cash based on the fair market value of our common shares; or (ii) payment in common shares acquired in the market; (iii) payment in common shares issued from treasury; or (iv) a combination of the above. As a result, the bonus awards have the same upside and downside risk as the value of our common shares.

2021 Decisions and Outcomes

In 2021, we made the following changes to director compensation:

- In light of the size of our board and the contributions made by each director regardless of committee membership, effective January 1, 2021, we removed the committee retainers and increased the annual retainer so that each director receives a fixed annual retainer of \$50,000.
- We reinstated the annual bonus awards grant size for our non-management directors to the amount that had been intended in 2020 of 61,000 bonus awards each, but which instead was reduced by 10% from the prior year's grant level as a result of the impact of the COVID-19 pandemic on our business. Mr. Gordon was appointed a director at the 2021 annual meeting on May 14, 2021 and he received a prorated portion of the annual board retainer and bonus award grant.

Fees and Retainers

In light of the size of our board and the contributions made by each director regardless of committee membership, effective January 1, 2021, we removed the committee retainers and increased the annual retainer so that each director receives a fixed annual retainer of \$50,000. We do not pay meeting fees, although our directors are reimbursed for miscellaneous out-of-pocket expenses in carrying out their duties as directors.

Incentive Awards

Our directors receive an annual grant of bonus awards under our bonus award incentive plan valued up to a maximum of \$150,000 for each non-management director. Bonus awards vest equally over three years from the date of grant and expire on December 15 of the third year following the year in which the bonus award was granted. Although our bonus award incentive plan allows us to issue performance bonus awards under the plan, our non-management directors are not eligible to receive performance bonus awards.

In March of 2021 we approved the grant of 61,000 bonus awards to each continuing independent director under our bonus award incentive plan. This was a reinstatement of the annual bonus awards grant size for our non-management directors to the amount that had been intended in 2020, but which instead was reduced by 10% from the prior year's grant level as a result of the impact of the COVID-19 pandemic on our business. Mr. Gordon was appointed a director at the 2021 annual meeting on May 14, 2021 and he received a prorated portion of the annual bonus award grant.

Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2021, information concerning the compensation paid to our non-management directors. No option-based awards were granted to our directors in 2021.

| Name | Fees earned (\$) | Share-based awards ⁽¹⁾ (\$) | Total (\$) |
|-----------------------------------|------------------|--|------------|
| John A. Brussa ⁽²⁾ | 50,000 | 129,320 | 179,320 |
| John Gordon ⁽³⁾ | 31,250 | 100,000 | 131,250 |
| David D. Johnson | 50,000 | 129,320 | 179,320 |
| Stephanie Sterling | 50,000 | 129,320 | 179,320 |
| Gregory T. Tisdale ⁽⁴⁾ | 18,750 | - | 18,750 |

Notes:

- (1) Represents bonus awards granted in 2021 pursuant to our restricted bonus award incentive plan. Bonus awards vest equally over three years from the date of grant and expire on December 15 of the third year following the year in which the bonus award was granted. The fair value of the bonus awards has been calculated based on the value of our common shares at the grant date. The weighted average market price of our common shares used to value the bonus awards granted was \$2.12 (other than with respect to Mr. Gordon as noted below). **These amounts are not necessarily reflective of actual amounts that may be realized on settlement.**
- (2) Mr. Brussa is Chair of the law firm Burnet, Duckworth & Palmer LLP, which also receives fees for the provision of legal services to us.
- (3) Mr. Gordon was appointed a director at the 2021 annual meeting on May 14, 2021 and he received a prorated portion of the annual board retainer and bonus award grant. The weighted average market price of our common shares used to value the bonus awards granted to Mr. Gordon in 2021 was \$3.24.
- (4) Mr. Tisdale retired from our board at the 2021 annual meeting on May 14, 2021 and he received a prorated portion of the annual board retainer and did not receive a 2021 bonus award grant.

Directors' Outstanding Share-Based Awards

The following tables set forth all share-based awards outstanding at the end of the year ended December 31, 2021 for each of our non-management directors. Our directors do not hold any option-based awards.

| Name | Estimated payout value of share-based awards that have not vested ⁽¹⁾⁽²⁾ (\$) |
|--------------------|---|
| John A. Brussa | 503,574 |
| John Gordon | 131,789 |
| David D. Johnson | 503,574 |
| Stephanie Sterling | 503,574 |

Notes:

- (1) Represents bonus awards which had not been settled by December 31, 2021. The bonus awards are settled equally over three years and expire on December 15 on the third year following the year of grant. Bonus awards are adjusted for dividends and the value of the bonus award may be settled in cash, common shares or a combination thereof at our discretion.
- (2) Calculated by multiplying the number of bonus awards by the closing market price of our common shares at December 31, 2021 (\$4.27). This calculation does not include an adjustment for dividends on the bonus awards. **These amounts are not necessarily reflective of actual amounts that may be realized on settlement.**

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our non-management directors, the value of share-based awards, which vested and were paid during the year ended December 31, 2021. We did not have a non-equity incentive compensation plan in 2021 for our directors and our directors did not hold any option-based awards during the year ended December 31, 2021.

| Name | Share-based awards – Value vested during the year ⁽¹⁾ (\$) |
|-----------------------------------|--|
| John A. Brussa | 98,160 |
| John Gordon ⁽²⁾ | - |
| David D. Johnson | 98,160 |
| Stephanie Sterling | 114,907 |
| Gregory T. Tisdale ⁽³⁾ | 98,160 |

Notes:

- (1) Represents the value of bonus awards settled during the year ended December 31, 2021. The value of the bonus awards is based on the market price of our common shares on payment date multiplied by the number of common shares issued in satisfaction of the bonus award. This calculation does not include adjustments for dividends on the bonus awards.
- (2) Mr. Gordon was appointed a director at the 2021 and did not have any share-based awards that vested in 2021.
- (3) Mr. Tisdale retired from our board at the 2021 annual meeting on May 14, 2021. Mr. Tisdale had 46,647 bonus awards that vested and were paid out in 2021 prior to his retirement. The remaining unvested bonus awards held by Mr. Tisdale expired in accordance with their terms.

CORPORATE GOVERNANCE

General

Our board is committed to fostering a healthy governance culture at our company. We believe that such culture requires that our directors be aware of both internal corporate and external developments that may affect our business and affairs and that an atmosphere of open communication, trust, candour, healthy debate and constructive dissent be part of the corporate decision making and directorial oversight process.

As members of an experienced board, our directors are cognizant that they have statutory and fiduciary obligations to act honestly and in good faith with a view to our best interests and those of our stakeholders. They also have a duty of care in making decisions, including a duty to be properly informed so they can perform the tasks their positions entail. Our board demands that these standards be met by its members at all times. Our board believes that its principled approach to corporate governance meets these standards.

Strategic Planning Oversight

In conjunction with our annual budget approval process, our board considers and reviews our overall strategy and engages in extensive discussions with management regarding enterprise risk management, corporate opportunities, operational and financial matters and strategic objectives. Throughout the year, our board oversees our development and progress in the execution of the strategy. In addition to the ongoing strategic planning and review process, the board addresses emerging strategic issues as they arise throughout the year.

Enterprise Risk Management

Our board has responsibility for the oversight of management's identification and evaluation of our principal risks and the implementation of policies, processes and systems to manage or mitigate the risks to achieve an appropriate balance between the risks incurred and potential benefits to our stakeholders.

Our board reviews risks through regular updates from management regarding the risks and opportunities identified by management and the enterprise risk management processes and systems in place to manage and mitigate risks, and through the execution of the duties of the various committees which have been delegated responsibilities with regard to the board's oversight over our enterprise risk management policies, processes and systems, as well as through the strategic planning process.

Environmental, Social and Governance

We remain focused on creating, enhancing and delivering value to our shareholders. One way we seek to protect value is by better understanding, disclosing and managing our environmental and social impacts. In recognition of the importance of clear board oversight and risk management for ESG matters, we have established a dedicated Environmental, Social and Governance Committee of our board.

We are also proud to have demonstrated our commitment to transparency and ethical practices in our 2021 ESG report. This report is available for viewing on our website, provides a comprehensive look at our ESG practices while highlighting the proactivity and excellent execution our employees have always demonstrated in advancement of our ESG performance. Key highlights of the report include our strong safety performance, our CO₂ sequestration operations and completed emissions reduction projects, our proactive asset integrity program and replacement of aging assets and our robust governance and community focus.

Our policies relating to health and safety management, environmental management and asset and infrastructure integrity management outline performance objectives, procedures and accountabilities. Our system includes the monitoring of air emissions and other contaminants, greenhouse gas ("GHG") emissions, spills and safety incidents, the investigation of all such events and comprehensive training and awareness for all employees. All spills and incidents are recorded and reported as required by applicable law and the learnings applied to corrective and preventative action.

Our environmental management system addresses all significant aspects of environmental performance for existing and new assets and aims to meet or exceed regulatory requirements. It includes:

- A comprehensive environmental assessment process for new wells and pipelines.
- Emissions tracking processes to calculate and report volumes from production and energy consumption and indirect emissions from the electricity we consume.
- Water management processes that manage surface run-off from facilities, produced water, and diversion licenses for fresh water, and track the volume and proportion of all fresh and non-potable water used in producing oil and gas.
- A prompt and effective spill reporting, response and clean up process.
- Waste management processes to address safe storage, transportation and disposal of waste.
- Procedures to minimize the environmental footprint of operations.
- A site closure program to complete well abandonment and decommissioning, remediate operating sites and achieve final site reclamation.

ESG Highlights

The following highlights represent our actions, activities, programs, initiatives and responses to select issues that are of interest to our stakeholders and our business. They demonstrate our ability to manage risks and capture opportunities.

Continuous safety commitment, advancing our safety culture

We strive for an injury-free workplace for our employees and contractors and we promote a safety culture through systems, processes and continued learning to mitigate risks. Safety is a core element across the organization and is kept top-of-mind in everything we do.

Our approach to maintaining safe and reliable operations starts with our leadership team and is embodied by rigorous health and safety programs with ongoing process and occupational safety improvements. We continuously plan and practice effective responses to unlikely incidents, always prioritizing worker and community safety as well as environmental protection. Our programs and procedures, in combination with the efforts of our safety-conscious personnel, have delivered outstanding safety performance over time. We achieved zero lost-time injuries from 2019 to 2021, and a 0.49 recordable injury frequency in 2021. Our lost time and recordable injury frequency performance is strong and we are committed to maintaining, if not further improving this in the future.

CO₂ Sequestration and Emissions Reduction Projects

We are committed to minimizing the amount of GHG emissions associated with our business. The cornerstone from which we will continue to grow and evolve our ESG mandate is our CO₂ sequestration project in Saskatchewan. We sequester more CO₂ than our operations emit (1.05 tonnes of CO₂ equivalent sequestered for every tonne of CO₂ equivalent emissions in 2021) making us unique among oil and gas producers. In 2021, we injected and stored more than 242,000 tonnes of CO₂ in our Midale operation. Further to operating our best in class carbon capture and storage project in Midale, we also implemented emission reduction projects at 80 wellsites in Alberta in 2021, as we targeted a reduction of vented emissions across our assets and will continue to do so as we move into 2022 and beyond.

Proactive Asset Integrity Program

We have an extensive asset integrity program that ranks assets for spill risk as well as implementing systems for early spill detection.

- Higher risk infrastructure is identified using technologies such as internal pipeline inspections (smart pigging).
- Pipeline right of way surveillance occurs regularly, including drones and aircraft surveillance in more remote areas.
- Leak detection technologies are used to identify slow releases and spills at early stages to minimize impact and to enable timely response.
- High risk pipelines are replaced, discontinued or abandoned.

Since 2016 we have decommissioned over 550 kilometers of pipeline infrastructure.

Retirement of Aging Assets

We continue to be an active operator and participant in the management of future liabilities and asset retirement ("AR"). We recognize the importance of timely AR and disciplined management of inactive assets. Annually, funds are committed to continue with responsible decommissioning, abandonment and reclamation programs. There is a focus on site closure for inactive sites, as well as maintaining these sites in a safe and compliant state in the interim to minimize risk to the public and to the environment. We abandoned 600 operated wells between 2016 and 2021 and focused on decommissioning facilities.

In 2021 and continuing into 2022, we are a participant in the Alberta Energy Regulator's voluntary Area Based Closure ("ABC") program. The ABC program is a committed spend requirement which then allows companies to focus abandonment and reclamation efforts in geographical areas, thus increasing efficiency and resulting in cost savings while promoting full closure to inactive areas.

Spill disclosure and performance

We comply with applicable regulations by reporting, tracking and cleaning up all spills in compliance with provincial regulations, and by working to prevent spills and minimize their environmental impact. Our asset integrity team follows a comprehensive program that ranks assets for spill risk as well as implements systems for early spill detection. The process involves completing pipeline risk assessments, evaluating leak detection systems and making recommendations for improvements to our operations teams.

Meaningful community engagement, sponsorships and volunteerism

All of our operations and assets are in western Canada and are subject to Canadian human rights and labour laws that protect the rights of workers. As a result, human rights and self-determination questions, and a supply chain management system that addresses them, are less of a concern for us than they might be for an international producer in a developing country.

We are actively involved in community engagement to ensure the concerns of communities and landowners relating to our operations are considered prior to undertaking a new development. We are mindful of the importance of Indigenous relations and apply best practices when consultation is necessary.

We believe we and our employees can contribute to the well-being of the communities where we operate by supporting programs in education, health and wellness, arts and culture and other local initiatives. Our community giving program includes a corporate program and a field based program for each business unit. We also have a corporate matching program which allows employees to make an annual donation to the organization of their choice at a specified amount and have it matched by us.

Ethical Business Conduct

Our board has adopted a code of business conduct and ethics, a copy of which is available for review on SEDAR at www.sedar.com. Our officers and directors are required to confirm his or her understanding, acceptance and compliance of the code on an annual basis. Any reports of variance from the code will be reported to our board.

Our board complies with all legal requirements relating to conflicts of interest and related party transactions. Directors must disclose their business and personal relationships with us and other companies or entities they have relationships with. If they have a conflict of interest with a matter to be discussed by our board, they must not participate in any board or committee discussions or vote on the matter. In addition, in certain cases, an independent committee of our board may be formed to deliberate on such matters in the absence of the interested party.

Our audit committee is responsible for reviewing all related party transactions.

Our board has also adopted a whistleblower policy which provides employees with the ability to report, on a confidential and anonymous basis, any violations including (but not limited to), criminal conduct, falsification of financial records or unethical conduct. Our board believes that providing a forum for employees, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness foster a culture of ethical conduct. A copy of our policy is available on our website at www.cardinalenergy.ca.

Independence

The role of the Chair of the board is to act in a leadership role, ensuring that the board is functioning independently of management.

Our board of directors has determined that our Chair, Mr. Ratushny is not independent as he is also our Chief Executive Officer. To ensure that our board functions independently of management and that the board is organized properly, functions effectively and meets its obligations and responsibilities, including those matters set forth in the mandate of our board, we have appointed Ms. Sterling as our Lead Director. As Lead Director, Ms. Sterling has responsibility for identifying any issues of independence and conflict, and provides independent leadership to the board. In addition, our Lead Director has the full authority to call board meetings, approve board meeting materials and engage with shareholders. Directors are considered to be independent if they have no direct or indirect material relationship with us. A "material relationship" is a relationship which could, in the view of our board, be reasonably expected to interfere with the exercise of a director's independent judgment. With respect to Mr. Brussa, although the law firm of which he is the Chair provides legal services to us, we have determined that Mr. Brussa is independent and capable of exercising independent judgement after considering, among other things:

- that the fees charged by Burnet, Duckworth & Palmer LLP to us are less than 1% of Burnet, Duckworth & Palmers LLP's total income;
- his equity interest in Burnet, Duckworth & Palmer LLP;
- his common share ownership position and personal financial circumstances; and
- the statutory guidance with respect to the meaning of independence contained in National Instrument 58 101 – *Disclosure of Corporate Governance Practices*.

The status of the board chair and each of our other directors as independent or not independent, is outlined below.

| Director | Status of Director Nominee | | |
|--------------------|----------------------------|-----------------|-----------------------------------|
| | Independent | Not Independent | Reason for Non-Independence |
| M. Scott Ratushny | | √ | Chair and Chief Executive Officer |
| Stephanie Sterling | √ | | |
| John A. Brussa | √ | | |
| John Gordon | √ | | |

| Director | Status of Director Nominee | | |
|------------------|----------------------------|-----------------|-----------------------------|
| | Independent | Not Independent | Reason for Non-Independence |
| David D. Johnson | √ | | |

Our independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, in accordance with the mandate of our board, our independent directors meet without management at every board meeting, including special meetings and not just regularly scheduled meetings. We follow the same practice at all of our board committee meetings. During our most recently completed financial year, our independent directors have held 19 such meetings.

Board Interlocks

We do not currently have a formal policy on board interlocks, but it is something that our Corporate Governance & Compensation Committee considers when it is evaluating and recommending candidates to be nominated for election or appointment to the board. A board interlock occurs when two directors also serve together on the board of another reporting issuer. As of the date of this information circular – proxy statement, there are no such board interlocks among our board members.

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

| Name of Director | Name of Other Reporting Issuers |
|--------------------|--|
| John A. Brussa | Crew Energy Inc. Crown Capital Partners Inc. Leucrotta Exploration Inc. Titanium Corporation Inc. |
| John Gordon | Topaz Energy Corp. |
| David D. Johnson | None |
| M. Scott Ratushny | None |
| Stephanie Sterling | None |

Board Mandate

Our board, either directly or through its committees, is responsible for the supervision of management of our business and affairs with the objective of enhancing shareholder value. A copy of the mandate of our board is attached as Appendix "A" and is available on our website at www.cardinalenergy.ca.

Board Committees

We have four committees of our board consisting of: an Audit Committee, a Corporate Governance & Compensation Committee, a Reserves Committee and an Environmental, Social and Governance Committee. Each of our directors also ordinarily attend all of our committee meetings and are given access to committee materials regardless of whether they are a member of the committee.

Set forth below is information with respect to each of the committees of our board and a brief description of their board approved mandate which outlines the roles and responsibilities of the committee. The full text of the mandate of each committee is available on our website at www.cardinalenergy.ca.

| Audit Committee | |
|------------------------|--|
| Current Members | <p>All members of the Audit Committee are independent and financially literate.</p> <ul style="list-style-type: none"> • John Gordon (Chair) • David D. Johnson • Stephanie Sterling |
| 100% independent | <p>This committee is required to be composed of at least three individual members appointed by our board from amongst its members, all of which are to be independent and financially literate within the meaning of National Instrument - 52-110 - <i>Audit Committees</i>.</p> |
| Membership changes | <p>In 2021, Mr. Gordon was added to the Audit Committee and became the Chair and Mr. Tisdale retired from our board.</p> |
| Mandate | <p>In addition to any other duties and authorities delegated to it by the board from time to time, the Audit Committee's mandate includes:</p> <ul style="list-style-type: none"> • overseeing the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting; • satisfying itself on behalf of the board with respect to our internal control and management systems, including monitoring compliance with legal, ethical and regulatory requirements; • reviewing our annual and interim financial statements and the related management's discussion and analysis prior to their submission to the board for approval; • overseeing engagement of the external auditor and conduct of external auditor; • reviewing with external auditors their assessment of our internal controls and any other observations, • reviewing and approving all non-audit services performed by the external auditor, and reviewing the scope and plans of audits and reviews; and • overseeing complaint procedures and the administration of the complaints submitted pursuant to the whistleblower policy. <p>A complete copy of the Audit Committee mandate is available on our website at www.cardinalenergy.ca.</p> |
| Mandate changes | <p>There were no changes to the mandate of the Audit Committee since the last shareholders meeting.</p> |

For more information relating to the background of the Audit Committee members, see “*Biographies of our Directors*” above under “*Matters to be Acted Upon at the Meeting*”.

The audit committee pre-approves all audit and non-audit services performed by our external auditor. For more information relating to the fees billed by our external auditor for audit services in 2020 and 2021, see “*Appointment of Auditors*” above under “*Matters to be Acted Upon at the Meeting*”.

| Corporate Governance & Compensation Committee | |
|--|--|
| Current Members | <p>Each of the members of the Corporate Governance & Compensation Committee is independent, unaffiliated and is familiar with corporate governance & compensation practices.</p> <ul style="list-style-type: none"> • Stephanie Sterling (Chair) • John Gordon • David D. Johnson |
| 100% independent | <p>This committee is required to be composed of at least three individual members appointed by our board from amongst its members, a majority of which are to be independent within the meaning of National Instrument 58-101 - <i>Disclosure of Corporate Governance Practices</i>.</p> |
| Membership changes | <p>There were no changes to the composition of the Corporate Governance & Compensation Committee since the last shareholders meeting except that Mr. Gordon was added to the Corporate Governance & Compensation Committee following the retirement of Mr. Tisdale.</p> |
| Mandate | <p>Our board has delegated to the Corporate Governance & Compensation Committee responsibility to review matters relating to corporate governance and our human resource policies and compensation of our directors, officers and employees. These responsibilities include, but are not limited to:</p> <ul style="list-style-type: none"> • facilitating independent functioning of the board; • reviewing the mandates of the board and its committees and recommending to the board such amendments to those mandates as the committee believes are necessary or desirable; • reviewing on a periodic basis the composition of the board and ensuring that an appropriate number of independent directors sit on the board, analyzing the needs of the board and recommending nominees who meet such needs; • assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors, including considering the appropriate size of the board; • recommending suitable candidates for nominees for election or appointment as directors, and recommending the criteria governing the overall composition of the board and governing the desirable individual characteristics for directors; • establishing, reviewing and updating periodically a Code of Conduct and Code of Ethics for Senior Officers and ensuring that management has established a system to monitor compliance with these codes; • reviewing and recommending to the board compensation; • reviewing the compensation and benefits package for senior management positions; and • approving our compensation plans. <p>A complete copy of the Corporate Governance & Compensation Committee mandate is available on our website at www.cardinalenergy.ca.</p> |
| Mandate changes | <p>There were no changes to the mandate of the Corporate Governance & Compensation Committee since the last shareholders meeting.</p> |

See “*Executive Compensation – Compensation Discussion and Analysis*” for more information in relation to the role of our Corporate Governance & Compensation Committee in determining executive compensation.

For more information relating to the background of the Corporate Governance & Compensation Committee members, see “*Biographies of our Directors*” above under “*Matters to be Acted Upon at the Meeting*”.

| Reserves Committee | |
|---------------------------|---|
| Current Members | <p>A majority of the members of the Reserves Committee are independent and all are familiar with oil and gas reserve and resource evaluation practices.</p> <ul style="list-style-type: none"> • David D. Johnson (Chair) • M. Scott Ratushny • Stephanie Sterling |
| 67% independent | <p>This committee is required to be composed of a minimum of three directors appointed by the board, the majority of whom shall meet the independence requirements set forth in National Instrument 51-101 – <i>Standards of Disclosure for Oil and Gas Activities</i> (“NI 51-101”) and each of whom shall be familiar with oil and gas reserve and resource evaluation practices. In addition, a majority of the members must be independent within the meaning of National Instrument 58-101 - <i>Disclosure of Corporate Governance Practices</i>.</p> |
| Membership changes | <p>There were no changes to the composition of the Reserves Committee since the last shareholders meeting.</p> |
| Mandate | <p>Our board has delegated to the Reserves Committee responsibility for matters set forth in respect of the responsibilities of the board in relation to NI 51-101. These responsibilities include, but are not limited to:</p> <ul style="list-style-type: none"> • reviewing our procedures relating to the disclosure of information with respect to oil and gas activities including reviewing our procedures for complying with the disclosure requirements and restrictions set forth under regulatory requirements; • meeting with management and the independent evaluator to determine whether any restrictions affect the ability of the evaluator to report on reserves data without reservation and to review the reserves data and the report of the evaluator; • reviewing the appointment of the independent evaluator and, in the case of any proposed change to change the independent evaluator, determine the reason therefor and whether there have been any disputes with management; • making recommendations to the board as to whether to approve the content and filing of forms 51-101F1, 51-101F2 and 51-101F3; • reviewing our procedures for reporting other information associated with oil and gas producing activities including resources; and • generally reviewing all matters relating to the preparation and public disclosure of estimates of our reserves and resources. <p>A complete copy of the Reserves Committee mandate is available on our website at www.cardinalenergy.ca.</p> |
| Mandate changes | <p>There were no changes to the mandate of the Reserves Committee since the last shareholders meeting.</p> |

| Environmental, Social and Governance Committee | |
|---|---|
| Current Members | <p>All members of the Environmental, Social and Governance Committee are independent.</p> <ul style="list-style-type: none"> • Stephanie Sterling (Chair) • John Brussa • David D. Johnson |
| 100% Independent | <p>This committee is required to be composed of at least three individual members appointed by our board from amongst its members, all of which are to be independent within the meaning of National Instrument 58-101 - <i>Disclosure of Corporate Governance Practices</i>.</p> |
| Membership changes during 2020 | <p>There were no changes to the composition of the Environmental, Social and Governance Committee since the last shareholders meeting.</p> |
| Mandate | <p>The Environmental, Social and Governance Committee's mandate includes:</p> <ul style="list-style-type: none"> • oversight of our policies, procedures, internal control systems and strategies relating to climate related issues, environmental protection, health and safety and related governance matters to ensure due assessment, consideration and management of risks, opportunities and potential performance improvement relating thereto; • monitoring our business to assist us in conducting our business in a socially responsible, ethical and transparent manner that includes engagement, respect and support for the communities in which we work; • reviewing and reporting to the board with respect to the consideration and integration of climate related issues, environmental protection, health and safety and related governance matters in the development of the our business strategy and financial planning; • receiving periodic reports from management regarding our initiatives and opportunities to optimize our climate related, environmental protection, and health and safety performance including processes to reduce emissions and waste, reduce or substitute energy and water use, and minimize land disturbance and our safety and environmental performance versus established targets, with the goal of providing monitoring and oversight thereof; and • reviewing our compliance with all applicable laws, regulations and our policies with respect to health, safety and the environment and our performance against appropriate targets, benchmarking, procedures and reporting methods. <p>A complete copy of the Environmental, Social and Governance Committee mandate is available on our website at www.cardinalenergy.ca.</p> |
| Mandate changes | <p>There were no changes to the mandate of the Environmental, Social and Governance Committee since the last shareholders meeting.</p> |

Committee Composition

The following table outlines the current composition of our board committees.

| Name of Director | Independent | Committee Composition | | | |
|----------------------------------|-------------|-----------------------|--------------------------------------|----------|-------------------------------------|
| | | Audit | Environmental, Social and Governance | Reserves | Corporate Governance & Compensation |
| John A. Brussa | Yes | - | ✓ | - | - |
| John Gordon | Yes | Chair | - | - | ✓ |
| David D. Johnson | Yes | ✓ | ✓ | Chair | ✓ |
| M. Scott Ratushny ⁽¹⁾ | No | - | - | ✓ | - |
| Stephanie Sterling | Yes | ✓ | Chair | ✓ | Chair |

Note:

(1) Mr. Ratushny is our Chair and Chief Executive Officer.

Position Descriptions

Our board has approved written position descriptions or terms of reference for our Chair, Lead Director and the Chair of each of our committees. The board has also developed a written position description for the Chief Executive Officer.

Board Nominations and Diversity Policy

Our Corporate Governance & Compensation Committee has the responsibility for establishing a nomination process and making recommendations to the board with respect to nomination of directors. See *Corporate Governance Practices – Board Committees – Corporate Governance & Compensation Committee* for a summary of the committee's mandate. The Corporate Governance & Compensation Committee annually considers what competencies and skills the board, as a whole, should possess, the competencies and skills the board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the board as well as whether the current directors and any new nominee can devote sufficient time and resources to his or her duties as a member of the board. Directors are selected for their integrity and character, sound and independent business judgement, experience, insight and knowledge of our business and industry and overall business acumen. Each of our directors is expected to have these qualities and to apply sound and reasonable judgement in aiding our board to make thought-out and informed decisions and to counsel our senior management. In seeking nominees, the Corporate Governance & Compensation Committee encourages input from all members of the board and may use the services of professional search firms if required.

In 2020, we adopted an amended policy regarding board diversity which recognizes the benefits of having a diverse board of directors and that the nomination and appointment of candidates which provides for multiple perspectives, skills, expertise, industry experience and personal characteristics such as age, gender, ethnicity and other distinctions, all contribute to our success. These differences will be considered in determining the optimum composition of the board and when possible will be balanced appropriately.

For purposes of board composition, diversity includes, but is not limited to, business experience, geography, age, gender and ethnicity and aboriginal status.

In particular, our policy provides that the board should include women directors. We are committed to a merit based system for board composition within a diverse and inclusive culture which solicits multiple perspectives. When assessing board composition or identifying suitable candidates for appointment or re-election to the board, we will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the board including the existing level of representation of women on the board.

Our board of directors recognize the benefits of diversity and has established a minimum continued target of 20% female representation on our board. Of our five directors, one woman is currently serving on our board, which represents 20% of our directors.

In considering suitable candidates for appointment or re-election to the board and to assist us in maintaining or exceeding our targeted representation, the Corporate Governance & Compensation Committee will:

- consider all aspects of diversity to enable the committee to discharge its duties and responsibilities effectively;
- assess the skills and backgrounds collectively represented on the board;
- consider candidates on merit against objective criteria having due regard to the benefits of diversity on the board; and
- engage, as deemed necessary, qualified independent external advisors to identify and assess candidates that meet the board's skills and diversity criteria.

To assess our effectiveness in promoting a diverse board, which includes an appropriate number of female directors, the Corporate Governance & Compensation Committee will annually review the skills, expertise, experience, independence and background of the board, committees and each of its individual directors to ensure that the composition of the board and committees and the skills and competencies of the members are in line with those that the Corporate Governance & Compensation Committee considers that the board and respective committees should possess. In addition, the Corporate Governance & Compensation Committee will review the number of women considered or brought forward as potential nominees for board positions when the board is looking to add additional members or replace existing members and will evaluate the skills, knowledge, experience and character of any such women candidates relative to other candidates to ensure that women candidates are being fairly considered relative to other candidates.

Any search firm engaged to assist the committee in identifying candidates for appointment to the board will be specifically directed to include diverse candidates generally, and multiple women candidates in particular. The Corporate Governance & Compensation Committee will maintain an "evergreen list" of potential board nominees. In establishing the "evergreen list" the committee will consider the criteria outlined in the skills matrix and board diversity.

In addition, each year the Corporate Governance & Compensation Committee will: (i) assess the effectiveness of the board diversity policy and related objectives; (ii) monitor and review our progress in achieving our aspirational target for gender diversity; (iii) monitor the implementation of the diversity policy; and (iv) report to the board and recommend any revisions that may be necessary.

Director Term Limits

We do not have a retirement age policy for directors. In addition, our board of directors does not believe that fixed term limits are in the best interests of our company. Our Corporate Governance & Compensation Committee considers both the term of service of individual directors, the average term of the board as a whole and turnover of directors over the prior three years when proposing a slate of nominees. The committee considers the benefits of regular renewal in the context of the needs of the board at the time and the benefits of the institutional knowledge of the board members.

As at December 31, 2021, our board was comprised of five directors with an average tenure of approximately 7 years.

The tenure of the directors currently on our board is summarized below:

- one of our directors (20%) has been on our board for more than 10 years;
- two of our directors (40%) have been on our board for more than 5 years but less than 10 years;
- one of our directors (20%) has been on our board for more than 2 years but less than 5 years; and
- one of our directors (20%) has been on our board for less than 2 years.

Board Performance and Development

Board Assessment

Our Corporate Governance & Compensation Committee is responsible for evaluating the effectiveness of the board, its committees and individual directors. Each of our directors periodically complete an evaluation of their own skills and contributions. The directors also provide feedback on their views of the effectiveness of our board and each of its committees.

The Corporate Governance & Compensation Committee uses these evaluations to review the skills and experience of our directors to assess whether the board's skills and experience needed to be strengthened in any area. The Corporate Governance & Compensation Committee also assesses the knowledge and character of all directors and other factors such as independence of the directors to ensure that our board is operating effectively and independently of management. Our Corporate Governance & Compensation Committee has determined that our board as a whole has the necessary skills and experience for a company of our size operating in the oil and gas industry. In addition, the Corporate Governance & Compensation Committee is of the view that our board and each of its committees is operating effectively and the size and composition of each is appropriate.

The Corporate Governance & Compensation Committee also annually reviews the skills and experience of our current directors. The committee also assesses the knowledge and character of all nominees to our board of directors to ensure general compliance with our skills matrix. The committee and our board has determined that the required skills are well represented by the current slate of director nominees for election at the meeting.

Orientation and Continuing Education

While we do not currently have a formal orientation and educational program for new recruits to our board, we provide such orientation and education on an informal basis. We provide new board members with our corporate policies, historical information about us, as well as information on our performance and our strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. Our board believes that these procedures are a practical and effective approach in light of our particular circumstances, including our size and limited turnover of the directors and the experience and expertise of the members of our board.

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

Executive Succession Planning

Our board receives regular updates on the status of the succession plans and the professional development of our executive officers and senior managers within our organization.

We currently have one woman serving in an executive officer position, which represents 10% of our ten executive officers. We have not adopted any targets with respect to the number of female executives within our organization and we do not specifically consider the level of representation of women in executive officer positions when making executive officer appointments.

Our board believes that the appointment of executive officers should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the particular position. We believe that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve our business objectives is in our best interests and all of our stakeholders. Although no quotas or targets have been imposed, we will strive to add female representation to our executive when considering female appointments. This will be effected in part by ensuring that qualified female candidates are proactively sought out for consideration alongside any male candidates.

SHAREHOLDER ENGAGEMENT

We communicate regularly with shareholders through annual and quarterly reports, news releases, our website www.cardinalenergy.ca and through other disclosure and regulatory documents filed on SEDAR at www.sedar.com. Our Chair and Chief Executive Officer and other members of management attend investor conferences and meet with institutional shareholders, although these activities have been limited in recent years due to the COVID-19 pandemic.

We have adopted a formal shareholder engagement policy, which is available on our website. We encourage you to engage with us on our approach to compensation and with any related questions you may have. Shareholders may contact us by mail at our head office at 600, 400 – 3rd Avenue S.W., Calgary Alberta T2P 4H2, if they wish to share their view on executive compensation or governance with our board of directors.

Those shareholders and other interested parties wishing to communicate directly with our board on questions or concerns related to compensation and governance may also do so through our independent Lead Director, who is also the Chair of our Corporate Governance & Compensation Committee. To do so, shareholders and other interested persons should communicate their questions or concerns to our independent directors through our Lead Director by delivering a sealed envelope or email, marked "Confidential" to our head office or via email at info@cardinalenergy.ca.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our Corporate Governance & Compensation Committee is responsible for reviewing matters relating to our human resource policies and compensation programs. The Corporate Governance & Compensation Committee has established the following objectives for our compensation program: (1) our compensation programs must be aligned with shareholder interests by aligning the goals of executives with maximizing long-term shareholder value; (2) our compensation to our executives must be performance sensitive by linking compensation to our operating and market performance; and (iii) our compensation programs must be market competitive in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

Our compensation philosophy and program objectives are directed primarily by the following guiding principles. First, our program is intended to provide competitive levels of compensation, at expected levels of performance, in order to attract and retain a high quality management and employee team. Second, our program is intended to create an alignment of interests between our employees and shareholders. In support of this philosophy, we align a significant portion of compensation to enhancement in share value. We attempt to provide both short-term and long-term incentive compensation that varies based on corporate and individual performance.

2021 Decisions and Outcomes

We made the following changes to our executive and employee compensation programs:

- As a result of the difficulties brought about by COVID-19, we reduced all of our executive and office and field salaries and wages in 2020 by 20%. As commodity prices increased, in the second quarter of 2021, we reinstated our salaries and wages to pre-COVID levels. No further increases were made to executive salaries (other than a peer alignment adjustment for our Vice President, Engineering).
- We reinstated our corporate bonus program that had been suspended in 2020 as a result of our intention to access government grants to assist with our compensation costs.
- In July, we approved a monthly bonus for all employees of up to 5% of their salary based on the percentage of days that oil trades above \$70WTI in the calendar month.
- We reinstated the annual bonus awards grant size for our executive and office staff to the amount that had been intended in 2021 but which instead was reduced by 10% from the prior year's grant as a result of the impact of the COVID-19 pandemic on our business.
- We amended the performance criteria for our corporate bonus program and the performance bonus awards granted under our bonus award incentive plan to increase the ESG component and increase the corporate reserve metrics. We also focused on our primary strategy of long-term debt reduction and ensured the performance criteria reflected this. The remainder of the performance criteria were budget focused and remained largely consistent with prior year's criteria. In addition, we changed the "payout multiplier" for performance awards for 1st and 2nd quartile performance, from 1.5x and 1.25x, to 2.0x and 1.5x, respectively.
- We increased our savings plan corporate matching contribution to 6%.

Compensation Governance

Our Corporate Governance & Compensation Committee assists our board of directors in fulfilling its responsibilities by monitoring our compensation plans and practices and ensuring their congruence with our objectives and goals by assessing and making recommendations regarding compensation, benefits, and short and long-term incentive programs. A summary of the mandate of the Corporate Governance & Compensation Committee is set forth under "*Corporate Governance Disclosure*".

Our Corporate Governance & Compensation Committee is comprised solely of both independent and unaffiliated directors. The current committee members are Stephanie Sterling (Chair), David Johnson and John Gordon.

All of the members of the Corporate Governance & Compensation Committee have direct experience in establishing and/or operating executive and corporate compensation programs. A detailed description of the relevant experience of the members of the Corporate Governance & Compensation Committee is set forth above under "*Matters to be Acted Upon at the Meeting – Election of Directors – Proposed Directors*".

Compensation Risk

In establishing our executive compensation program our Corporate Governance & Compensation Committee considers the implication of the risks associated with our compensation program, including: (i) the risk of executives taking inappropriate or excessive risks; (ii) the risk of inappropriate focus on achieving short term goals at the expense of long term return to shareholders; (iii) the risk of encouraging aggressive accounting practices; and (iv) the risk of excessive focus on financial returns and operational goals at the expense of regulatory, environmental and health and safety.

Our Corporate Governance & Compensation Committee and board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that our compensation program is appropriately structured. Our board believes that our executive and employee compensation programs have been designed in such a way that prevents inappropriate risk taking and excessive payouts under our incentive plans. While no compensation program can fully mitigate these risks, we have adopted the following approaches that we believe mitigate many compensation risks:

| What we do | What we don't do |
|--|--|
| <ul style="list-style-type: none"> ✓ We have a market competitive mix between fixed and variable pay, and short and long-term incentives, balancing risk and opportunities. The largest component of our compensation program has typically been in the form of long-term incentives to reward long-term shareholder value creation ✓ We ensure executive performance is assessed relative to a broad set of metrics that include financial, operating and strategic measures balancing short term goals and long-term sustainable value creation ✓ Our bonus awards are based on individual and corporate performance ✓ We have an executive clawback policy which allows for the recoupment of incentive compensation paid under certain circumstances ✓ We encourage share ownership for all our non-field employees through participation in the long-term bonus award incentive program. We also extend ownership guidelines to all officers ✓ We have aligned our incentive programs between our executive officers and our employees, which helps to establish a strong "tone at the top" for operations, accounting, regulatory, environmental and health and safety compliance ✓ We have adopted an annual Say-on-Pay vote ✓ We engage with key shareholders and proxy advisor firms ✓ We design our compensation programs to mitigate undue risk taking | <ul style="list-style-type: none"> ✗ We do not pay bonuses if minimum performance thresholds are not met ✗ We do not provide excessive perquisites or other benefits ✗ We do not approve excise or other tax gross-ups ✗ We do not allow directors and officers to engage in short selling in respect of our securities ✗ We do not re-price equity-based incentive compensation awards ✗ We do not grant stock options ✗ We do not have a pension plan |

Incentive Plan Design

The ability of our Corporate Governance & Compensation Committee to consider factors such as personal contributions to corporate performance and non-financial, non-production or non-reserves based elements of corporate performance allows the Corporate Governance & Compensation Committee to consider whether executive officers have attempted to bolster short-term results at the expense of our long term success in determining executive compensation. In addition, as our compensation program consists of fixed (base salary) and variable (annual bonuses and long term incentive plan grants), the incentive for short-term risk taking is balanced with the incentive to focus on generating long-term sustainable value for shareholders. Bonus awards which make up a significant portion of an executive officer's total compensation, vest over a period of time, which acts to further mitigate against the potential and inappropriate short-term risk taking. There are no compensation policies and practices that are structured significantly different for any named executive officers, although the performance criteria are different for our corporate versus our area Vice Presidents. Our Corporate Governance & Compensation Committee and board of directors will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that our compensation program is appropriately structured.

Clawback Policy

We have adopted a formal recoupment or "clawback" policy on executive incentive compensation, including, without limitation, bonuses and bonus awards, that may be awarded to our Chief Executive Officer and any of our Vice President's when (i) any of these executives engages in willful misconduct or fraud which causes or significantly contributes to a restatement of our financial statements due to our material noncompliance with any applicable financial reporting requirement under securities laws, (ii) the executive receives incentive compensation calculated on the achievement of those financial results, and (iii) the incentive compensation received would have been lower had the financial statements been properly reported. The policy provides that when a clawback is triggered, our board may, in its sole discretion and to the extent that it determines it is in our best interests to do so, require the executive to repay the amount of incentive compensation relating to the year(s) subject to the restatement (or received upon exercise or payment of incentive compensation in or following the year(s) subject to the restatement that is in excess of the incentive compensation the executive would have received if the incentive compensation had been computed in accordance with the results as restated, calculated on an after tax basis.

Short Selling Restrictions

Our directors and officers are not permitted to knowingly sell, directly or indirectly, any of our securities that he or she does not own or has not fully paid for. Directors and officers may not: (i) sell a call option or buy a put option in respect of our common shares or any other of our securities; (ii) enter into any financial instrument or other transaction designed to hedge or offset a decrease in the market value of our common shares; or (iii) enter into any other derivative instruments, agreements, arrangements or understanding (commonly known as equity monetization transactions) the effect of which is to alter, directly or indirectly, the director's or officer's economic interest in our securities, or the director's or officer's economic exposure to us.

Notwithstanding these prohibitions, solely in connection with the administration of our compensation plans, our directors and officers are permitted to sell common shares that are not yet owned by such director or officer provided that he or she holds compensation related rights to acquire an equivalent number of our common shares and such director or officer has provided a notice of exercise for such compensation rights to our compensation agent in order to facilitate the orderly settlement of such rights.

Share Ownership Requirements

Our executive officers are required to maintain a significant equity investment in us to align their interests with those of our shareholders and mitigate against the likelihood of undue risk taking. Our share ownership guidelines establish minimum share ownership levels for our executives. See "*Ownership Guidelines*".

Identification of Named Executive Officers

We are required to disclose the compensation paid to our Chief Executive Officer, Chief Financial Officer, and each of our three other most highly compensated executive officers whose total annual compensation was more than \$150,000. For the year ended December 31, 2021 our named executive officers or NEOs were M. Scott Ratushny, our Chair and Chief Executive Officer, Dale Orton, our Chief Operating Officer, Shawn Van Spankeren, our Chief Financial Officer, Robert Wollmann, our Senior Vice President, Exploration and Connie Shevkenek, our Vice President, Engineering.

Compensation Review Process

To determine compensation for executives, the Corporate Governance & Compensation Committee and the board consider many factors including our overall performance, the individual performance of each executive, and competitive market data.

Our Chief Executive Officer presents recommendations to our Corporate Governance & Compensation Committee regarding salary adjustments and bonuses for our staff, including our named executive officers. The focus of the discussion is on the individual executive salaries, bonuses and long-term incentive awards and the committee reviews the aggregate level of salary, bonuses and long-term incentive awards for the balance of the staff. The Corporate Governance & Compensation Committee makes specific recommendations to our board on our Chief Executive Officer's salary, bonus payments and long-term incentive awards. The Corporate Governance & Compensation Committee also recommends the salaries, bonus and long-term incentive awards of all our other officers. Our board reviews all recommendations of the Corporate Governance & Compensation Committee before final approval. Our Chief Executive Officer is excused from the committee and board meetings during any discussion of his compensation.

Performance

In establishing overall compensation levels, our Corporate Governance & Compensation Committee uses current levels of compensation as the starting point. Our Chief Executive Officer together with our Corporate Governance & Compensation Committee then considers overall corporate and individual performance and performance across a number of operating measures including but not limited to

production, adjusted funds flow, net debt, reserve additions and recycle ratios relative to our budget and peer group, and health, environmental, social, and governance performance. In addition, the Corporate Governance & Compensation Committee considers the development and execution of our corporate objectives and business strategy together with total shareholder returns, the competitive environment and market conditions.

Our Corporate Governance & Compensation Committee then assesses the individual performance of our Chief Executive Officer and each of our other officers. Our Chief Executive Officer assists the Corporate Governance & Compensation Committee with the performance assessment of the other officers.

Competitive Factors

For us to attract and retain qualified and experienced officers and employees, our overall compensation levels must be competitive with other participants in the Canadian oil and gas industry. In 2019, we engaged Korn Ferry, an independent human resources consulting firm, to complete a review of our executive compensation programs to help us assess our program design against current trends and practices of our peers. As part of their engagement, Korn Ferry evaluated our peer group prior to the competitive assessment and recommended certain changes to our peer group to more closely align with our business.

Companies were selected based on: (i) annual revenues of 0.5x to 2.0x of our annual revenue; (ii) organizations with significant oil and/or natural gas production; and companies that earn most of their revenues in Western Canada and specifically Alberta, British Columbia and Saskatchewan. We believe that the peer group's results offer a strong representation of both market competitiveness and how the market delivers compensation to executives through the mix of pay elements (e.g., base, short term incentives, long term incentives).

The purpose of reviewing the peer company data was to:

- understand the competitiveness of our current executive compensation program, on a target basis, relative to a publicly-traded peer group;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and evaluating our evaluating our relative shareholder return for short and long term incentive awards.

We have since modified the Korn Ferry recommended peer group to reflect privatizations and mergers and to provide additional peer group members.

For 2021, our peer group was:

| | | |
|---------------------------|-----------------------------|-----------------------------|
| Athabasca Oil Corporation | Birchcliff Energy Ltd. | Bonterra Energy Corporation |
| Crew Energy Inc. | Kelt Exploration | NuVista Energy Ltd. |
| Obsidian Energy Ltd. | Peyto Exploration Ltd. | Spartan Delta Corp. |
| Surge Energy Inc. | Tamarack Valley Energy Ltd. | |

Compensation Program Components

Our compensation program is structured into four main components: (1) base salary, (2) bonuses, (3) long term incentives, and (4) other benefits. In establishing the compensation program, we believe that:

- (a) base salaries provide an immediate cash incentive and should provide a base of secure compensation necessary to attract and retain executive talent;
- (b) a bonus which depends on our success and achievement of corporate and individual goals and the respective employee's contribution to achieving these goals motivates immediate employee performance; and
- (c) bonus awards ensure that employees are motivated to achieve our long term growth and continuing increases in shareholder value and provide capital accumulation linked directly to our performance.

In the first quarter of each year, we establish the total targeted direct compensation (consisting of salaries, bonus and incentive awards) for all executives and employees. We have historically weighted our executive compensation more towards bonus awards to better align with our shareholder base, to ensure that our executives and staff make decisions based on what is best for our Company, and to ensure our executives also realize the benefit of being stakeholders in our business. Our practise is to limit bonus awards for office staff to a maximum of 50% of base salary. We do not grant bonus awards to our field employees.

We have historically targeted below the 50th percentile for total direct compensation for our NEOs. A significant percentage of each of our executive's total compensation has traditionally been comprised of bonuses linked to corporate and individual performance and long term incentives which are directly linked to our share price performance.

The salary component is designed to provide a base of secure compensation necessary to attract and retain executive talent. The bonus and long-term incentives are designed to balance short-term performance with our long-term interests and motivate the superior performance of both. The long-term incentive plan also aligns NEOs with shareholders and helps retain executive talent. 75% of the bonus awards granted to our NEOs under our long-term incentive plan are performance bonus awards tied to pre-determined performance criteria.

Historically, a large proportion of our NEO total compensation has been "at risk" because it has been tied to our long-term performance through bonuses based on pre-determined performance criteria and grants under our long-term incentive plan.

Total Compensation Mix

Our bonus award incentive plan also ensures that our pay is aligned with our corporate performance and the creation of long-term value for our shareholders. We have the option of settling the award value payable in respect of a bonus award by: (i) payment in cash based on the fair market value of our common shares; (ii) payment in common shares acquired in the market; (iii) payment in common shares issued from treasury; or (iv) a combination of the above. As a result, the bonus awards have the same upside and downside risk as the value of our common shares. In addition, 75% of the bonus awards of our NEOs are performance bonus awards which are tied to pre-determined performance criteria. If threshold performance is not met, no payouts will be made under the performance bonus award.

Base Salaries

Base salaries are an important component of the overall compensation package for officers as they are the only secure portion of annual cash compensation. Our base salaries are a fixed level of compensation and for executives we have historically paid at or below the 25th percentile of our peer group.

The base salaries of our named executive officers are reviewed annually to ensure they reflect a balance of market conditions, the levels of responsibility and accountability of each role, the skill and competencies of the individual, retention considerations as well as the level of demonstrated performance. This is measured against the Corporate Governance & Compensation Committee's assessment of the amounts paid by companies in our peer group to persons performing similar duties. In making such an assessment, our board considers the objectives set forth in our business plan and the performance of executive officers and employees in executing the plan in combination with the overall result of the activities undertaken.

Typically, salary increases are determined for all executives and employees in the first quarter of each year and implemented in the second quarter.

As a result of the difficulties brought about by COVID-19, we reduced all of our executive and office and field salaries and wages in 2020 by 20%. As commodity prices increased, we reinstated our salaries and wages to pre-COVID levels in the second quarter of 2021.

Our Corporate Governance & Compensation Committee met in March of 2021 to establish 2021 base salaries for our officers. No further increases were made to executive salaries (other than a peer alignment adjustment for our Vice President, Engineering).

Bonuses

We have historically used bonuses to reward performance by our executive officers in the achievement of our strategic goals and objectives and are consistent with our compensation philosophy where a significant component of executive compensation is variable through a formalistic performance bonus structure.

In 2020, we suspended our corporate bonus program as a result of our intention to access government grants to assist with our compensation costs. We reinstated our corporate bonus program in 2021. Each of our named executive officers received an annual bonus target, expressed as a percentage of base salary, which was approved by our Corporate Governance & Compensation Committee. Our Chief Executive Officer's target was 120% and our other named executive officers targets ranged from 75% to 100%. In setting the targets, the committee considered the officer's respective responsibilities, base salary, internal equity and the positioning of their annual bonus target compared to market. The bonus target was then adjusted up or down by the Corporate Governance & Compensation Committee's assessment of our performance on our scorecard of pre-determined corporate performance criteria (or area performance criteria in the case of our area Vice Presidents) which is the same as the performance criteria used for the performance bonus award multiplier. As a result, payouts under the bonus program could range from 0% to 200% of target levels depending upon individual performance and corporate performance relative to these key, board-approved performance measures. We follow a similar approach for the balance of our employees.

The following is a summary of the bonus calculation:

| | | | | | | |
|--------|---|------------------------------------|---|---|---|--------------|
| Salary | x | Target Bonus (% of Base Salary) | x | Corporate or Area Scorecard Score (0% - 200%) | = | Annual Bonus |
|--------|---|------------------------------------|---|---|---|--------------|

Long-Term Incentive Compensation

Our bonus award incentive plan currently forms the primary basis of our long-term incentive compensation program. This plan is a full-value award plan pursuant to which bonus awards may be granted to our directors, officers, employees and consultants. For further information on the plan terms, see "Bonus Award Incentive Plan" below.

Each restricted bonus award entitles the holder to an amount computed by the value of a notional number of common shares designated in the award (plus dividend equivalents if not previously paid in cash) on dates determined by our Corporate Governance & Compensation Committee. Each performance bonus award entitles the holder to an amount computed by the value of a notional number of common shares designated in the award (plus dividend equivalents if not previously paid in cash) multiplied by a payout multiplier. The payout multiplier is dependent on our performance of relative to pre-defined corporate performance measures and for 2021 performance, our board approved a payout multiplier of 0x (for fourth quartile ranking), 1.0x (for third quartile ranking), 1.5x (for second quartile ranking) and 2.0x (for first quartile ranking).

For those performance bonus awards where the issue date is the second or third anniversary of the grant date, the payout multiplier will be the arithmetic average of the applicable payout multiplier for each of the two or three preceding years, respectively.

All bonus awards are exposed to the performance of our share price between the grant date and vesting. However, performance bonus awards have a greater exposure to our performance as a multiplier is applied at vesting. Our Corporate Governance & Compensation Committee is responsible for determining the allocation of bonus awards between restricted and performance bonus awards. The performance

bonus awards, through the payout multiplier, provide a direct link between corporate performance and the level of payout received. The Corporate Governance & Compensation Committee believes that the pay for performance orientation of the performance bonus awards is aligned with shareholder interests. If threshold performance is not met, the payout multiplier will be 0x and no payouts will be made under the awards.

Our current practice is to allocate 75% of the bonus awards granted to our Chief Executive Officer and our other officers as performance bonus awards. As a result, a significant portion of the bonus awards granted to the named executive officers are in the form of performance bonus awards. The balance of our employees do not receive performance bonus awards.

The value of payouts for awards made under our bonus award incentive plan are calculated as follows:

| | | | | | | |
|--|---|--|---|--|---|-----------------|
| # Bonus Awards Granted + Accumulated Dividends if not Paid in Cash | x | Applicable Performance Multiplier @ Payout (performance awards Only) | x | 5-Day Volume-Weighted Average Share Price @ Payout | = | Payout Value |
|--|---|--|---|--|---|-----------------|

In 2020, as a result of the impact of the COVID-19 pandemic, we amended the annual performance criteria for our performance bonus awards to ensure our goals were aligned with the current environment. In 2021, we reverted to our historical performance criteria which includes reserve-based metrics but also increased our ESG metrics and weighting. We also focused on our primary long-term strategy of corporate debt reduction and ensured the performance criteria reflected this. The remainder of the performance criteria were budget focused and remained largely consistent with prior year's criteria. In addition, we changed the "payout multiplier" for performance awards for 1st and 2nd quartile performance, from 1.5x and 1.25x, to 2.0x and 1.5x, respectively.

In March of 2022, our Corporate Governance & Compensation Committee assessed our performance relative to our revised 2021 corporate performance scorecard as set forth below.

| Corporate Performance Measure ⁽¹⁾ | Results | Ranking | | Weighted Ranking |
|---|--|-------------|-----------|------------------|
| | | 0.0 to 2.0x | Weighting | |
| Relative Total Shareholder Return ("TSR") for the 1-year period ended December 31, 2021 | Our TSR of 422% ranked us 4 th out of our peer group companies for this period. | 1.5 | 15% | 0.23 |
| Tracking to budget: Production, adjusted funds flow, net debt to adjusted funds flow ratio, net debt per flowing boe | The Corporate Governance & Compensation Committee evaluated our overall performance and assigned a 1 st or 2 nd quartile ranking on each target. | 1.7 | 30% | 0.50 |
| Environmental, Social, Governance & Safety including inspection compliance, total recordable industry frequency as compared to industry or industry recommendations and other factors | The Corporate Governance & Compensation Committee evaluated our overall performance and assigned a 1 st quartile ranking. | 2.0 | 25% | 0.50 |
| Reserve metrics: PDP additions, recycle ratio, debt adjusted PDP reserves/share | The Corporate Governance & Compensation Committee evaluated our overall performance and assigned a 1 st quartile ranking. | 2.0 | 15% | 0.30 |
| Development and execution of corporate objectives and strategic plan | The Corporate Governance & Compensation Committee and Board evaluated our performance and assigned a 1 st quartile ranking. | 2.0 | 15% | 0.30 |
| Overall Corporate Ranking | | | | 1.83 |
| 2021 Scorecard Ranking | | | | 1.83 |

Note:

(1) See the advisories in Appendix "B".

In 2021, we achieved strong performance on each of the corporate scorecard measures resulting in an overall corporate performance score of 1.83. Under our bonus award plan, this payout multiplier will be used for bonus awards that were granted in 2021 and vest in 2022. For those performance awards where the payment date is not the first anniversary of the grant date, the payout multiplier for those performance bonus awards will be the arithmetic average of the payout multiplier for each of the preceding annual performance assessment periods. Our payout multiplier for 2020 was 1.36.

As noted above, in the first quarter of each year, we establish the total targeted direct compensation (consisting of salaries, target bonus and bonus awards) for our executives. To determine the quantity of bonus award to be granted, our Corporate Governance & Compensation Committee and our board allocates to each executive an appropriate dollar value based on the responsibilities of the executive, comparative market data, and their assessment of the performance of the executive and the performance of our company. Our 2021 bonus awards for office staff were limited to 40% of base salary and we do not grant bonus awards to our field employees.

In March of 2021, following the recommendation of our Corporate Governance & Compensation Committee, our board approved the following annual grant of bonus awards to our NEOs under our bonus award incentive plan. This was a reinstatement of the annual bonus awards grant size for our NEOs to the amount that had been intended in 2021 but which instead was reduced by 10% from the prior year's grant as a result of the impact of the COVID-19 pandemic on our business. No further increases were made to award grants (other than a peer alignment adjustment for our Vice President, Engineering).

The bonus awards vest as to one-third per year for a period of three years commencing on the date of grant. No other grants were made to our NEOs in 2021.

| Name | Bonus Awards (#) | Value at Grant Date (\$) | % of 2020 Base Salary (%) |
|--|-------------------------|---------------------------------|----------------------------------|
| M. Scott Ratushny Chair and Chief Executive Officer | 400,000 | 848,000 | 261% |
| Dale Orton Chief Operating Officer | 180,000 | 381,600 | 162% |
| Shawn Van Spankeren Chief Financial Officer | 180,000 | 381,600 | 144% |
| Robert Wollmann Senior Vice President, Exploration | 180,000 | 381,600 | 153% |
| Connie Shevkenek Vice President, Engineering | 90,000 | 190,800 | 89% |

The following table shows the total number of common shares that could be issued to our named executive officers pursuant to our bonus award incentive plan as at December 31, 2021:

| | Common Shares Issuable as at December 31, 2021 | |
|--------------------------------|--|---------------------------|
| | Number ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾ | Percentage ⁽⁴⁾ |
| Named Executive Officers | 1,956,986 | 1.3% |
| Company Total (including NEOs) | 5,201,844 | 3.4% |

Notes:

- (1) We have, in our sole and absolute discretion, the option of settling the value of the notional common shares underlying the bonus awards, in cash or common shares. We will not determine the payment method until the payment date, or some reasonable time prior thereto.
- (2) We have established and funded the acquisition of common shares through an independent trust for potential future settlement of bonus awards, in lieu of cash settlement or settlement with common shares issued from treasury.
- (3) Does not include the dividend equivalents, if any that will accumulate on the underlying grants.
- (4) The percentage is based on 151,878,458 common shares outstanding as at December 31, 2021.
- (5) A payout multiplier of 1x has been assumed for all performance bonus awards. If the actual payout multiplier is greater than 1x, the additional amount to settle these performance bonus awards will be paid in cash or settled in shares acquired in the market.

For further information regarding the bonus awards held by our named executive officers, see "*Outstanding Share-Based Awards*" and "*Award Incentive Plan – Value Vested or Earned During the Year*" below.

Other Benefits

The employment benefits we provide to employees are generally typical of those provided by participants in the Canadian oil and gas industry and include life and disability insurance and extended health and dental coverage. Officers also receive parking and certain other perquisites.

In 2019 we established a savings plan to assist our employees in meeting their RRSP savings goals. Under this plan, full-time employees contribute a percentage of their annual gross salary to the plan each pay period. Our contributions vest immediately in favour of the employee.

Summary

The Corporate Governance & Compensation Committee believes that long term shareholder value is enhanced by compensation based upon corporate performance achievements. Through the plans described above, a significant portion of the compensation for all employees, including officers, is based on corporate performance, as well as industry-competitive pay practices.

Performance Graph

The following graph compares on a yearly basis the cumulative total shareholders' return from December 31, 2016 to December 31, 2021 of \$100 invested in our common shares on December 31, 2016 versus the total return of \$100 invested in the S&P/TSX Capped Energy Index, the S&P/TSX Composite Index and the S&P/TSX Equal Weight Oil & Gas Index with all dividends reinvested.

| | 31-Dec-17 | 31-Dec-18 | 31-Dec-19 | 31-Dec-20 | 31-Dec-21 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| S&P/TSX Composite Index | \$100 | 91 | 112 | 118 | 148 |
| S&P/TSX Capped Energy Index (ETF) | \$100 | 73 | 81 | 53 | 98 |
| S&P/TSX Equal Weight Oil & Gas Index | \$100 | 76 | 88 | 64 | 106 |
| Common Shares | \$100 | 67 | 74 | 51 | 97 |

Our cumulative shareholder return performance reflects both operational and financial performance within our control as well as volatile commodity prices and economic and market conditions beyond our control.

Salaries and bonuses for our executive officers are based in part on the achievement of certain pre-determined performance metrics at the beginning of each fiscal year. The achievement of these objectives is measured against corporate and individual targets, as described earlier, and does not necessarily track the changes in the market value of our common shares. Our long-term incentive plan is designed to align the interests of all of our employees with shareholders by linking a component of compensation to our share performance.

Summary Compensation of NEOs

The following table sets forth for information concerning the compensation paid to our NEOs:

| Name and principal position | Year | Salary (\$) | Non-equity incentive plan compensation (\$) | | Option-based awards ⁽¹⁾ (\$) | Share-based awards ⁽²⁾ (\$) | All other ^{(3)/(4)} compensation (\$) | Total compensation (\$) |
|--|------|-------------|---|---------------------------|---|--|--|-------------------------|
| | | | Annual incentive plans | Long-term incentive plans | | | | |
| M. Scott Ratushny Chair and Chief Executive Officer | 2021 | 316,875 | 713,700 | - | - | 848,000 | 28,164 | 1,906,739 |
| | 2020 | 292,500 | - | - | - | 126,000 | 21,425 | 439,926 |
| | 2019 | 303,875 | 487,500 | - | - | 980,000 | 15,332 | 1,786,708 |
| Dale Orton Chief Operating Officer | 2021 | 229,125 | 430,050 | - | - | 381,600 | 21,092 | 1,061,867 |
| | 2020 | 207,583 | - | - | - | 56,700 | 15,951 | 280,234 |
| | 2019 | 235,000 | 293,750 | - | - | 441,000 | 6,328 | 976,078 |
| Shawn Van Spankeren Chief Financial Officer | 2021 | 258,375 | 484,950 | - | - | 381,600 | 19,298 | 1,144,223 |
| | 2020 | 238,500 | - | - | - | 56,700 | 17,641 | 312,841 |
| | 2019 | 265,000 | 331,250 | - | - | 441,000 | 13,137 | 1,050,387 |
| Robert Wollmann Senior Vice President, Exploration | 2021 | 243,750 | 457,500 | - | - | 381,600 | 22,789 | 1,105,639 |
| | 2020 | 220,833 | - | - | - | 56,700 | 17,555 | 295,089 |
| | 2019 | 250,000 | 312,500 | - | - | 441,000 | 13,786 | 1,017,286 |
| Connie Shevkenek Vice President, Engineering | 2021 | 208,750 | 185,438 | - | - | 190,800 | 19,443 | 604,431 |
| | 2020 | 185,250 | - | - | - | 16,758 | 14,726 | 216,734 |
| | 2019 | 116,619 | 68,875 | - | - | 130,340 | 4,919 | 320,753 |

Notes:

- (1) No option-based awards were granted to our NEOs in the last three years.
- (2) Represents the value of bonus awards granted to our NEOs. The fair value of the bonus awards has been calculated based on the market price of our common shares at the grant date. This calculation does not include any adjustment for dividends. **These amounts are not necessarily reflective of actual amounts that may be realized.**
- (3) All other compensation includes parking and health benefit plan.
- (4) The value of perquisites received by each of the NEOs, including property or other personal benefits provided to the NEO that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.

Outstanding Share-Based Awards

The following table outlines for each NEO, all share-based awards outstanding at the end of the year ended December 31, 2021. We did not have any option-based awards outstanding.

| Name | Share-based Awards | |
|---------------------|---|---|
| | Number of awards that have not vested (#) ⁽¹⁾⁽²⁾ | Estimated payout value of awards that have not vested ⁽³⁾ (\$) |
| M. Scott Ratushny | 773,333 | 3,302,132 |
| Dale Orton | 348,000 | 1,485,960 |
| Shawn Van Spankeren | 348,000 | 1,485,960 |
| Robert Wollmann | 348,000 | 1,485,960 |
| Connie Shevkenek | 139,653 | 596,318 |

Notes:

- (1) Represents bonus awards which are settled equally over three years and are settled on the third year following the year of grant. Bonus awards are adjusted for dividends declared and the value of the bonus award may be settled in cash, common shares or a combination thereof at our discretion.
- (2) We have also established and funded the acquisition of common shares through an independent trust for potential future settlement of bonus awards, in lieu of cash settlement or settlement with common shares issued from treasury.
- (3) Calculated by multiplying the number of bonus awards that had not been settled by December 31, 2021 by the market price of our common shares at December 31, 2021 (\$4.27). This calculation does not include the value of the adjustments for dividends on the awards. Awards are settled on the vesting date. **The actual value realized pursuant to such restricted bonus awards and performance bonus awards may be greater or less than the indicated value.**

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our NEOs, the value of share-based awards which vested during the year ended December 31, 2021. We did not have any option-based awards that vested during the year or a non-equity incentive compensation plan in 2021 for NEOs.

| Name | Number of Share-Based Awards Value vested during the year (#) ⁽¹⁾ | Value of Share-Based Awards that vested during the year (\$) ⁽²⁾ |
|---------------------|--|---|
| M. Scott Ratushny | 362,320 | 761,950 |
| Dale Orton | 163,044 | 342,878 |
| Shawn Van Spankeren | 187,724 | 327,532 |
| Robert Wollmann | 129,390 | 243,451 |
| Connie Shevkenek | 45,539 | 112,532 |

Notes:

- (1) Includes bonus awards granted to our NEOs in the past three years.
- (2) Represents the sum of the value of bonus awards settled during the year ended December 31, 2021. The value of the bonus awards is based on the market price of our common shares on the payment date multiplied by the number of common shares issued in satisfaction of the bonus award.

All of the bonus awards held by our NEOs that vested during the year were settled through common shares held by our independent trust.

Bonus Award Incentive Plan

Our bonus award incentive plan forms the primary basis of our long-term incentive compensation program. Listed below is a summary of the principal terms of the bonus award incentive plan.

Our board has approved certain housekeeping and other amendments to the bonus award incentive plan which do not require shareholder approval. A copy of the amended plan will be filed on our profile on the SEDAR website at www.sedar.com with this information circular – proxy statement on or about April 6, 2022 under the category "Other Securityholder Documents". We did not amend any existing bonus awards during the year ended December 31, 2021.

Incentive-based compensation is an integral component of our compensation package. Our bonus award incentive plan is intended to maintain our competitiveness within the Canadian oil and gas industry to facilitate the achievement of our long-term goals. In addition, our bonus award incentive plan is intended to promote a proprietary interest in us by and to encourage our directors, officers, employees and others service providers to put forth maximum efforts for the success of our affairs and to focus our management on operating and financial performance and long-term total shareholder return. This will provide an additional benefit for participants to contribute to our future success and prosperity.

Bonus awards may be granted by our board from time to time, at its sole discretion, to directors, officers and employees based upon their experience, expertise, contribution and potential to contribute to the creation of shareholder value and the degree to which their base salary may be lower than competitive market rates. At the time of grant, the board will designate the award as either a "restricted bonus award" or a "performance bonus award", as applicable. Non-management directors are not entitled to receive performance awards under the plan.

Limitations on Awards

The bonus award incentive plan contains the following restrictions: (i) the number of common shares that are available to be issued under our bonus award incentive plan is limited to 5% of our issued and outstanding common shares less the aggregate number of common shares reserved for issuance under our legacy stock option plan (of which there are none); (ii) the number of common shares that are available to be issued to insiders within one year and issuable to insiders at any time, under the bonus award incentive plan or when combined with all of our other security based compensation arrangements, shall not exceed 5% of the common shares; (iii) the aggregate number of common shares that could be issued pursuant to bonus awards that have been granted to any single holder shall not exceed 1% of the common shares; and (iv) non-management directors are not entitled to receive performance awards under the plan and the participation of non-management directors in the plan is limited to the lesser of: (A) 0.25% of the outstanding common shares; and (B) an annual equity award value of \$150,000 with the value of each bonus award calculated at the time of grant.

The number of common shares that are available to be issued in one year shall be determined on the basis of the number of common shares outstanding immediately prior to the common shares issuance, excluding any common shares issued pursuant to share compensation arrangements over the preceding one year period. Bonus awards may be granted in excess of the limits set forth in this paragraph provided that prior to the receipt of the requisite shareholder approval, as provided in the bonus award incentive plan, such incentive awards may not be paid until such approval has been received.

Payment Dates and Expiry

Payment arrangements shall be as follows unless otherwise directed by our board: (i) as to one third of the award value of such bonus award, on the first anniversary of the date of grant of the bonus award; (ii) as to one-third of the award value of such bonus award, on the second anniversary of the date of grant of the bonus award; and (iii) as to the remaining one-third of the award value of such bonus award, on the third anniversary of the date of grant of the bonus award. If the holder is on a leave of absence before any of the payment dates, such payment date(s) shall be extended by that portion of the duration of the leave of absence that is in excess of three months; provided that the payment date(s) will not be extended beyond the expiry date. In the event of a change of control (as defined below) the payment date for the award value of those bonus awards that have not yet been paid as of such time shall be the effective date of the change of control. Our board may, in its sole discretion, determine that a bonus award is payable in relation to all or a percentage of the award value covered thereby for all or any bonus awards at any time and from time to time.

The bonus award incentive plan provides that if a payment date occurs during a black-out period imposed pursuant to our black-out policies, such payment date shall be delayed to the date that is immediately following the last day of the black-out period if we choose to settle the bonus award in common shares or to the date that is the sixth trading day following the end of the black-out period if we choose to settle the bonus award in cash. However, in no instance can the payment date of a bonus award be delayed past the expiry date of the bonus award.

All bonus awards shall expire on December 15 of the third year following the year in which the bonus award was granted. Regardless of any other provision of the bonus award incentive plan (including extension of payment dates for black-out periods and leaves of absences), no payment date of any bonus award may occur after the expiry date of such bonus award, and in the event that a payment date would occur after the expiry date, the payment date in respect of such bonus award shall be on the expiry date of such bonus award.

Dividend and Performance Multiplier Adjustment and Anti-Dilution

Immediately prior to each payment date, the notional number of common shares underlying a bonus award may be adjusted by multiplying such number by a ratio which shall be equal to 1 plus the amount rounded to the nearest five decimal places, equal to a fraction having as its numerator the arithmetic total of the dividends, expressed as an amount per common share, declared on each dividend record date following the issue date of the bonus award and having as its denominator the 5 day weighted average trading price of the common shares for the 5 trading days immediately before the first business day of the calendar months in which the issue date occurs. If the holder has been on a leave of absence at any time since the date of grant, the notional number of common shares issuable will not be adjusted for any dividends paid during the period of such leave of absence. Our board of directors reserves the right to make any additional adjustments to the number of notional common shares to be issued pursuant to any bonus award if, in the sole discretion of the board, such adjustments are appropriate in the circumstances having regard to the principal purposes of the award plan and the terms of the award.

After the adjustment for dividends described above, the notional number of common shares issuable pursuant to a bonus award shall be then adjusted by multiplying such number by the payout multiplier applicable to such bonus award, in the case of a performance bonus award.

Our board also has the election to cause to be paid out to a holder in cash, at any time and from time to time, any dividends that have been paid since the issue date of the bonus award regardless of whether the bonus award has vested. In 2020, we settled all dividend entitlements on outstanding bonus awards in cash although we have since suspended our dividend program.

The bonus award incentive plan also contains anti-dilution provisions which allow our board to make such adjustments to the bonus award incentive plan, to any bonus awards and to any incentive award agreements outstanding under the bonus award incentive plan as our board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to service providers thereunder.

Payout Multiplier

Annually, the board shall assess our performance for the applicable period. The weighting of the individual measures comprising the corporate performance measures to be considered shall be determined by the board in its sole discretion having regard to the principal purposes of the plan and, upon the assessment of all corporate performance measures, the aggregate weighted multiplier for the applicable performance period shall be used to determine our ranking. Unless otherwise determined by the board in its sole discretion, the applicable payout multiplier in respect of this ranking shall be 2.0 for a 1st quartile ranking, 1.5 for a 2nd quartile ranking, 1.0 for a 3rd quartile ranking and 0.0 for a 4th quartile ranking. Where the payment date for the performance bonus award is not the first anniversary of the grant date, the payout multiplier for those performance bonus awards will be the arithmetic average of the payout multiplier for each of the preceding annual performance assessment periods. In any case where the payout multiplier has not been determined prior to the payment date of a bonus award, the board, taking into consideration the performance of the applicable grantee and our performance since the date of grant of the bonus award(s), may determine in its sole discretion the payout multiplier to be applied to any performance bonus awards held by the grantee of such bonus award.

Settlement of Bonus Awards

On a payment date we, in our sole and absolute discretion, shall have the option of settling the award value payable in respect of a bonus award by: (i) payment in cash; (ii) payment in common shares acquired in the market; (iii) payment in common shares issued from treasury; or (iv) a combination of the above. We will not determine what form the payment method will be until the payment date or some reasonable time prior to the payment date. No holder of a bonus award has the right, at any time, to demand the form of payment. Notwithstanding our election to pay any award value, or portion of any award value, in common shares, we reserve the right to change the election at any time until the payment is actually made and the holder of such bonus award shall not have any right to enforce payment of any portion of the award value in common shares.

Where we elect to settle the award value underlying a bonus award by issuing common shares, and the determination of the number of common shares to be delivered to a holder on a particular payment date would result in the issuance of a fractional common share, we will credit to an account for each holder all fractions of a common share amounting to less than one whole common share issued by us to a holder. From time to time, when the fractional interests in a common share held for the account of a holder are equal to or exceed in the aggregate one additional whole common share, we will cause an additional whole common share to be registered as directed by the holder. No certificates representing a fractional common share shall be delivered pursuant to the award plan nor shall any cash amount be paid at any time in lieu of any such fractional interest.

Unless otherwise determined by our board or unless otherwise provided in an incentive award agreement pertaining to a particular bonus award or any written employment or consulting agreement governing a holder's role with us, in the event that a holder ceases to be employed or retained for any reason whatsoever, other than the death or disability of such holder, all outstanding incentive award agreements under which bonus awards have been made to such holder and for the payment date has not yet occurred, shall be terminated and the holder shall only be entitled to receive the award value for the outstanding bonus awards for which the payment date would fall between the date that the holder ceased to be

employed or retained and the date that is thirty (30) days from such date. Upon the termination of any employee for cause, our board may, in its sole discretion, determine that all outstanding and unpaid bonus awards shall immediately terminate and become null and void on the date that the holder ceased to be employed or retained. Notwithstanding the foregoing, at no time shall the payment date occur after the expiry date.

Upon the death or disability of a holder prior to the expiry date, the holder or the holder's legal representative shall only be entitled to receive the award value for the outstanding bonus awards for which the payment date would fall between the date of death or disability and the date that is six months from such date.

Other than a transfer of a bonus award to a holder's legal representative on death or disability, the bonus awards granted under the bonus award incentive plan are non-transferrable.

Change of Control

The bonus award incentive plan also provides that vesting of all bonus awards will accelerate on "change of control" which is deemed to occur upon the effective date of the earlier of any of the following events, provided that such event results in an actual change of control:

- a successful "take-over bid" as defined in NI 62-104 or any replacement or successor provisions, which is not exempt from the take-over bid requirements of NI 62-104, pursuant to which the "offeror" as a result of such take-over bid, beneficially owns, directly or indirectly, in excess of 50% of our outstanding common shares;
- the issuance to or acquisition by any person, or group of persons acting in concert, directly or indirectly, including through an arrangement, merger or other form of reorganization of us, of our common shares of which the aggregate total of 50% or more of the then outstanding common shares; and
- the winding-up, dissolution or termination or the sale, lease or transfer of all or substantially all of our directly or indirectly held assets to any other person or persons (other than pursuant to an internal reorganization or in circumstances where our business is continued),

provided that notwithstanding the application of any of the foregoing, a "change of control" shall be deemed to not have occurred:

- pursuant to an arrangement, merger or other form of reorganization of us where the holders of our outstanding voting securities or interests immediately prior to the completion of the reorganization will hold more than 50% of the outstanding voting securities or interests of the continuing entity upon completion of the reorganization; or
- if a majority of our board determines that in substance the arrangement, merger or reorganization is such that a "change of control" should be deemed to not have occurred and any such determination shall be binding and conclusive for all purposes of the award plan.

Upon a change of control, the payout multiplier applicable to any performance bonus awards shall be determined by the board and in making such determination, the board shall assess performance relative to the pre-established corporate performance measures using an end date for the current performance assessment period as determined by the board.

Amendments

The bonus award incentive plan and any bonus awards granted thereunder may be amended, modified or terminated by our board without shareholder approval, subject to any required approval of the TSX. Notwithstanding the foregoing, the bonus award incentive plan and any bonus awards granted under the bonus award incentive plan may not be amended without shareholder approval to: (i) extend the expiry date of any outstanding bonus awards held by insiders; (ii) permit a holder to transfer or assign bonus awards to a new beneficial holder other than in the case of death of the holder; (iii) increase the number of common shares that may be issued to service providers above the restriction in the bonus award incentive plan; (iv) amend the limits on non-management director participation; (v) increase the number of common shares that may be issued to insiders above the restriction contained in the bonus award incentive plan; or (vi) amend the amendment provision. In addition, no amendment to the bonus award incentive plan or bonus awards granted pursuant to the bonus award incentive plan may be made without the consent of the holder, if it adversely alters or impairs any right previously granted to such holder under the bonus award incentive plan.

Employment Contracts

We have employment contracts with each of our named executive officers.

In the case of our Chief Executive Officer, the employment contract provides for a payment of twelve (12) months' base salary, plus one (1) month for each full or partial year of employment to a maximum of twenty-four (24) months and 20% of this amount to cover loss of any benefit eligibility and an amount equal to one times our Executive Officer's bonus for the prior year preceding the termination date, if our Chief Executive Officer's employment is terminated by us other than for cause. In the event of a change of control (as defined in the employment agreement), our Chief Executive Officer has the right for a period of ninety days following the change of control to terminate his employment agreement and receive the same payment.

In the case of our Chief Operating Officer, our Chief Financial Officer and our Vice President, Engineering each employment contract provides for a payment of four (4) months' base salary, plus one (1) month for each full or partial year of employment to a maximum of twenty-four (24) months and an additional 20% of such amount to cover loss of any bonus and benefit eligibility if the officer is terminated by us other than for cause. If the Chief Operating Officer, Chief Financial Officer or Vice President, Engineering is terminated following a change of control (as defined in the employment contract) for good reason (as defined in the employment contract), they shall be entitled to the same payment plus an additional six (6) months' salary.

In the case of our Senior Vice President, Exploration, the employment contract provides for a payment of six (6) months' base salary, plus two (2) months for each full or partial year of employment to a maximum of eighteen (18) months and an amount equal to the average of our Senior Vice President, Exploration's

bonus for the prior two years preceding the termination date to cover loss of any bonus and benefit eligibility if the Senior Vice President, Exploration is terminated by us other than for cause. If the Senior Vice President, Exploration is terminated following a change of control (as defined in the employment contract) by us or by the Senior Vice President, Exploration for good reason (as defined in the employment contract), the Senior Vice President, Exploration shall be entitled to the same payment.

Under our bonus award incentive plan, in the event of a change of control (as defined therein) the payment date for the award value of those bonus awards that have not yet been paid as of such time shall be the effective date of the change of control although our board may, in its sole discretion, determine that an award is payable in relation to all or a percentage of the award value covered thereby for all or any awards at any time and from time to time.

The following table sets forth the estimated incremental payments (rounded to the nearest thousand dollars) that would be made to each of our NEOs that were NEOs on December 31, 2021 assuming that a change of control event occurred on December 31, 2021.

| Name | Salary (\$) | Share-based Awards ⁽¹⁾ (\$) | Total Incremental Payment (\$) |
|--|------------------------|---|---|
| M. Scott Ratushny Chair and Chief Executive Officer | 931,667 | 3,302,132 | 4,233,799 |
| Dale Orton Chief Operating Officer | 360,333 | 1,485,960 | 1,846,293 |
| Shawn Van Spankeren Chief Financial Officer | 362,167 | 1,485,960 | 1,848,127 |
| Robert Wollmann Senior Vice President, Exploration | 562,083 | 1,485,960 | 2,048,043 |
| Connie Shevkenek Vice President, Engineering | 365,500 | 596,318 | 961,818 |

Note:

- (1) The value is calculated based upon the closing price of our common shares on the TSX on December 31, 2021 of \$4.27 and the number of share based awards outstanding. No adjustment has been made for dividends and a payout multiplier of 1x has been assumed for all performance bonus awards.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2021:

| Plan Category | Number of Common Shares issuable upon settlement of outstanding Bonus awards ⁽¹⁾ | Number of Common Shares remaining available for future issuance under the Bonus Award Incentive Plan ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ |
|----------------------------|---|--|
| Bonus Award Incentive Plan | 5,201,844 (3.4%) | 2,392,079 (1.6%) |

Notes:

- (1) Does not include dividend equivalents that will accumulate on the underlying grants, if applicable. A payout multiplier of 1x has been assumed for all performance bonus awards. If the actual payout multiplier is greater than 1x, the additional amount to settle these performance bonus awards will be paid in cash or settled in shares acquired in the market.
- (2) The maximum number of common shares available for issuance under our bonus award incentive plan is limited to 5% of our issued and outstanding common shares.
- (3) During the year ended December 31, 2021, no common shares were issued upon exercise of outstanding stock options under our prior option plan and no common shares were issued from treasury on settlement of outstanding bonus awards.
- (4) As at March 25, 2022, there were 3,842,586 bonus awards outstanding.
- (5) The percentage available for grant is based on the 151,878,458 common shares outstanding as at December 31, 2021.

Historical Grant Information

The following table summarizes the number of bonus awards granted to our directors, officers and employees for the past three years and the potential dilutive effect of such awards.

| Year | Awards Granted | Weighted Average Common Shares Outstanding | Burn Rate |
|------|----------------|--|-----------|
| 2019 | 2,860,780 | 115,314,709 | 2.5% |
| 2020 | 2,578,754 | 113,414,802 | 2.3% |
| 2021 | 2,838,446 | 143,636,272 | 2.0% |

Notes:

- (1) The burn rate is calculated by dividing the number of bonus awards granted during the period by the weighted average number of common shares outstanding during such period. Does not include dividend equivalents that will accumulate on the underlying grants, if applicable. A payout multiplier of 1x has been assumed for all performance bonus awards. If the actual payout multiplier is greater than 1x, the additional amount to settle these performance bonus awards will be paid in cash or settled in shares acquired in the market.
- (2) The bonus awards granted vest over a 3 year period.

In 2020, to enable us to limit the dilutive effect of our bonus award incentive plan, we established and funded the acquisition of 679,436 common shares purchased on the market through an independent trust for potential future settlement of bonus awards, in lieu of cash settlement or settlement with common shares issued from treasury. Since then we have acquired an additional 2.4 million shares for the potential future settlement of bonus awards and have used 1.3 million shares to settle outstanding bonus awards under our bonus award incentive plan. We plan to fund additional amounts to our independent trustee for the purchase of additional common shares on the market for the potential future settlement of bonus awards.

Liability Insurance of Directors and Officers

We maintain directors' and officers' liability insurance coverage for losses to us if we are required to reimburse directors and officers, where permitted, and for direct indemnity of directors and officers where corporate reimbursement is not permitted by law. This insurance protects us against liability (including costs), subject to standard policy exclusions, which may be incurred by directors and/or officers acting in such capacity for us. All of our directors and officers are covered by the policy and the amount of insurance applies collectively to all. The annual cost for this insurance in 2021 was \$127,000.

In addition, we have entered into indemnity agreements with each of our directors and officers pursuant to which we have agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties. Such indemnity agreements conform to the provisions of the *Business Corporations Act* (Alberta).

OWNERSHIP GUIDELINES

Our board believes it is important that our directors and our senior officers demonstrate their commitment to our stewardship through common share ownership. In 2016, following a review of our executive compensation governance practices, we established an equity ownership policy that non-management directors must have an equity ownership interest in our common shares within three years of joining our board of at least 20,000 common shares. Following the phase-in period, directors are expected to be in continuous compliance with these guidelines.

Our equity ownership policy also extends to our Chief Executive Officer, Chief Financial Officer and all of our other executive officers. In 2017, following a review of our executive compensation governance practices, we established a policy that requires these officers to maintain an equity ownership interest in at least 30,000 common shares within a period of three years from the later of: (a) January 1, 2017, and (b) the date of their appointment. Following the phase-in period, these officers are expected to be in continuous compliance with these guidelines.

The following table sets out the total ownership level of our Chief Executive Officer, our Chief Financial Officer, each of our other executive officers and each of our non-management directors as at March 25, 2022, relative to our equity ownership policy:

| Name | Ownership Guideline (#) | Ownership (#) | Guideline Met (Y) or Investment Required to Meet Guideline |
|----------------------------------|-------------------------|---------------|--|
| Named Executive Officers: | | | |
| M. Scott Ratushny | 30,000 | 3,481,542 | YES |
| Dale Orton | 30,000 | 341,766 | YES |
| Shawn Van Spankeren | 30,000 | 348,232 | YES |
| Robert Wollmann | 30,000 | 420,832 | YES |
| Laurence Broos | 30,000 | 138,446 | YES |
| Connie Shevkenek | 30,000 | 165,801 | YES |
| Wes Heatherington | 30,000 | 102,132 | YES |
| Jason Laforge | 30,000 | 122,503 | YES |
| Ken Younger | 30,000 | 118,551 | YES |
| David Kelly | 30,000 | 145,877 | YES |
| Directors: | | | |
| John A. Brussa | 20,000 | 3,515,354 | YES |
| John Gordon | 20,000 | 50,000 | YES |
| David D. Johnson | 20,000 | 1,002,144 | YES |
| Stephanie Sterling | 20,000 | 263,883 | YES |

OTHER MATTERS COMING BEFORE THE MEETING

Management knows of no other matters to come before the meeting other than those referred to in the accompanying notice of annual and special meeting. Should any other matters properly come before the meeting, the common shares represented by proxy solicited by this information circular – proxy statement will be voted on such matters in accordance with the best judgment of the person voting such proxy.

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

None of our directors or officers, or any person who has held such a position since the beginning of our last completed financial year, nor any nominee for election as a director, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the meeting other than as disclosed herein.

INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed or as otherwise publicly disclosed by us, none of our directors, officers, principal shareholders, or informed persons (as defined in National Instrument 51-102), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of our most recently completed financial year or in any proposed transactions which has materially affected or would materially affect us.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are KPMG LLP, Chartered Professional Accountants, Suite 3100, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 4B9. KPMG LLP has been our auditors since inception.

The transfer agent and registrar for our common shares is Odyssey Trust Company at its principal offices in Calgary, Alberta and Toronto, Ontario.

ADDITIONAL INFORMATION

Financial information is provided in our annual consolidated audited financial statements and related management's discussion and analysis for the year ended December 31, 2021. To receive a copy of these financial statements and related management's discussion and analysis please contact us at Suite 600, 400 – 3rd Avenue S.W., Calgary, Alberta T2P 4H2. This information and additional information relating to us may also be accessed on our website at www.cardinalenergy.ca or on SEDAR at www.sedar.com.

APPENDIX "A"

CARDINAL ENERGY LTD. BOARD OF DIRECTORS MANDATE AND TERMS OF REFERENCE

Role and Objective

The board of directors (the "**Board**") of Cardinal Energy Ltd. ("**Cardinal**" or the "**Corporation**") is responsible for the stewardship of Cardinal. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Cardinal. In general terms, the Board will:

- (a) in consultation with the Chief Executive Officer of Cardinal (the "**CEO**"), define the principal objectives of Cardinal;
- (b) supervise the management of the business and affairs of Cardinal with the goal of achieving Cardinal's principal objectives as developed in association with the CEO;
- (c) discharge the duties imposed on the Board by applicable laws; and
- (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Specific Duties and Responsibilities

Executive Team Responsibility

1. Appoint the CEO and other officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
2. in conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities;
3. establish processes as required that adequately provide for succession planning, including the appointing, training and monitoring of senior management; and
4. establish the limits of authority delegated to management.

Operational Effectiveness and Financial Reporting

1. Annually review and adopt a strategic planning process and approval of Cardinal's strategic plan, which takes into account, among other things, the opportunities and risks of the business;
2. establish, or cause to be established, systems to identify the principal risks to Cardinal and ensure that the best practical procedures are in place to monitor and mitigate the risks;

3. establish, or cause to be established, processes to address applicable regulatory, corporate, securities and other compliance matters;
4. establish, or cause to be established, an adequate system of internal control;
5. establish, or cause to be established, due diligence processes and appropriate controls with respect to applicable certification requirements regarding Cardinal's financial and other disclosure;
6. review and approve Cardinal's financial statements and oversee Cardinal's compliance with applicable audit, accounting and reporting requirements;
7. approve annual operating and capital budgets;
8. review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets;
9. review and consider for approval all amendments to the Corporation's capital structure; and
10. review operating and financial performance results relative to established strategy, budgets and objectives.

Integrity/Corporate Conduct

1. Establish a communications policy or policies to ensure that a system for corporate communications to stakeholders exists as required by applicable law; and
2. approve a Code of Business Conduct and Ethics for directors, officers and employees and monitor compliance with the Code and approve any waivers of the Code for officers and directors; and
3. to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of Cardinal and that the CEO and other executive officers create a culture of integrity throughout Cardinal.

Board Process/Effectiveness

1. Annually review and re assess the adequacy of the mandates of the Board and its committees and implement such amendments to those mandates as are necessary or desirable;
2. consider and, if thought fit, approve requests from directors, committees of directors or from the engagement of special advisors from time to time;
3. review on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board and each committee and analyze the needs of the Board and recommending nominees who meet such needs;

4. assess at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
5. approve the nomination of directors;
6. provide a comprehensive orientation to each new director;
7. establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management;
8. attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting. Directors are expected to attend all Board meetings;
9. establish committees and approve their respective mandates and the limits of authority delegated to each committee;
10. review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director;
11. the Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board;
12. each member of the Board is expected to understand the nature and operations of Cardinal's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which Cardinal operates, or is contemplating potential operations; and
13. in addition to the above, adherence to all other Board responsibilities as set forth in Cardinal's By Laws, any other material agreements to which the Corporation is a party, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

Meetings and Administrative Matters

1. The time at which and place where the meetings of the Board shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Board, unless otherwise determined by the by-laws of the Corporation.
2. Agendas, approved by the Chair and the Lead Director will be circulated to Board members along with background information on a timely basis prior to Board meetings.
3. The Board may invite such officers, directors and employees of the Corporation and its subsidiaries as it sees fit from time to time to attend at meetings of the Board and assist in the discussion and consideration of the matters being considered by the Board.
4. Minutes of the Board will be recorded and maintained.

5. If determined appropriate, following meetings of the Board, a list of tasks or matters to be followed up upon shall be prepared including the time table for completion thereof and the responsibility for completion, the status of which matter shall be reviewed at the next meeting of the Board or as otherwise determined by the Board.
6. The Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at such compensation as established by the Board and at the expense of Cardinal.
7. Independent directors shall meet without management participation at every board meeting, including special meetings and not just regularly scheduled meetings.

Approved by the Board of Directors effective March 20, 2020.

APPENDIX "B"

ADVISORIES

Forward Looking Statements

Certain statements in this information circular – proxy statement are "forward-looking statements" within the meaning of applicable Canadian securities legislation ("forward-looking statements"). In some cases, forward-looking statements can be identified by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "objective", "ongoing", "outlook", "potential", "project", "plan", "should", "target", "would", "will" or similar words suggesting future outcomes, events or performance.

Specifically, this information circular – proxy statement contains forward-looking statements relating but not limited to: our business strategies, plans, focus and objectives; our plans to continue to execute on a disciplined capital program and a net debt reduction strategy; our ESG initiatives and plans; our compensation programs and potential future modifications or changes to be made to our program moving forward; and our plans with respect to the funding and settlement of bonus awards.

All forward-looking statements are based on Cardinal's beliefs and assumptions based on information available at the time the assumption was made. We believe that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in this document should not be unduly relied upon. By their nature, these forward-looking statements are subject to a number of risks, uncertainties and assumptions, which could cause actual results or other expectations to differ materially from those anticipated, expressed or implied by such statements, including those material risks discussed in our Annual Information Form and Management's Discussion and Analysis for the year ended December 31, 2021, copies of which are available on SEDAR at www.sedar.com. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and our future course of action depends on management's assessment of all information available at the relevant time.

Non-GAAP and Other Specified Financial Measures

Throughout this information circular – proxy statement, we use terms that are commonly used in the oil and natural gas industry, but do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and, therefore, may not be comparable with the calculation of similar measures by other companies.

"Net Debt" is a capital management measure. See Note 17 "*Capital Management*" in our audited annual consolidated financial statements for the year ended December 31, 2021 for a detailed calculation of net debt.

"Total Shareholder Return" is a supplementary financial measure calculated as the change in share price plus dividends declared, over a pre-determined period, expressed either as an absolute return percentage

or as a compounded, annualized return percentage. This metric provides an objective assessment of relative performance over the specified time period.

Oil and Gas Advisories

The term "Boe" may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet of natural gas to barrels of oil (6 Mcf: 1 Bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Supplemental Information Regarding Product Types

This information circular – proxy statement references production on a per boe basis. The following table is intended to provide the product type composition as defined by National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*.

| | Light/Medium Crude Oil | Heavy Oil | NGLs | Conventional Natural Gas | Total (boe/d) |
|---------------|---------------------------|-----------|------|-----------------------------|---------------|
| Q4/21 average | 45% | 40% | 4% | 11% | 20,525 |
| Venturion | 27% | 56% | 1% | 16% | 2,400 |

TSX: CJ

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