



BOARD OF DIRECTORS MANDATE

1. GENERAL

The primary responsibilities of the Board are:

- (a) to provide advice and guidance to management;
- (b) to work with management to identify, set and execute the strategic plan for the Corporation;
- (c) to ensure that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards;
- (d) to ensure that it acts independently, honestly and in good faith with a view to the best interests of the Corporation;
- (e) to exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
- (f) to act in accordance with its obligations contained in the ABCA and the regulations thereto, the articles and by-laws of the Corporation, and other relevant legislation and regulations.

2. COMPOSITION AND OPERATION

The number of directors shall be not less than three and not more than fifteen as specified in the Corporation's articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. A majority of Board members will be "independent" as such term is referred to in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The Board will in each year appoint a chairperson of the Board (the "Chair").

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board, defining the mandate of each committee and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act (Alberta)* (the "ABCA"), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

A system will be established where any director can engage an outside advisor at the expense of the Corporation.

On an ongoing basis, the Board shall ensure that processes are in place to evaluate the effectiveness of individual directors and the Board as a whole.

3. MEETINGS

The Board shall have a minimum of four regularly scheduled meetings per year. Special meetings are called as necessary. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

The Board will meet without management present at the end of each of the four regularly-scheduled meetings of the Board.

4. SPECIFIC DUTIES

(a) Oversight and Overall Responsibility

In fulfilling its responsibility for the stewardship of the affairs of the Corporation, the Board shall:

- (i) provide advice and guidance to management with the intent of increasing shareholder value;
- (ii) satisfy itself as to the integrity of the Chief Executive Officer (the “CEO”) and other senior officers of the Corporation and ensuring that a culture of integrity is maintained throughout the Corporation;
- (iii) approve the significant policies and procedures by which the Corporation is operated and monitoring compliance with such policies and procedures, and, in particular, compliance by all directors, officers and employees with the provisions of the Code of Business Conduct and Ethics;
- (iv) review and approve material contracts and transactions involving the Corporation, including the acquisitions and dispositions of material assets by the Corporation and material capital expenditures by the Corporation;
- (v) approve annual operating and capital budgets, monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary;
- (vi) develop written position descriptions for the Chair and for the chair of each Board committee;
- (vii) annually review operating and financial performance results relative to established strategy, budgets and objectives;
- (viii) review and approve the Corporation’s strategic business plan which takes into account the opportunities and risks inherent in the oil and gas business; and
- (ix) consider and approve the following matters as a full Board:
 - A. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - B. the filling of a vacancy among the directors or in the office of auditor;
 - C. the appointment of additional directors;
 - D. the issuance of common shares or financial instruments;
 - E. the establishment of credit facilities;
 - F. the declaration of dividends;
 - G. the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - H. the adoption, amendment or repeal of any by-laws of the Corporation; and

- I. the approval of management proxy circulars.

(b) Managing Risk

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

(c) Appointment and Monitoring of Senior Management

The Board shall:

- (i) appoint the CEO and other senior officers of the Corporation, approve (upon recommendations from the Compensation, Governance and Nomination Committee) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives;
- (ii) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
- (iii) establish limits of authority and responsibility delegated to management; and
- (iv) develop a written position description for the CEO.

(d) Reporting and Communication

The Board has the responsibility to:

- (i) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (ii) verify that the financial performance of the Corporation is reported accurately to shareholders, other security holders and regulators on a timely and regular basis; and
- (iii) verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation.

(e) Monitoring and Acting

The Board has the responsibility to:

- (i) review and approve the Corporation's financial statements and ensure the Corporation's compliance with applicable audit, accounting and reporting requirements;
- (ii) approve and monitor compliance with significant policies and procedures by which the Corporation operates;
- (iii) take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant;

- (iv) verify that the Corporation has implemented and maintains appropriate internal control and management information systems;
- (v) establish a disclosure policy; and
- (vi) ensure that management has processes and systems in place to ensure compliance with applicable laws and regulations.

(f) Other Activities

The Board may perform any other actions consistent with this mandate, the articles and by-laws of the Corporation and any other governing laws as the Board deems necessary or appropriate.

(g) Code of Business Conduct and Ethics

The Board shall be responsible to adopt a “Code of Business Conduct and Ethics” for the Corporation which shall address:

- (i) conflicts of interest;
- (ii) the protection and proper use of the Corporation’s assets and opportunities;
- (iii) the confidentiality of information;
- (iv) fair dealing with various stakeholders of the Corporation;
- (v) compliance with laws, rules and regulations; and
- (vi) the reporting of any illegal or unethical behaviour.

5. BOARD COMMITTEES

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

6. DIRECTOR ACCESS TO MANAGEMENT

The Corporation shall provide each director with access to the management of the Corporation as required.

March 1, 2018