

# **BIRCHCLIFF**

## **E N E R G Y**

**BIRCHCLIFF ENERGY LTD.**

**Annual and Special Meeting of Shareholders**

**to be held at**

**3:00 p.m. (Mountain Daylight Time) on Thursday, May 14, 2020  
at the offices of Birchcliff Energy Ltd.  
Suite 1000, 600 – 3<sup>rd</sup> Avenue S.W., Calgary Alberta**

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**NOTICE OF MEETING AND INFORMATION CIRCULAR**

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**March 25, 2020**

**BIRCHCLIFF ENERGY LTD.**

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

**TAKE NOTICE THAT** the annual and special meeting (the “**Meeting**”) of the holders of common shares (“**Common Shares**”) of Birchcliff Energy Ltd. (the “**Corporation**”) will be held at 3:00 p.m. (Mountain Daylight Time) on Thursday, May 14, 2020 at the offices of the Corporation, Suite 1000, 600 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2019 and the auditors’ report thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five;
3. to elect the directors of the Corporation;
4. to appoint the auditors of the Corporation and to authorize the board of directors of the Corporation to fix their remuneration as such;
5. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution approving all unallocated stock options under the Corporation’s stock option plan; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

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

As a result of the impact of the recent global spread of COVID-19 (coronavirus), the Corporation is and will continue to monitor provincial and federal governmental guidance and, where necessary, will implement measures to protect its employees, shareholders and the community. At this time, the Corporation intends to hold an in-person Meeting at its offices. However, if changes to the Meeting are required, including an adjournment or postponement, the Corporation will provide an update by way of news release as promptly as practicable. Shareholders are encouraged to monitor the Corporation’s website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com) or the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

**In order to ensure that all government restrictions with respect to public gatherings are complied with, it is anticipated that only registered shareholders or their duly appointed proxy holders will be permitted to attend the Meeting. In addition, the Corporation encourages its shareholders to follow the instructions of the Public Health Agency of Canada and any applicable additional provincial and local instructions. Shareholders should not attend the Meeting in person if they are experiencing any cold or flu-like symptoms, or if they have travelled or been in close contact with a person who has travelled outside of Canada in the 14 days prior to the Meeting. All shareholders are strongly encouraged to vote in advance of the Meeting and consider attending in person only where absolutely necessary. Registered shareholders of the Corporation who are not attending the Meeting in person are requested to date and sign the enclosed form of proxy and return it to the Corporation’s transfer agent, Computershare Trust Company of Canada (“Computershare”): (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5; (ii) by hand delivery to Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or (iii) by facsimile to 1-866-249-7775 (within Canada and the United States) or (416) 263-9524 (outside Canada and the United States). Registered shareholders may also use the internet at [www.investorvote.com](http://www.investorvote.com) or the telephone at 1-866-732-8683 to vote their Common Shares. Shareholders voting through the internet or by telephone will be prompted to enter the 15-digit control number found on the form of proxy. In order to be valid and acted upon at the Meeting, proxies and votes received through the internet or by telephone must be received by Computershare on or before 3:00 p.m. (Mountain Daylight Time) on Tuesday, May 12, 2020, or if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjourned or postponed Meeting.**

Only shareholders of record as of the close of business on March 25, 2020 (the “**Record Date**”) are entitled to receive notice of and to vote at the Meeting, provided that if a shareholder has transferred the ownership of any of his or her Common Shares after the Record Date and the transferee of those Common Shares produces properly endorsed Common Share certificates or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders before the Meeting, then the transferee shall be entitled to vote such Common Shares at the Meeting.

**DATED** at the City of Calgary, in the Province of Alberta, this 25<sup>th</sup> day of March, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*A. Jeffery Tonken*”

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

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# BIRCHCLIFF

## ENERGY

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### INFORMATION CIRCULAR

#### ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 14, 2020

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### GENERAL PROXY AND VOTING INFORMATION

#### Solicitation of Proxies

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of the holders of common shares of the Corporation (“**Common Shares**”) to be held on Thursday, May 14, 2020 at the offices of the Corporation, Suite 1000, 600 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta at 3:00 p.m. (Mountain Daylight Time), and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice of Meeting**”).

As a result of the impact of the recent global spread of COVID-19 (coronavirus), the Corporation is and will continue to monitor provincial and federal governmental guidance and, where necessary, will implement measures to protect its employees, shareholders and the community. At this time, the Corporation intends to hold an in-person Meeting at its offices. However, if changes to the Meeting are required, including an adjournment or postponement, the Corporation will provide an update by way of news release as promptly as practicable. Shareholders are encouraged to monitor the Corporation’s website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com) or the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted. In order to ensure that all government restrictions with respect to public gatherings are complied with, it is anticipated that only registered shareholders (as such term is defined below) or their duly appointed proxy holders will be permitted to attend the Meeting. In addition, the Corporation encourages its shareholders to follow the instructions of the Public Health Agency of Canada and any applicable additional provincial and local instructions. Shareholders should not attend the Meeting in person if they are experiencing any cold or flu-like symptoms, or if they have travelled or been in close contact with a person who has travelled outside of Canada in the 14 days prior to the Meeting. All shareholders are strongly encouraged to vote in advance of the Meeting and consider attending in person only where absolutely necessary.

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

The information contained in this Information Circular is given as of March 25, 2020, except where otherwise indicated.

#### Appointment of Proxies

A shareholder may attend the Meeting in person or may be represented by proxy. Registered shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return such proxy to the Corporation’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”): (i) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario L4B 4R5; (ii) by hand delivery to Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or (iii) by facsimile to 1-866-249-7775 (within Canada and the United States) or (416) 263-9524 (outside Canada and the United States). Registered shareholders may also use the internet at [www.investorvote.com](http://www.investorvote.com) or the telephone at 1-866-732-8683 to

vote their Common Shares. Shareholders voting through the internet or by telephone will be prompted to enter the 15-digit control number found on the form of proxy.

**In order to be valid and acted upon at the Meeting, proxies and votes received through the internet or by telephone must be received by Computershare on or before 3:00 p.m. (Mountain Daylight Time) on Tuesday, May 12, 2020, or if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjourned or postponed Meeting.** The Chairman of the Meeting will have the discretion, but is not obligated, to accept proxies that are deposited less than 48 hours prior to the time of the Meeting or any adjournment or postponement thereof.

**The persons named as proxyholders in the enclosed form of proxy are directors and/or executive officers of the Corporation. A shareholder has the right to appoint a person or company to attend and represent the shareholder at the Meeting, other than the persons designated in the form of proxy furnished by the Corporation. To exercise this right, the shareholder is required to either insert the name of the shareholder's appointee in the blank space provided in the form of proxy or complete another appropriate form of proxy and, in either case, deliver the completed proxy to Computershare, at the places and within the time specified above for the deposit of proxies. Registered shareholders may also use the internet at [www.investorvote.com](http://www.investorvote.com) to appoint another person to be the shareholder's proxyholder.**

#### **Revocation of Proxies**

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

#### **Exercise of Discretion with Respect to Proxies**

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

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

#### **Advice to Beneficial Shareholders**

The information set forth in this section is of significant importance to many shareholders of Birchcliff, as a substantial number of shareholders do not hold Common Shares registered in their own name. Shareholders who do not hold their Common Shares in their own name ("**beneficial shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares ("**registered shareholders**") can be recognized and acted upon at the Meeting or any adjournment or postponement thereof. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Common Shares held by brokers or their nominees for beneficial shareholders can only

be voted upon the instructions of the beneficial shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit many of the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by beneficial shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy or voting instruction form supplied to a beneficial shareholder by its broker is identical or similar to the form of proxy provided to registered shareholders. However, the purpose of the form of proxy or voting instruction form distributed by the intermediary is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation ("**Broadridge**"). Broadridge typically provides a scannable voting instruction form, mails that form to beneficial shareholders and asks beneficial shareholders to return the voting instruction form to Broadridge. Often beneficial shareholders are alternatively provided with a toll-free telephone number or a website address where their shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting.

**A beneficial shareholder receiving a voting instruction form cannot use that form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that beneficial shareholders return their completed voting instructions as directed by Broadridge well in advance of the Meeting in order to have their Common Shares voted at the Meeting.**

**Although beneficial shareholders will not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an intermediary, beneficial shareholders may attend at the Meeting as proxyholder for the registered shareholder of their Common Shares and vote such Common Shares in that capacity. Beneficial shareholders who wish to do this should enter their own names in the blank space on the voting instruction form provided to them and return the same in accordance with the instructions provided well in advance of the Meeting.**

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

#### **Notice-and-Access**

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

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

## Voting Securities and Principal Holders of Voting Securities

Birchcliff is authorized to issue an unlimited number of Common Shares. On March 25, 2020 (the “Record Date”), Birchcliff had 265,935,229 Common Shares issued and outstanding.

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

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

Name of Shareholder	Number and Percentage of Common Shares
Fidelity <sup>(1)</sup>	31,726,730 (11.93%)
Letko, Brosseau & Associates Inc. <sup>(2)</sup>	46,181,086 (17.37%)

(1) Based solely on a report under National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (“NI 62-103”) which was filed on SEDAR on February 10, 2020. Fidelity may include the following entities: Fidelity Management & Research Company LLC, Fidelity Management Trust Company, FIAM LLC, Fidelity Institutional Asset Management Trust Company, Strategic Advisers LLC, FIL Limited (and certain of its affiliates), Crosby Advisors LLC and Fidelity (Canada) Asset Management ULC.

(2) Based solely on a report under NI 62-103 which was filed on SEDAR on November 7, 2019.

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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the financial year ended December 31, 2019, any proposed nominee for election as a director of the Corporation or any associate or affiliate of any of the foregoing, in any matter to be acted upon at the Meeting, other than: (i) the election of the directors; and (ii) the approval of the unallocated stock options under the Corporation’s stock option plan, to the extent such persons participate in the stock option plan.

## BUSINESS OF THE MEETING

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

### Financial Statements

At the Meeting, the audited financial statements of the Corporation for the year ended December 31, 2019 and the independent auditors’ report thereon will be placed before the shareholders, but no vote by the shareholders with respect thereto is required or proposed to be taken. The audited financial statements are available at [www.birchcliffenergy.com](http://www.birchcliffenergy.com) and on SEDAR under Birchcliff’s company profile at [www.sedar.com](http://www.sedar.com).

### Fixing Number of Directors

The Corporation is required to have a minimum of three and a maximum of eleven directors. The Board presently consists of five directors, each of whom is proposed by management to be elected as a director at the Meeting. Accordingly, shareholders will be asked at the Meeting to fix the number of directors of the Corporation to be elected at the Meeting at five. Details relating to the proposed nominees are set forth in the table below under the heading “Business of the Meeting – Election of Directors”.

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



## **Election of Directors**

The five nominees proposed by management to be elected as directors at the Meeting are Mr. Dennis A. Dawson, Ms. Debra A. Gerlach, Ms. Stacey E. McDonald, Mr. James W. Surbey and Mr. A. Jeffery Tonken, all of whom are currently serving on the Board. Pursuant to the *Business Corporations Act* (Alberta) (the “**ABCA**”), the current directors of the Corporation will cease to hold office at the close of the Meeting. Each person elected as a director of the Corporation will hold office until the close of the next annual meeting of shareholders or until their successor is elected or appointed. All proposed nominees have consented to be named in this Information Circular and to serve as directors, if elected.

Voting for the election of the directors will be conducted on an individual, and not slate, basis.

**It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the election of each of the nominees listed herein as directors of the Corporation.**

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

### ***Majority Voting for Directors***

The Board has adopted a majority voting policy (the “**Majority Voting Policy**”) applicable only to uncontested elections stipulating that if, with respect to any particular nominee for election as a director, the number of votes “for” the nominee does not exceed the number of votes recorded “withheld” from voting for such nominee, then such nominee shall promptly following certification of the shareholder vote, submit to the Board his or her resignation effective upon the acceptance thereof by the Board. The Nominating Committee shall consider any resignation tendered pursuant to the Majority Voting Policy and make a recommendation to the Board as to whether to accept or reject such resignation. The Board will consider the Nominating Committee’s recommendation within 90 days of the applicable meeting of shareholders. The Board shall cause a press release to be issued promptly by the Corporation disclosing the Board’s determination and, if the resignation is not accepted by the Board, the reasons therefor. Each resignation tendered in accordance with the Majority Voting Policy shall be accepted by the Board absent exceptional circumstances. The full text of the Majority Voting Policy is available on the Corporation’s website at <http://birchcliffenergy.com/investors/corporate-governance/>.

### ***Advance Notice By-Law***

Birchcliff has adopted an advance notice by-law (the “**Advance Notice By-Law**”), which was ratified by shareholders at the annual and special meeting of shareholders held on May 10, 2018. The Advance Notice By-Law fixes a deadline by which shareholders must submit director nominations to the Corporation prior to any meeting of shareholders at which directors are to be elected and specifies the information that a nominating shareholder must include in the notice in order for director nominees to be eligible for nomination and election at any such meeting. The Advance Notice By-Law does not interfere with the ability of shareholders to requisition a shareholders’ meeting or to nominate directors by way of a shareholder proposal, in each case in accordance with the provisions of the ABCA. Subject only to the provisions of the ABCA, applicable securities laws and the articles of the Corporation, only persons who are nominated in accordance with the procedures set out in the Advance Notice By-Law shall be eligible for election as a director of the Corporation. The Corporation has not received any nominations via the advance notice mechanism as at the date of this Information Circular. The full text of the Advance Notice By-Law is available on the Corporation’s website at <http://birchcliffenergy.com/investors/corporate-governance/>.

### ***Director Information***

The following table sets forth for each person proposed to be nominated for election as a director: (i) whether they are independent, their province and country of residence and their age; (ii) the period during which they have served as a director of Birchcliff or its predecessor entities; (iii) the number of Common Shares that they beneficially own, or control or direct, directly or indirectly, as at the date of this Information Circular; (iv) their principal occupation within the past five years and a brief biography; (v) the number of votes for and withheld from voting with respect to their election as a director at the annual and special meeting of shareholders of the Corporation held on May 16, 2019; and (vi) information regarding their current committee memberships and their attendance at Board and committee meetings held during 2019.

None of the proposed nominees are currently directors of any other public company.

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**DENNIS A. DAWSON**

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Independent Lead Director

Alberta, Canada

Age: 66

Director Since:  
May 14, 2015

Common Shares: 128,216<sup>(1)</sup>

Mr. Dawson is a director of Birchcliff. He has been the Independent Lead Director since May 11, 2017 and is also the Chair of the Compensation Committee and the Nominating Committee. Mr. Dawson has over 33 years of oil and natural gas experience, including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas export and marketing company. He was the Vice-President, General Counsel and Corporate Secretary of AltaGas from December 1998 until April 2015. Mr. Dawson first joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, he became AltaGas' General Counsel and Corporate Secretary and effective December 1998, he became Vice-President, General Counsel and Corporate Secretary. Mr. Dawson received a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta and is a member of the Law Society of Alberta.

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Voting Results from 2019 Annual Meeting	Number of Votes	% of Votes
Votes For	125,834,857	74.38
Votes Withheld	43,340,770	25.62

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Board and Board Committees	2019 Meeting Attendance
Board (Lead Director)	14 of 14
Audit Committee	6 of 6
Compensation Committee (Chair)	4 of 4
Nominating Committee (Chair)	1 of 1
Reserves Evaluation Committee	4 of 4

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**DEBRA A. GERLACH**

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Independent Director

Alberta, Canada

Age: 59

Director Since:  
November 8, 2017

Common Shares: 80,000<sup>(1)</sup>

Ms. Gerlach is a director of Birchcliff and is the Chair of the Audit Committee. From September 1996 until September 2017, Ms. Gerlach was a partner with Deloitte LLP where she practiced in the Assurance and Advisory group. Prior thereto, she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35-year career with the firm, Ms. Gerlach worked with numerous public oil and gas companies. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta and received a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary.

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Voting Results from 2019 Annual Meeting	Number of Votes	% of Votes
Votes For	126,451,878	74.75
Votes Withheld	42,723,749	25.25

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Board and Board Committees	2019 Meeting Attendance
Board	14 of 14
Audit Committee (Chair)	6 of 6
Compensation Committee	4 of 4
Nominating Committee	1 of 1
Reserves Evaluation Committee	4 of 4

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**STACEY E. McDONALD**

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Independent Director

Alberta, Canada

Age: 36

Director Since:  
December 14, 2018Common Shares: 30,000<sup>(1)</sup>

Ms. McDonald is a director of Birchcliff and has over 14 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was a Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, independent global investment banks. She joined GMP Securities in February 2006 as a Research Associate and began publishing independently as an Equity Analyst in 2009. Ms. McDonald received a Bachelor of Commerce degree in Finance from the University of Alberta.

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<b>Voting Results from 2019 Annual Meeting</b>	<b>Number of Votes</b>	<b>% of Votes</b>
Votes For	166,312,200	98.31
Votes Withheld	2,863,427	1.69

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<b>Board and Board Committees</b>	<b>2019 Meeting Attendance</b>
Board	14 of 14
Audit Committee	6 of 6
Compensation Committee	4 of 4
Nominating Committee	1 of 1
Reserves Evaluation Committee	4 of 4

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**JAMES W. SURBEY**

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Non-Independent Director

Alberta, Canada

Age: 69

Director Since:  
May 11, 2017Common Shares: 1,351,700<sup>(1)</sup>

Mr. Surbey is a director of Birchcliff and is the Chair of the Reserves Evaluation Committee. He is also an employee of Birchcliff and an independent businessman. Mr. Surbey has over 42 years of experience in the oil and natural gas industry and is one of the Corporation's founders. He was the Vice-President, Corporate Development and Corporate Secretary of Birchcliff from the inception of the Corporation until June 30, 2017. Prior to joining Birchcliff, he served as the Vice-President, Corporate Development of Case Resources Inc., the Senior Vice-President, Corporate Development of Big Bear Exploration Ltd. and the Vice-President, Corporate Development of Stampeder Exploration Ltd. Mr. Surbey was previously a senior partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). He received a Bachelor of Engineering degree and a Bachelor of Laws degree from McGill University and is a member of the Law Society of Alberta and the Society of Petroleum Engineers.

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<b>Voting Results from 2019 Annual Meeting</b>	<b>Number of Votes</b>	<b>% of Votes</b>
Votes For	159,370,847	94.20
Votes Withheld	9,804,780	5.80

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<b>Board and Board Committees</b>	<b>2019 Meeting Attendance</b>
Board	13 of 14
Reserves Evaluation Committee (Chair)	4 of 4

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## A. JEFFERY TONKEN

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

Alberta, Canada

Age: 63

Director Since:  
July 6, 2004

Common Shares: 1,387,949<sup>(1)</sup>

Mr. Tonken has been the President and Chief Executive Officer and a director of Birchcliff since the inception of the Corporation and the Chairman of the Board since May 11, 2017. He has over 39 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to Birchcliff, Mr. Tonken founded and served as the President and Chief Executive Officer of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. He was previously a partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Tonken is also the Chair of the Board of Governors of the Canadian Association of Petroleum Producers (CAPP). He received a Bachelor of Commerce degree from the University of Alberta and a Bachelor of Laws degree from the University of Wales and is a member of the Law Society of Alberta.

Voting Results from 2019 Annual Meeting	Number of Votes	% of Votes
Votes For	158,434,542	93.65
Votes Withheld	10,741,085	6.35

Board and Board Committees	2019 Meeting Attendance
Board (Chairman)	13 of 14

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(1) The information as to Common Shares owned beneficially, not being within the knowledge of the Corporation, has been provided by each nominee.

### ***Corporate Cease Trade Orders or Bankruptcies***

No proposed director of the Corporation is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company, including the Corporation, that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days, which was issued: (i) while that person was acting in such capacity; or (ii) after that person ceased to act in such capacity but which resulted from an event that occurred while that person was acting in such capacity.

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

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

### ***Penalties or Sanctions***

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

## Appointment of Auditors

Shareholders will be asked to pass an ordinary resolution in favour of the appointment of the firm of KPMG LLP, Chartered Professional Accountants, as the auditors of the Corporation, to hold office until the close of the next annual meeting of shareholders of the Corporation, and to authorize the Board to fix their remuneration as such. KPMG LLP has been the auditors of the Corporation since August 2011.

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

The following table sets forth information about fees billed to the Corporation for professional services rendered by KPMG LLP in the years ended December 31, 2019 and 2018:

<b>Fees</b>	<b>2019</b>	<b>2018</b>
Audit Fees <sup>(1)</sup>	\$336,000	\$319,000
Audit-Related Fees <sup>(2)</sup>	-	-
Tax Fees <sup>(3)</sup>	\$105,514	\$24,292
All Other Fees <sup>(4)</sup>	-	-
<b>Total</b>	<b>\$441,514</b>	<b>\$343,292</b>

- (1) "Audit Fees" consist of fees for the audit of the Corporation's annual financial statements and the review of the Corporation's quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) "Audit-Related Fees" consist of fees for assurance and related services that are reasonably related to the performance of the audit or the review of the Corporation's financial statements and are not reported under the heading of "Audit Fees" above.
- (3) "Tax Fees" consist of fees for professional services rendered for tax compliance, tax advice and tax planning. During 2019 and 2018, such fees related to the preparation and filing of Birchcliff's corporate income tax returns and other tax-related work.
- (4) "All Other Fees" consist of fees for products and services other than those described under the headings of "Audit Fees", "Audit-Related Fees" and "Tax Fees" above.

## Approval of Unallocated Options under Stock Option Plan

The Corporation has implemented a stock option plan, which was amended and restated on December 13, 2018 (the "**Stock Option Plan**"), pursuant to which options to purchase Common Shares ("**Options**") may be granted to officers, directors, employees and certain service providers of the Corporation (each, an "**Optionee**"). No Options have been granted to a non-employee director since 2011. The Stock Option Plan is described under the heading "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan*" and a copy is attached to this Information Circular as Appendix "A".

The Stock Option Plan is a "rolling plan" whereby the maximum number of Common Shares that may be issued under the Stock Option Plan at any time shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, on a non-diluted basis. A "rolling plan" allows the number of Common Shares covered by Options that have been exercised, to be available for subsequent grants under the Stock Option Plan. When Options have been granted pursuant to the Stock Option Plan, the Common Shares that are reserved for issuance under the outstanding Options are referred to as "allocated Options". Additional Common Shares that may be issued pursuant to the Stock Option Plan but which are not subject to current Option grants are referred to as "unallocated Options".

Pursuant to the rules of the Toronto Stock Exchange (the "**TSX**"), every three years after institution, all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable (which includes the Stock Option Plan), must be approved by a majority of the issuer's directors and the issuer's securityholders. Shareholders last approved the unallocated Options under the Stock Option Plan at the annual and special meeting of shareholders of the Corporation held on May 11, 2017. Accordingly, shareholder approval of the unallocated Options under the Stock Option Plan is being sought at the Meeting.

Based on 265,935,229 issued and outstanding Common Shares as at March 25, 2020, the number of Common Shares issuable upon the exercise of Options that may be granted under the Stock Option Plan is currently limited to 26,593,522 Common Shares. As at March 25, 2020, there are 21,162,001 Options outstanding (representing approximately 7.96% of the issued and outstanding Common Shares), leaving unallocated Options to purchase an

aggregate of 5,431,521 Common Shares (representing approximately 2.04% of the issued and outstanding Common Shares) available for future Option grants under the Stock Option Plan.

The Stock Option Plan is an integral component of the Corporation's total compensation program and is critical to the Corporation's ability to attract and retain qualified and dedicated personnel. The Stock Option Plan is designed, through the grant of Options, to reward participants under the Stock Option Plan with additional compensation relative to an increase in the market price of the Common Shares – value is realized as the market price of the Common Shares exceeds that of the exercise price of the Option. Accordingly, the Stock Option Plan is intended to enhance shareholder value by aligning the interests of Optionees with the interests of shareholders by attempting to create a direct link between compensation and shareholder return. See *“Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan”*.

**The Board unanimously approved all unallocated Options under the Stock Option Plan on March 25, 2020 and unanimously recommends that shareholders vote “FOR” the approval of all unallocated Options under the Stock Option Plan.**

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass the following ordinary resolution relating to the approval of unallocated Options under the Stock Option Plan:

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

1. all unallocated stock options under the Corporation's stock option plan (the **“Stock Option Plan”**) are hereby approved;
2. the Corporation have the ability to continue granting stock options under the Stock Option Plan until May 14, 2023; and
3. any one officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation, whether under corporate seal or otherwise, to execute and deliver all documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any of such actions.”

The foregoing resolution must be approved by a simple majority of votes cast by shareholders who vote in person or by proxy on such resolution at the Meeting.

**It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary, to vote proxies in favour of the foregoing resolution.**

If shareholders do not approve the foregoing resolution at the Meeting, all unallocated Options under the Stock Option Plan will be cancelled, the Corporation will not be able to make any further grants of Options under the Stock Option Plan and any outstanding Options that are thereafter exercised, cancelled or expire will not be available for re-grant until such time as shareholder approval is obtained. Regardless of whether or not this resolution is passed, all currently outstanding Options will be unaffected. If approval is not obtained at the Meeting, the Corporation will have to consider alternate forms of performance-based compensation, including additional cash bonuses or other vehicles that do not include the potential issuance of Common Shares in order to attract and retain qualified and dedicated personnel.

#### **Other Business**

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

## EXECUTIVE COMPENSATION

### Year in Review – 2019 Performance

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

Birchcliff executed on its business plan and delivered very strong financial and operational results in 2019, achieving both record annual average production and record low per boe operating costs, both in-line with or better than its 2019 guidance. Birchcliff's achievements in 2019 include:

- Record annual average production of 77,977 boe per day, a 1% increase from 2018.<sup>1</sup>
- Oil, condensate and natural gas liquids accounted for approximately 22% of Birchcliff's total production as compared to approximately 20% in 2018, with total liquids production increasing by 14% from 2018.
- Delivered \$334.5 million of adjusted funds flow and \$78.1 million of free funds flow, in spite of a challenging commodity price environment.<sup>2</sup>
- Decreased its annual average operating expense to \$3.09/boe, a 12% decrease from 2018.
- Successfully executed its 2019 capital program, drilling a total of 30 (30.0 net) wells and bringing 33 (33.0 net) wells on production.
- Completed the acquisition of 18 gross (15.1 net) contiguous sections of Montney land located between Birchcliff's existing Pouce Coupe and Gordondale properties for \$39 million.
- Increased its quarterly Common Share dividend by 5%, paying a total of \$27.9 million in dividends to common shareholders in 2019.

### Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes the executive compensation program for the financial year ended December 31, 2019 applicable to Birchcliff's "Named Executive Officers" (the "**Named Executive Officers**"). "Named Executive Officer" is defined by Form 51-102F6 – *Statement of Executive Compensation* to mean: (i) the chief executive officer of the Corporation; (ii) the chief financial officer of the Corporation; (iii) each of the Corporation's three most highly compensated executive officers or three most highly compensated individuals acting in a similar capacity, other than the chief executive officer and chief financial officer, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000.00 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year. The Corporation's Named Executive Officers for the financial year ended December 31, 2019 were:

- Mr. A. Jeffery Tonken – President and Chief Executive Officer;
- Mr. Myles R. Bosman – Vice-President, Exploration and Chief Operating Officer;
- Mr. Christopher A. Carlsen – Vice-President, Engineering;
- Mr. Bruno P. Geremia – Vice-President and Chief Financial Officer; and

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<sup>1</sup> Consists of 4,742 barrels per day of light oil, 5,145 barrels per day of condensate, 7,264 barrels per day of other natural gas liquids and 364,958 thousand cubic feet per day of natural gas. See also "Advisories – Boe Conversions".

<sup>2</sup> See "Advisories – Non-GAAP Measures".

- Mr. Dave M. Humphreys – Vice-President, Operations.

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

### ***Compensation Objectives and Principles***

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

The principal objectives of Birchcliff's compensation program for the financial year ended December 31, 2019 were as follows:

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

### ***Compensation Governance***

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

#### **Mandate of the Compensation Committee**

The Compensation Committee has a formal charter which sets out its roles and responsibilities. The roles and responsibilities of the Compensation Committee include, among other things:

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

Pursuant to its charter, the Compensation Committee is required to meet at least annually and as many additional times as the committee deems necessary. During 2019, the Compensation Committee met a total of four times.

#### **Members of the Compensation Committee**

The current members of the Compensation Committee are Mr. Dennis A. Dawson (Chair), Ms. Debra A. Gerlach and Ms. Stacey E. McDonald. All members of the Compensation Committee are independent within the meaning of applicable securities laws.

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



- Mr. Dawson has over 33 years of oil and natural gas experience, including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas export and marketing company. He was the Vice-President, General Counsel and Corporate Secretary of AltaGas from December 1998 until April 2015. Mr. Dawson first joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, he became AltaGas' General Counsel and Corporate Secretary and effective December 1998, Mr. Dawson became Vice-President, General Counsel and Corporate Secretary. Mr. Dawson received a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta. Through his previous roles at AltaGas and other organizations, Mr. Dawson gained experience in reviewing, establishing and/or operating executive and corporate compensation programs.
- Ms. Gerlach was a partner with Deloitte LLP from September 1996 until September 2017 where she practiced in the Assurance and Advisory group and prior thereto, she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35-year career with the firm, Ms. Gerlach worked with numerous public oil and gas companies. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta and received a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary. Through her career with Deloitte LLP, Ms. Gerlach became acquainted with the compensation structures of a variety of different organizations, including those in the oil and natural gas industry. While at Deloitte LLP, Ms. Gerlach was responsible for managing various employees and was involved in reviewing and helping to determine the compensation for such staff. In addition, she also reviewed and/or audited the executive pay structures of numerous companies throughout her career.
- Ms. McDonald has over 14 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was a Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, independent global investment banks. Ms. McDonald received a Bachelor of Commerce degree in Finance from the University of Alberta. While at GMP FirstEnergy and GMP Securities, Ms. McDonald was involved in providing input to the corporations' management compensation committees with respect to the allocation of ongoing incentive and commission payments. She was also involved in assessing performance and setting compensation for staff members. Additionally, Ms. McDonald is completing the ICD.D designation program through the Institute of Corporate Directors, which includes education specifically relating to the Board's role in enhancing human performance, such as the appointing, evaluation, compensation and renewal of executives.

#### Compensation Consultants or Advisors

The Compensation Committee has the authority to engage outside advisors to the extent it considers it necessary or desirable. During the financial years ended December 31, 2019 and December 31, 2018, neither the Board nor the Compensation Committee engaged any outside compensation consultant or advisor to assist in determining compensation for any of the Corporation's directors or executive officers.

#### **Compensation Committee Review Process**

Executive compensation for each financial year (excluding bonuses) is typically set in January of that year. Bonuses are also typically set in January but are determined in respect of the previous financial year. With respect to the financial year ended December 31, 2019, the salaries and the number of Options to be granted to the Named Executive Officers and other employees of the Corporation were set in January 2019 and the bonuses were determined in December 2019.

As a result of changes to the tax treatment of stock options proposed by the federal government of Canada, which were expected to come into force on December 31, 2019, the Corporation accelerated the annual grant of Options to Named Executive Officers and employees for the year ended December 31, 2020 by approximately two months, to December 12, 2019, which resulted in the 2019 and 2020 annual grants of Options both occurring in the financial year ended December 31, 2019. See "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan – Accelerated 2020 Grant*" below.

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

Birchcliff also participates in and uses the annual Mercer Total Compensation Survey for the energy sector, conducted and administered by Mercer (Canada) Limited (an independent compensation consultant), for purposes of benchmarking executive and employee compensation.

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

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

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

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

In addition, provided they meet certain eligibility requirements, each of the Named Executive Officers is entitled to receive a lump sum cash payment from the Corporation on retirement or other termination of their employment without just cause. See "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Executive Retirement Benefit". The Named Executive Officers are also entitled to participate in the Corporation's employee group savings plan (the "Group Savings Plan") and to receive other employee benefits. See "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Group Savings Plan and Benefits".

The Compensation Committee endeavours to find an appropriate balance between fixed and variable, long-term and short-term and cash and equity-based incentive compensation. The compensation program is designed to be weighted towards the "at-risk" variable elements in order to ensure accountability for corporate and individual performance. Cash compensation primarily rewards short-term and individual performance, whereas equity-based incentive awards (Options and historically Performance Warrants) align the Corporation with market performance and encourage the Named Executive Officers to deliver improved corporate performance over a longer period of time and to help increase shareholder value.

The elements of the Corporation's compensation program and the specific process for determining the amount of each element are described in further detail below. The amount of each element of the Corporation's compensation program is not determined relying on specific benchmarks or performance goals or by using a prescribed formula as the Compensation Committee and the Board believe that such benchmarks, goals and formulas could lead to unintended consequences and foster excessive risk taking to the overall detriment of the Corporation. Instead, in making its recommendations to the Compensation Committee, management engages in a comprehensive qualitative review of corporate and individual performance, having regard for the Corporation's current needs, in order to determine the most effective way for Birchcliff's compensation program to achieve its primary objectives and fulfill its overall philosophy.

### **Base Salaries**

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

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

In determining the salaries to be paid to the Named Executive Officers in respect of the financial year ended December 31, 2019, the Compensation Committee had regard to the Corporation's performance, the contributions made by such executive officers, their individual levels of responsibility, their experience and expertise, how their compensation levels related to compensation packages that would be achievable by such executive officers from other opportunities and available salary survey data and other information publicly disclosed by certain of the Corporation's competitors. Due to industry conditions the base salaries of the Named Executive Officers had been frozen for three years, from 2015 to 2017. Given the strong corporate performance and the exceptional individual performances in 2017 and 2018, the Compensation Committee and Board approved increases to the base salary of each of the Named Executive Officers in each of 2018 and 2019.

#### The Bonus Plan

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

With respect to the bonuses to be paid to the Named Executive Officers, the President and Chief Executive Officer submits his recommendations for consideration by the Compensation Committee. The Compensation Committee then reviews the recommendations of the President and Chief Executive Officer and submits its recommendations to the full Board. In determining the amount of bonuses to be paid to the Named Executive Officers in respect of the financial year ended December 31, 2019, the Compensation Committee had regard to a variety of factors, including the execution of the Corporation's business plan, the Corporation's production, capital costs, operating costs, reserves additions, performance-based metrics commonly used in the oil and natural gas industry and the health, safety and environmental record of the Corporation.

On the basis of the significant accomplishments achieved by Birchcliff during 2019 as outlined above under "*Executive Compensation – Year in Review – 2019 Performance*" and the efforts made by each of the Named Executive Officers in executing the Corporation's business plan, the Compensation Committee and the Board approved in December 2019 the payment of a bonus in the amount of \$600,000 to each of the Named Executive Officers.

#### The Stock Option Plan

The third element of Birchcliff's compensation program is the Stock Option Plan. A copy of the Stock Option Plan is attached to this Information Circular as Appendix "A".

#### Purpose

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

### Participants

The Stock Option Plan permits the granting of Options to officers, directors, employees and certain service providers of the Corporation. No Options have been granted to a non-employee director of the Corporation since 2011.

### Grant Process

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

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

With respect to the number of Options to be granted to the Named Executive Officers, the President and Chief Executive Officer submits his recommendations for consideration by the Compensation Committee. The Compensation Committee then reviews the recommendations of the President and Chief Executive Officer and submits its recommendations to the full Board. In determining the number of Options to be granted to the Named Executive Officers during 2019, the Compensation Committee had regard to the amount, term and vesting levels of existing Options and Performance Warrants held by the Named Executive Officers and also the number of Options remaining available for grant by the Corporation in the future to attract and retain talented technical and administrative staff. The Named Executive Officers were each granted 200,000 Options on February 19, 2019 with respect to the financial year ended December 31, 2019. The Compensation Committee believes that these Options granted under the Stock Option Plan will provide above-market compensation to the Named Executive Officers only upon the significant enhancement of shareholder value.

### Accelerated 2020 Grant

In the Government of Canada's 2019 budget, Canada's federal government announced that it proposed to limit the tax benefits afforded to employee stock options by capping the amount eligible for capital gains treatment. The proposed rules were scheduled to become effective on January 1, 2020. In order to ensure that Options granted by the Corporation received the best possible tax treatment, the Corporation accelerated the annual grant of Options to Named Executive Officers and employees for the year ended December 31, 2020 by approximately two months, to December 12, 2019. As a result, each of the Named Executive Officers was granted 200,000 Options on December 12, 2019 with respect to the financial year ending December 31, 2020. The Corporation considers these Options to be 2020 compensation. Subsequent to this grant, the federal government announced on December 19, 2019 that the proposed changes would not come into effect on the previously scheduled date of January 1, 2020.

### Expiry Date, Black-Outs and Vesting

The Stock Option Plan provides that the expiry date of an Option shall be no later than 10 years from the date of grant of such Option. If the expiry date of an Option falls within a period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation (a "**Black-Out Period**") or within two business days thereafter, the expiry date of such Option shall be automatically extended for a period of 10 business days following the end of the Black-Out Period.

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

### Exercise Price

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

### Restrictions on Number of Common Shares Issuable

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

Based on 265,935,229 Common Shares issued and outstanding at December 31, 2019, a maximum of 26,593,522 Common Shares (representing 10% of the issued and outstanding Common Shares) could be issued under the Stock Option Plan as at that date. At December 31, 2019, there was an aggregate of 23,483,368 Options issued and outstanding (representing approximately 8.8% of the issued and outstanding Common Shares), leaving 3,110,154 Common Shares (representing approximately 1.2% of the issued and outstanding Common Shares) available for issuance under the Stock Option Plan as at that date.

### Amendments

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

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

### Cessation of Participation

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

### Assignability

The interest of any Optionee under the Stock Option Plan or under any Option Agreement is not transferable or alienable by the Optionee either by assignment or in any other manner and, during his lifetime, is vested only in him, but, subject to the terms of the Stock Option Plan and of the Option Agreement, shall enure to the benefit of and be binding upon his legal personal representatives.

### Adjustment in Connection with Certain Corporate Events

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

### Change of Control

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

### Performance Warrants

Performance Warrants were originally granted on January 18, 2005 at the founding of the Corporation as a long-term incentive to the members of the Corporation’s management team at the time and were not exercisable unless the trading price of the Common Shares exceeded \$6.00 for a period of 20 consecutive trading days. This condition was satisfied and all of the Performance Warrants have been exercisable since November 2005. On May 23, 2019, the shareholders of the Corporation approved an amendment to the Performance Warrants to extend the expiry date from January 31, 2020 to January 31, 2025, which resulted in an increase in the “*All other compensation*” column in the summary compensation table for Messrs. Tonken, Geremia and Bosman and in the “*All other compensation*” column in the director compensation table for Mr. Surbey. See “*Executive Compensation – Summary Compensation for Named Executive Officers*” and “*Director Compensation – Summary Compensation for Directors*”.

At December 31, 2019 and at March 25, 2020, the Corporation had 2,939,732 Performance Warrants outstanding, representing approximately 1.1% of the issued and outstanding Common Shares. Each Performance Warrant entitles the holder thereof to purchase one Common Share of the Corporation at an exercise price of \$3.00 per Common Share, which was the price at which the Corporation originally raised its initial \$60 million of equity financing. The Performance Warrants are held by Messrs. Tonken, Geremia and Bosman, each of whom is a Named Executive Officer, and by Mr. Surbey, who retired as Vice-President, Corporate Development of the Corporation effective June 30, 2017 and is now a director of the Corporation. Mr. Geremia holds 50% of his Performance Warrants in trust for the benefit of his former spouse.

### Executive Retirement Benefit

In 2018, the executive employment agreements between each of the Named Executive Officers and the Corporation (collectively, the “**Employment Agreements**”) were amended to provide for a lump sum cash payment to be made to each Named Executive Officer (the “**Executive Retirement Benefit**”) upon the Named Executive Officer meeting

the following eligibility requirements at the time their employment ceases: (i) the Named Executive Officer shall have reached the age of 55; (ii) the Named Executive Officer shall have been employed by the Corporation for a consecutive period of at least 10 years; and (iii) the Named Executive Officer's employment shall have been terminated by either the Corporation or the Named Executive Officer, other than termination by the Corporation for "Just Cause" as such term is defined in the Employment Agreements (collectively, the "**Eligibility Requirements**").

If a Named Executive Officer meets the Eligibility Requirements, upon cessation of their employment with Birchcliff: (i) the Named Executive Officer (other than Mr. Tonken) will be entitled to an Executive Retirement Benefit equal to such Named Executive Officer's "Annual Compensation" (as such term is defined in the Employment Agreements), which is in effect immediately prior to the cessation of employment, multiplied by 2.5; and (ii) in the case of Mr. Tonken, he will be entitled to an amount equal to his "Annual Compensation", which is in effect immediately prior to the cessation of his employment, multiplied by 3.0. See "*Executive Compensation – Pension Plan Benefits*" and "*Executive Compensation – Termination and Change of Control Benefits*".

#### Group Savings Plan and Benefits

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

In addition, the Named Executive Officers are provided with other employment benefits, including life insurance, disability insurance, extended health and dental coverage and a health care spending account.

#### **Risks of Compensation Policies and Practices**

The Board and Compensation Committee have overall responsibility for the Corporation's compensation risk oversight. The Board and Compensation Committee believe that Birchcliff's compensation program has been designed in such a way that prevents inappropriate risk taking. While no program can fully mitigate risk, the following compensation policies and practices are used to identify and mitigate compensation risk:

- Significant weight is placed on long-term incentives to mitigate the risk of encouraging short-term goals at the expense of long-term sustainability.
- The discretionary nature of the bonus awards under the Bonus Plan and of the Option grants under the Stock Option Plan are significant elements of the Corporation's compensation program and provide the Board with the ability to reward historical performance and behaviour and encourage long-term future performance that the Board considers to be aligned with the Corporation's best interests. This large "at-risk" component mitigates the risk of compensation misalignment as it is not guaranteed and is variable year-over-year, depending on performance.
- All of the Options granted to date to the Named Executive Officers have a vesting period of three years and an expiry date of five years from the date of grant. This encourages the Named Executive Officers to continue to create shareholder value over a longer period of time, provides a retention incentive and mitigates against the potential for short-term risk taking.
- The compensation program is structured consistently for all Named Executive Officers.
- As discussed below, the Corporation prohibits its directors and officers from engaging in hedging-related activities in respect of the Corporation's securities.

### Anti-Hedging Policy

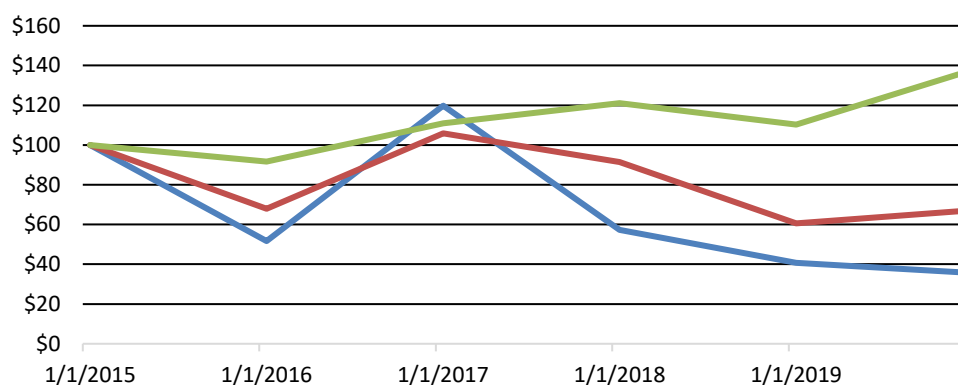
Birchcliff has a policy that prohibits its directors and officers from knowingly selling, directly or indirectly, a security of the Corporation if such person selling such security does not own or has not fully paid for the security to be sold. Directors and officers of the Corporation may not, directly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

Hedging transactions involving directors and officers are also prohibited. Directors and officers may not, for the purpose of hedging to protect against a decrease in the market price or value of an equity-based award or securities of the Corporation, buy, sell or enter into any derivative instruments, agreements or securities, the market price, value or payment obligations of which are derived from, referenced to or based on the value of the applicable securities, or any other derivative instruments, agreements, arrangements, or understandings (commonly known as equity monetization transactions) the effect of which is to alter, directly or indirectly, the director's or officer's economic interest in securities of, or economic exposure to, the Corporation.

### Performance Graph

The following graph compares Birchcliff's cumulative total shareholder return over the five most recently completed financial years with the cumulative total shareholder return on the S&P/TSX Composite Total Return Index and the Oil & Gas Exploration & Production Total Return Index, assuming a notional \$100.00 investment on the first day of the five year period and the reinvestment of all dividends.

**2015 - 2019 Performance Graph**



	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	12/31/2019
— BIR (Total Return)	100.00	51.66	119.82	57.28	40.68	36.03
— Oil & Gas E & P Total Return	100.00	67.90	105.88	91.49	60.59	66.61
— S&P/TSX Comp Total Return	100.00	91.67	111.00	121.08	110.32	135.52

The decrease in the closing trading price of the Common Shares on December 31, 2019 relative to the closing trading price of the Common Shares on January 1, 2015 was greater than the comparable relative decrease in value of the S&P/TSX Composite Total Return Index and the Oil & Gas Exploration & Production Total Return Index. On a relative basis, the closing trading price of the Common Shares on December 31, 2019 was 64% lower than the closing trading price of the Common Shares on January 1, 2015. On a similar relative basis, the closing value of the Oil & Gas Exploration & Production Total Return Index on December 31, 2019 was 33% lower than the closing value of such index on January 1, 2015. Management believes that the Common Share performance over the period is largely a reflection of macroeconomic and industry conditions beyond Birchcliff's control, including continued depressed commodity prices, which resulted in greater declines for junior and intermediate oil and natural gas producers as



compared to senior producers, as well as increasing political and regulatory uncertainty with respect to the oil and natural gas industry over the period.

Compensation for the current Named Executive Officers increased during the period between 2015 and 2017, decreasing in 2018 and then increasing in 2019 above 2018 but below 2017 levels. In order to accurately reflect the compensation trend over time, the following items have been excluded from the foregoing analysis: (i) the effects of the one-time benefit resulting from the implementation of the Executive Retirement Benefit (being additional amounts reported for 2018 and 2019, respectively, of: \$3,595,072 and \$nil in the case of Mr. Tonken, \$1,544,631 and \$220,187 in the case of Mr. Bosman, \$1,371,548 and \$215,103 in the case of Mr. Geremia and \$1,332,824 and \$214,556 in the case of Mr. Humphreys) (see “Executive Compensation – Pension Plan Benefits”); (ii) the extension of the Performance Warrants in 2019 (being additional amounts reported for 2019 of \$464,790 in the case of each of Messrs. Tonken and Geremia and \$292,631 in the case of Mr. Bosman) (see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants”); and (iii) the accelerated grant of Options with respect to the 2020 financial year (being additional amounts reported for 2019 of \$140,000 for each Named Executive Officer) (see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan – Accelerated 2020 Grant”).

An increase or decline in the trading price of the Common Shares has a direct impact on the current and future compensation values of Birchcliff’s long-term incentives, namely Options granted under the Stock Option Plan and the Performance Warrants. Additionally, the performance of the Common Shares is considered by management and the Compensation Committee as part of the comprehensive annual review of corporate performance and is taken into account along with operational and financial performance metrics, in determining the Named Executive Officer’s annual bonuses. With that said, executive compensation decisions are based on the broad range of factors discussed above and are not directly tied to the trading price of the Common Shares, particularly when the trading price is significantly influenced by external factors beyond Birchcliff’s control.

#### Summary Compensation for Named Executive Officers

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

Name and Principal Position	Year	Salary (\$)	Option-based awards <sup>(1)</sup> (\$)	Annual incentive plans <sup>(2)</sup> (\$)	Pension value <sup>(3)</sup> (\$)	All other compensation <sup>(4)</sup> (\$)	Total compensation (\$)
A. Jeffery Tonken <sup>(7)</sup> President and Chief Executive Officer	2019	541,000	376,000	600,000	–	493,055 <sup>(5)</sup>	2,010,055
	2018	525,000	196,000	550,000	3,595,072	26,250	4,892,322
	2017	480,000	612,000	550,000	–	24,000	1,666,000
Myles R. Bosman Vice-President, Exploration and Chief Operating Officer	2019	505,000	376,000	600,000	220,187	315,406 <sup>(5)</sup>	2,016,593
	2018	481,000	196,000	550,000	1,544,631	24,050	2,795,681
	2017	438,000	612,000	550,000	–	21,900	1,621,900
Christopher A. Carlsen Vice-President, Engineering	2019	505,000	376,000	600,000	–	22,775	1,503,775
	2018	481,000	196,000	550,000	–	24,050	1,251,050
	2017	438,000	612,000	550,000	–	21,900	1,621,900
Bruno P. Geremia Vice-President and Chief Financial Officer	2019	505,000	376,000	600,000	215,103	484,070 <sup>(5)(6)</sup>	2,180,173
	2018	481,000	196,000	550,000	1,371,548	24,050	2,622,598
	2017	438,000	612,000	550,000	–	21,900	1,621,900
Dave M. Humphreys Vice-President, Operations	2019	505,000	376,000	600,000	214,556	22,275	1,717,831
	2018	481,000	196,000	550,000	1,332,824	24,050	2,583,874
	2017	438,000	612,000	550,000	–	21,900	1,621,900

(1) Includes Options granted on February 19, 2019 with respect to the Corporation’s annual grant for the 2019 financial year valued at \$236,000 for each Named Executive Officer and Options granted on December 12, 2019 with respect to the Corporation’s annual grant for the 2020 financial year valued at \$140,000 for each Named Executive Officer as a result of the Corporation accelerating the 2020 Option grant to address proposed changes to the tax treatment of stock options (see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan – Accelerated 2020 Grant”).

The Corporation has calculated the grant date fair value of the Options granted to the Named Executive Officers using the Black-Scholes-Merton model. The Corporation chose the Black-Scholes-Merton model because it is recognized as the most common methodology used for valuing Options and doing value comparisons. The value of each Option granted on February 19, 2019 under International Financial Reporting Standards ("IFRS") was \$1.18 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 4.1 years; (ii) a historical volatility of 50.8%; (iii) a risk-free interest rate of 1.8%; and (iv) a dividend yield of 2.9%. The value of each Option granted on December 12, 2019 under IFRS was \$0.70 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 4.1 years; (ii) a historical volatility of 50.8%; (iii) a risk-free interest rate of 1.7%; and (iv) a dividend yield of 4.3%. The value of each Option granted on February 19, 2018 under IFRS was \$0.98 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 4.0 years; (ii) a historical volatility of 49.6%; (iii) a risk-free interest rate of 2.0%; and (iv) a dividend yield of 3.3%. The value of each Option granted on February 13, 2017 under IFRS was \$3.06 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 4.0 years; (ii) a historical volatility of 49.3%; and (iii) a risk-free interest rate of 1.0%. The aggregate number of Options held by each of the Named Executive Officers as at December 31, 2019 is disclosed in the table under the heading "Executive Compensation – Incentive Plan Awards – Outstanding Option-Based Awards".

- (2) The amounts under "Annual incentive plans" represent cash bonuses that were paid under the Bonus Plan. The bonuses disclosed in the table for each year were earned in respect of performance for that year and paid in the following year. The only non-equity incentive plan the Corporation has is the Bonus Plan.
- (3) The pension value relates to the Executive Retirement Benefit and reflects the compensatory changes in pensions in the year as set forth in the table under the heading "Executive Compensation – Pension Plan Benefits". The pension value of the Executive Retirement Benefit is determined in accordance with accounting for defined benefit obligations under IFRS and may not reflect the actual cash outlay for the periods indicated.
- (4) The amounts under "All other compensation" include the matching contributions made by the Corporation on behalf of the Named Executive Officers under the Group Savings Plan (see "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Group Savings Plan and Benefits"). For each of the three most recently completed financial years, the value of perquisites and benefits for each Named Executive Officer that are not generally available to all employees is less than \$50,000 and less than 10% of each Named Executive Officer's total salary.
- (5) In addition to the amounts described in note (4) above for "All other compensation", these amounts include \$464,790 for Messrs. Tonken and Geremia and \$292,631 for Mr. Bosman relating to the extension of the Performance Warrants that was approved by shareholders on May 23, 2019 (see "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants"). The Corporation has calculated the incremental fair value of the extension of the Performance Warrants as at June 7, 2019, the effective date of the amendments, by taking the difference between the fair value of the outstanding Performance Warrants with the expiry date of January 31, 2025 (the "extended term") and the fair value of the outstanding Performance Warrants with the previous expiry date of January 31, 2020 (the "previous term"). The Corporation has calculated the fair value of the extended term and previous term Performance Warrants held by the Named Executive Officers using the Black-Scholes-Merton model. The value of each previous term Performance Warrant under IFRS was \$0.74 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 0.7 years; (ii) a forfeiture rate of nil%; (iii) a historical volatility of 50.7%; and (iv) a risk-free interest rate of 1.5%. The value of each extended term Performance Warrant under IFRS was \$1.32 and the Black-Scholes-Merton assumptions used were: (i) an initial expected life of 5.7 years; (ii) a forfeiture rate of nil%; (iii) a historical volatility of 50.0%; and (iv) a risk-free interest rate of 1.5%.
- (6) With respect to the incremental fair value of the extension of the Performance Warrants in the amount of \$464,790 for Mr. Geremia, he holds 50% of his Performance Warrants in trust for the benefit of his former spouse. Mr. Geremia does not exercise control or direction over these securities.
- (7) Mr. Tonken also serves as a director of the Corporation; however, he receives no compensation in his capacity as a director of the Corporation.

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

The following table provides a comparison between the amount of total compensation reported in the summary compensation table above and the amount of compensation realized by the Named Executive Officers in 2019, 2018 and 2017:

Reported vs. Realized Named Executive Officer Total Compensation					
Name	Year	Total reported compensation (\$) <sup>(1)</sup>	Total realized compensation (\$) <sup>(2)</sup>	Realized vs. Reported compensation (\$)	Realized as a percentage of reported compensation (%)
A. Jeffery Tonken	2019	2,010,055	1,180,664	(829,391)	59
President and Chief Executive Officer	2018	4,892,322	1,112,977	(3,779,345)	23
	2017	1,666,000	1,422,336	(243,664)	85
Myles R. Bosman	2019	2,016,593	1,143,656	(872,937)	57
Vice-President, Exploration and Chief Operating Officer	2018	2,795,681	1,066,777	(1,728,904)	38
	2017	1,621,900	1,021,736	(600,164)	63
Christopher A. Carlsen	2019	1,503,775	1,142,656	(361,119)	76
Vice-President, Engineering	2018	1,251,050	1,067,277	(183,773)	85
	2017	1,621,900	1,194,136	(427,764)	74
Bruno P. Geremia	2019	2,180,173	1,142,906	(1,037,267)	52
Vice-President and Chief Financial Officer	2018	2,622,598	1,067,027	(1,555,571)	41
	2017	1,621,900	1,325,486	(296,414)	82
Dave M. Humphreys	2019	1,717,831	1,144,025	(573,806)	67
Vice-President, Operations	2018	2,583,874	1,066,777	(1,517,097)	41
	2017	1,621,900	1,020,736	(601,164)	63

(1) Represents the total compensation for the Named Executive Officer as reported by Birchcliff pursuant to the requirements of Form 51-102F6 – *Statement of Executive Compensation* in the last column of the summary compensation table.

(2) Represents the total compensation actually received by the Named Executive Officer with respect to the applicable year, based on income as reported on the Named Executive Officer's official tax slip, adjusted to reflect that annual bonuses paid pursuant to the Bonus Plan for a year are not paid until the following year. For example, the 2019 realized compensation above is the Named Executive Officer's income as per their 2019 tax slip, minus the annual bonus paid in February 2019 (which applied to 2018 performance), plus the annual bonus paid in January 2020 (which applied to 2019 performance).

The differences between the amounts reported in the summary compensation table pursuant to regulatory requirements and the actual amounts realized by the Named Executive Officers show the ongoing impact that the trading price of the Common Shares has had on the total compensation of Named Executive Officers. Additionally, the realized amounts eliminate the effects of the pension plan amounts that are required to be reported as a result of accounting accruals with respect to the Executive Retirement Benefit, as the Named Executive Officers have not received these amounts and are not entitled to them until the Eligibility Requirements are met. See "*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Executive Retirement Benefit*" and "*Executive Compensation – Pension Plan Benefits*".

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets forth information in respect of all option-based awards (consisting of Options and Performance Warrants) that were outstanding at the end of the financial year ended December 31, 2019 for the Named Executive Officers:

Name	Number of securities underlying unexercised Options or Performance Warrants		Exercise price (\$)	Expiration date	Value of unexercised in-the-money Options or Performance Warrants <sup>(1)</sup> (\$)
	(#)				
A. Jeffery Tonken	140,000 <sup>(2)</sup>		6.53	January 23, 2020	–
President and Chief Executive Officer	140,000 <sup>(2)</sup>		3.35	January 21, 2021	–
	200,000 <sup>(2)</sup>		7.85	February 13, 2022	–
	200,000 <sup>(2)</sup>		3.07	February 19, 2023	–
	200,000 <sup>(2)</sup>		3.55	February 19, 2024	–
	200,000 <sup>(2)</sup>		2.32	December 12, 2024	54,000
	809,933 <sup>(3)</sup>		3.00	January 31, 2025	–
Myles R. Bosman	140,000 <sup>(2)</sup>		6.53	January 23, 2020	–
Vice-President, Exploration and Chief Operating Officer	140,000 <sup>(2)</sup>		3.35	January 21, 2021	–
	200,000 <sup>(2)</sup>		7.85	February 13, 2022	–
	200,000 <sup>(2)</sup>		3.07	February 19, 2023	–
	200,000 <sup>(2)</sup>		3.55	February 19, 2024	–
	200,000 <sup>(2)</sup>		2.32	December 12, 2024	54,000
	509,933 <sup>(3)</sup>		3.00	January 31, 2025	–
Christopher A. Carlsen	140,000 <sup>(2)</sup>		6.53	January 23, 2020	–
Vice-President, Engineering	140,000 <sup>(2)</sup>		3.35	January 21, 2021	–
	200,000 <sup>(2)</sup>		7.85	February 13, 2022	–
	200,000 <sup>(2)</sup>		3.07	February 19, 2023	–
	200,000 <sup>(2)</sup>		3.55	February 19, 2024	–
	200,000 <sup>(2)</sup>		2.32	December 12, 2024	54,000
	200,000 <sup>(2)</sup>		3.00	January 31, 2025	–
Bruno P. Geremia	140,000 <sup>(2)</sup>		6.53	January 23, 2020	–
Vice-President and Chief Financial Officer	140,000 <sup>(2)</sup>		3.35	January 21, 2021	–
	200,000 <sup>(2)</sup>		7.85	February 13, 2022	–
	200,000 <sup>(2)</sup>		3.07	February 19, 2023	–
	200,000 <sup>(2)</sup>		3.55	February 19, 2024	–
	200,000 <sup>(2)</sup>		2.32	December 12, 2024	54,000
	809,933 <sup>(3)(4)</sup>		3.00	January 31, 2025	–
	Dave M. Humphreys	140,000 <sup>(2)</sup>		6.53	January 23, 2020
Vice-President, Operations	140,000 <sup>(2)</sup>		3.35	January 21, 2021	–
	200,000 <sup>(2)</sup>		7.85	February 13, 2022	–
	200,000 <sup>(2)</sup>		3.07	February 19, 2023	–
	200,000 <sup>(2)</sup>		3.55	February 19, 2024	–
	200,000 <sup>(2)</sup>		2.32	December 12, 2024	54,000
	200,000 <sup>(2)</sup>		3.00	January 31, 2025	–

(1) Value is calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2019 (being the last trading day of the year) of \$2.59 and the exercise price of the Options or Performance Warrants, as applicable.

(2) Represents Options.

(3) Represents Performance Warrants.

(4) 50% of this amount is held in trust for the benefit of Mr. Geremia's former spouse. Mr. Geremia does not exercise control or direction over these securities.

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

### Value Vested or Earned During the Year

The following table sets forth information in respect of the value of incentive plan awards vested or earned during the Corporation's financial year ended December 31, 2019, in respect of option-based and non-equity incentive plan awards for the Named Executive Officers:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(2)</sup> (\$)
A. Jeffery Tonken President and Chief Executive Officer	39,333	600,000
Myles R. Bosman Vice-President, Exploration and Chief Operating Officer	39,333	600,000
Christopher A. Carlsen Vice-President, Engineering	39,333	600,000
Bruno P. Geremia Vice-President and Chief Financial Officer	39,333	600,000
Dave M. Humphreys Vice-President, Operations	39,333	600,000

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

(2) Non-equity incentive plan compensation represents the cash bonuses earned under the Bonus Plan for the financial year ended December 31, 2019.

### Pension Plan Benefits

The Executive Retirement Benefit constitutes a defined benefit plan under IFRS. The following table sets forth information in respect of such defined benefit plan for the financial year ended December 31, 2019:

Name	Number of years of credited service <sup>(1)</sup>	Annual benefits payable (\$) <sup>(3)</sup>		Opening present value of defined benefit obligation (\$) <sup>(5)</sup>	Compensa- tory change (\$) <sup>(6)</sup>	Non- compensatory change (\$) <sup>(7)</sup>	Closing present value of defined benefit obligation (\$) <sup>(3)(5)</sup>
		At year end	At age 62 <sup>(4)</sup>				
A. Jeffery Tonken President and Chief Executive Officer	15 <sup>(2)</sup>	3,595,072	3,595,072	3,595,072	–	–	3,595,072
Myles R. Bosman Vice-President, Exploration and Chief Operating Officer	10	1,764,818	3,647,322	1,544,631	174,650	45,537	1,764,818
Christopher A. Carlsen Vice-President, Engineering	– <sup>(2)</sup>	–	–	–	–	–	–
Bruno P. Geremia Vice-President and Chief Financial Officer	9	–	3,746,544	1,371,548	174,465	40,638	1,586,651
Dave M. Humphreys Vice-President, Operations	9	–	3,784,515	1,332,824	175,008	39,548	1,547,380

(1) Reflects the number of accrued years of credited service for each Named Executive Officer at December 31, 2019 for the purposes of determining the defined benefit obligation under IFRS. Each Named Executive Officer's credited years of service begins at the: (i) initial year of employment; or (ii) age of 45, whichever is later, and ends at the age of 62, the year when it is expected that the Executive Retirement Benefit for each Named Executive Officer will be fully realized.

(2) Mr. Tonken was employed by the Corporation and had reached the age of 45 at the time of its incorporation on July 6, 2004 and therefore his years of accrued credited service begin at that date. Mr. Carlsen had not reached the age of 45 at December 31, 2019 and therefore was not eligible for any accrued credited years of service or Executive Retirement Benefit for the periods indicated.

(3) Reflects the Executive Retirement Benefit obligation to each Named Executive Officer based on the number of accrued years of credited service and is determined using actuarial assumption and methods at December 31, 2019 in accordance with IFRS. The Executive Retirement Benefit obligation disclosed may not reflect the actual cash outlay expected for each Named Executive Officer for the periods indicated. If a Named Executive Officer does not meet the Eligibility Requirements prior to termination, the Executive Retirement Benefit obligation is nil. As only Messrs. Tonken and Bosman met the Eligibility Requirements at

December 31, 2019, the annual benefit payable to the other Named Executive Officers was nil. See “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Executive Retirement Benefit” and “Executive Compensation – Termination and Change of Control Benefits”.

- (4) In determining the annual benefits payable for the period indicated, for financial statement reporting purposes the Corporation assumes that at age 62 each Named Executive Officer’s service to Birchcliff will be substantially realized.
- (5) The defined benefit obligation is the estimated present value of the pension obligation using the actuarial assumptions and methods that are consistent with those used in determining the pension obligation under IFRS as disclosed by Birchcliff in its audited financial statements for the year ended December 31, 2019. The methods and assumptions used to determine the estimated amounts may not be identical to those used by other companies and as a result may not be directly comparable to the amounts disclosed by other companies.
- (6) The amounts under “Compensatory change” represent the increase (decrease) in the pension obligation related to: past and current service costs; compensation changes higher or lower than the accrual assumptions used in Birchcliff’s audited financial statements for the year ended December 31, 2019; and the impact of plan changes, if any. This amount may fluctuate significantly from year-to-year as any changes in compensation impact the pension plan obligation. The compensatory change for 2019 was determined using actuarial assumptions and methods that are consistent with those used in determining the pension obligation under IFRS and reflects the service costs from December 31, 2018 to December 31, 2019.
- (7) The amounts under “Non-compensatory change” include items such as, but not limited to, interest on the obligation, changes in assumptions for future salary projections and changes to the discount rate.

See “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Executive Retirement Benefit” and “Executive Compensation – Termination and Change of Control Benefits”. The Corporation does not have a defined contribution plan.

### Termination and Change of Control Benefits

Each of the Named Executive Officers is a party to an Employment Agreement with the Corporation. The Employment Agreements are for an indefinite term and contain provisions for certain payments to be made to each of the Named Executive Officers upon: (i) the termination of a Named Executive Officer without just cause; (ii) the resignation of a Named Executive Officer following a change of control (as such term is defined in the Employment Agreements) or constructive dismissal; or (iii) a change of duties or remuneration of a Named Executive Officer following a change of control (collectively, the “**Employment Agreement Termination Payments**”).

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

Triggering Event	Potential Payments and Benefits
Termination without just cause, resignation within 30 days following a change of control or constructive dismissal, or a change of duties or remuneration following a change of control	<ul style="list-style-type: none"> <li>• A lump sum equal to: (i) the Named Executive Officer’s current annual salary owed to the date of termination; and (ii) an amount equal to “Annual Compensation”<sup>(1)</sup> multiplied by two<sup>(2)</sup>.</li> <li>• All outstanding and accrued vacation pay.</li> <li>• All previously unvested convertible or exchangeable securities to acquire Common Shares or other securities of the Corporation will become immediately exercisable and shall remain exercisable until the later of 180 days following the date of termination and January 31 of the following calendar year.</li> <li>• The Corporation will continue to maintain all of the Named Executive Officer’s Corporation-paid life, medical and dental insurance benefits at the level existing as at the date of a change of control or the date of termination until: (i) the Named Executive Officer obtains alternative employment that provides employment benefits of a comparable nature; (ii) the death of the Named Executive Officer; or (iii) a period of two months from the date of termination shall have expired, whichever should first occur<sup>(2)</sup>.</li> <li>• Confidentiality obligations and non-solicitation of employees for a period of one year following termination.</li> </ul>
Termination for just cause	<ul style="list-style-type: none"> <li>• Any unpaid portion of salary accrued to the date of termination, any amounts due for unused vacation and any outstanding expenses not yet reimbursed.</li> <li>• Confidentiality obligations and non-solicitation of employees for a period of one year following termination.</li> </ul>

(1) “Annual Compensation” is defined in the Employment Agreements to generally mean the sum of: (i) the annual salary of the Named Executive Officer in effect at the date of termination; plus (ii) the simple average of the aggregate amount the Named Executive Officer has received or is entitled to receive from Birchcliff

in respect of each of the last two fiscal years ended prior to the date of termination pursuant to any profit sharing, officer or employee incentive, compensation or bonus program; plus (iii) the annual cost of providing the Named Executive Officer with the employment benefits to which such officer is entitled.

- (2) As at December 31, 2019, Messrs. Tonken and Bosman were over the age of 55 and have been employed by Birchcliff for a consecutive period of 10 years. Accordingly, in the event of the termination of their employment without just cause, they would only be entitled to the Executive Retirement Benefit and would not be entitled to the Employment Agreement Termination Payment or the benefits described above.

Each of the Employment Agreements was amended effective December 14, 2018 (collectively, the “**Amending Agreements**”). The Amending Agreements provide that, notwithstanding the terms of the Employment Agreement, the Named Executive Officers shall be entitled to the Executive Retirement Benefit if they meet the Eligibility Requirements. Upon meeting the Eligibility Requirements, each of the Named Executive Officers will be entitled to their respective Executive Retirement Benefit at the time their employment with Birchcliff ceases. See “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Executive Retirement Benefit*”. The Executive Retirement Benefit provides for the treatment of securities convertible into or exchangeable for Common Shares in the same manner as if the Named Executive Officer was terminated other than for “Just Cause” pursuant to the Employment Agreement. If a Named Executive Officer receives payment of the Executive Retirement Benefit, he shall not be entitled to any other benefit, amount or payment pursuant to the provisions of his Employment Agreement dealing with remuneration, benefits and termination (including the Employment Agreement Termination Payment described above), or any other severance payment or compensation for loss of employment pursuant to the common law or otherwise.

The following table sets forth the estimated incremental payments and benefits that would be received by Messrs. Tonken and Bosman pursuant to their respective Employment Agreements, as amended by their Amending Agreements, upon the termination of employment without just cause, assuming the date of termination was December 31, 2019:

<b>Name</b>	<b>Termination of Employment Without Just Cause</b>
A. Jeffery Tonken President and Chief Executive Officer	Executive Retirement Benefit: \$3,506,531 <sup>(1)</sup> Accelerated Option Vesting Value: \$54,000 <sup>(2)</sup> Total: \$3,560,531
Myles R. Bosman Vice-President, Exploration and Chief Operating Officer	Executive Retirement Benefit: \$2,813,109 <sup>(1)</sup> Accelerated Option Vesting Value: \$54,000 <sup>(2)</sup> Total: \$2,867,109

(1) This amount represents the value of the estimated Executive Retirement Benefit as at December 31, 2019. As at December 31, 2019, Messrs. Tonken and Bosman were over the age of 55 and have been employed by Birchcliff for a consecutive period of 10 years. Accordingly, in the event of the termination of employment without just cause, they would only be entitled to the Executive Retirement Benefit and would not be entitled to the Employment Agreement Termination Payment or the benefits described above.

(2) Calculated based on the difference between the market price of the Common Shares underlying the accelerated Options (which is based on the closing price of the Common Shares on the TSX on December 31, 2019 (being the last trading day of the year) of \$2.59) and the exercise price of the Options.

The following table sets forth the estimated incremental payments and benefits that would be received by each of the other Named Executive Officers pursuant to their respective Employment Agreements upon the occurrence of the triggering events set forth in the table below, in each case assuming the date of the triggering event was December 31, 2019:

<b>Name</b>	<b>Termination of Employment Without Just Cause, Resignation Following a Change of Control or a Constructive Dismissal, or a Change of Duties or Remuneration Following a Change of Control<sup>(1)</sup></b>
Christopher A. Carlsen Vice-President, Engineering	Payment Pursuant to Employment Agreement: \$2,250,937 <sup>(2)</sup> Accelerated Option Vesting Value: \$54,000 <sup>(3)</sup> Total: \$2,304,937
Bruno P. Geremia Vice-President and Chief Financial Officer	Payment Pursuant to Employment Agreement: \$2,243,187 <sup>(2)</sup> Accelerated Option Vesting Value: \$54,000 <sup>(3)</sup> Total: \$2,297,187
Dave M. Humphreys Vice-President, Operations	Payment Pursuant to Employment Agreement: \$2,252,005 <sup>(2)</sup> Accelerated Option Vesting Value: \$54,000 <sup>(3)</sup> Total: \$2,306,005

- (1) As at December 31, 2019, none of Messrs. Carlsen, Geremia or Humphreys have reached the age of 55 and been employed by Birchcliff for a consecutive period of at least 10 years. Accordingly, these Named Executive Officers were not eligible for the Executive Retirement Benefit as at December 31, 2019.
- (2) Includes the total value of the “Annual Compensation” as defined in the Employment Agreements multiplied by two and assumes no salary or vacation pay owing at the date of termination. In addition, the Employment Agreements provide that the Corporation will continue to maintain all of the Named Executive Officer’s Corporation-paid life, medical and dental insurance benefits at the level existing as at the date of a change of control or the date of termination until: (i) the Named Executive Officer obtains alternative employment that provides employment benefits of a comparable nature; (ii) the death of the Named Executive Officer; or (iii) a period of two months from the date of termination shall have expired, whichever should first occur. At December 31, 2019, the value of such benefits for a period of two months from the date of the triggering event was equal to approximately \$2,800 for each Named Executive Officer.
- (3) Calculated based on the difference between the market price of the Common Shares underlying the accelerated Options (which is based on the closing price of the Common Shares on the TSX on December 31, 2019 (being the last trading day of the year) of \$2.59) and the exercise price of the Options.

In addition, the Stock Option Plan contains various provisions that apply in the context of a transaction resulting in a “change of control” (as such term is defined in the Stock Option Plan). In most change of control situations, all unvested Options will be vested. In the context of a change of control where not less than 66<sup>2</sup>/<sub>3</sub>% of vested Options have been exercised, all remaining unexercised Options shall expire and automatically terminate on the date of closing of the change of control transaction and the Corporation shall make a cash payment to the former holders of such Options in an amount equal to the “in-the-money” value of such expired Options at such time. Assuming a change of control occurred on December 31, 2019, the estimated incremental value of the unvested Options for which vesting would be accelerated for each of the Named Executive Officers was \$54,000 based on the difference between the market price of the Common Shares underlying the accelerated Options (which is based on the closing price of the Common Shares on the TSX on December 31, 2019 of \$2.59) and the exercise price of the Options.

## DIRECTOR COMPENSATION

### Summary Compensation for Directors

Matters related to the compensation of the non-employee directors of the Corporation are approved by the Compensation Committee, which then makes a recommendation to the full Board for approval. Compensation for the non-employee directors of the Corporation currently consists of an annual retainer and a fee for each meeting of the Board or any committee thereof attended. Meeting fees are typically paid periodically throughout the year and the annual retainer is typically paid following the annual meeting of shareholders of the Corporation. During the financial year ended December 31, 2019, the per meeting fees were \$1,500. The retainer for the period from January 1, 2019 to May 16, 2019 was \$120,000, which increased to \$130,000 following the annual and special meeting of shareholders of the Corporation held on May 16, 2019. Neither Mr. Tonken nor Mr. Surbey receive any compensation in their capacity as directors of the Corporation. Mr. Surbey receives compensation as an employee of the Corporation, all of which is set forth in the table below. Compensation information for Mr. Tonken is provided under the heading “*Executive Compensation – Summary Compensation for Named Executive Officers*”.

While the directors may be granted Options under the Stock Option Plan, no Options have been granted to non-employee directors since 2011. Mr. Surbey was previously granted Options in his capacity as an executive officer of the Corporation and was last granted Options on February 13, 2017. Mr. Surbey has not been granted any Options in his capacity as a director of the Corporation.

The following table sets forth information in respect of all amounts of compensation provided to the directors of the Corporation for the financial year ended December 31, 2019, excluding Mr. Tonken:

Name	Annual retainer and meeting fees earned (\$)	Option-based awards (\$)	All other compensation <sup>(1)</sup> (\$)	Total (\$)
Dennis A. Dawson	173,500	–	14,498	187,998
Debra A. Gerlach	173,500	–	22,891	196,391
Stacey E. McDonald	223,801 <sup>(2)</sup>	–	24,879	248,680
James W. Surbey <sup>(3)</sup>	–	–	638,776 <sup>(4)</sup>	638,776

- (1) Includes: (i) life and medical insurance premiums and Best Doctors Medical Access and medical travel insurance in the case of Mr. Dawson, Ms. Gerlach, Ms. McDonald and Mr. Surbey; (ii) reimbursement of amounts under the Corporation’s health care spending account in the case of Mr. Dawson, Ms. Gerlach, Ms. McDonald and Mr. Surbey; (iii) taxable parking benefits in the case of Mr. Surbey; and (iv) additional medical benefits in the case of Ms. Gerlach and Mr. Surbey.
- (2) Ms. McDonald was appointed as a director of the Corporation on December 14, 2018. The amount set forth in the table above includes her pro rata retainer



for acting as a director for the period from the date of her appointment until the annual and special meeting of shareholders held on May 16, 2019.

- (3) Mr. Surbey receives compensation as an employee of Birchcliff and therefore does not receive compensation in his capacity as a director. All compensation in the table refers to Mr. Surbey's employment compensation, including his annual salary and vacation pay of \$132,500, as well as the benefits set out above.
- (4) In the case of Mr. Surbey, includes the amount of \$464,790 which represents the incremental fair value of the extension of the Performance Warrants that was approved by shareholders on May 23, 2019. See "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants" for a description of the Performance Warrants and their extension and note (5) of the summary compensation table under "Executive Compensation – Summary Compensation for Named Executive Officers" for a description of how the incremental fair value of the extension was determined.

## Incentive Plan Awards

### Outstanding Option-Based Awards

At the end of December 31, 2019, there were no outstanding option-based awards held by the directors of the Corporation, other than Mr. Tonken and Mr. Surbey. As discussed above, Mr. Surbey was previously granted Options in his capacity as an executive officer of the Corporation. Mr. Surbey was also granted Performance Warrants in 2005.

The following table sets forth information in respect of all option-based awards (consisting of Options and Performance Warrants) that were outstanding at the end of the financial year ended December 31, 2019 for Mr. Surbey:

Name	Number of securities underlying unexercised Options or Performance Warrants		Exercise price (\$)	Expiration date	Value of unexercised in-the-money Options or Performance Warrants <sup>(1)</sup> (\$)
	(#)				
James W. Surbey	140,000 <sup>(2)</sup>		6.53	January 23, 2020	–
	140,000 <sup>(2)</sup>		3.35	January 21, 2021	–
	100,000 <sup>(2)</sup>		7.85	February 13, 2022	–
	809,933 <sup>(3)</sup>		3.00	January 31, 2025	–

(1) Value is calculated based on the difference between the closing price of the Common Shares on the TSX on December 31, 2019 (being the last trading day of the year) of \$2.59 and the exercise price of the Options or Performance Warrants, as applicable.

(2) Represents Options.

(3) Represents Performance Warrants.

For a more detailed description of the Stock Option Plan and the Performance Warrants, see "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan" and "Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants", respectively.

### Value Vested or Earned During the Year

During the financial year ended December 31, 2019, no value vested in respect of any option-based awards held by any of the directors and no non-equity incentive plan compensation was earned by any of the directors, other than Mr. Tonken. See "Executive Compensation – Incentive Plan Awards – Value Vested or Earned During the Year".

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the details relating to the outstanding equity compensation plans of the Corporation at December 31, 2019:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding Options, Performance Warrants and rights (A)	Weighted-average exercise price of outstanding Options, Performance Warrants and rights (B)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding those reflected in column (A)) (C)
Equity Compensation Plans approved by shareholders <sup>(1)</sup>	Options: 23,483,368  Performance Warrants: 2,939,732  Options and Performance Warrants: 26,423,100	Options: \$4.28  Performance Warrants: \$3.00  Options and Performance Warrants: \$4.14	Options: 3,110,154 <sup>(2)</sup>  Performance Warrants: Nil  Options and Performance Warrants: 3,110,154
Equity Compensation Plans not approved by shareholders	Nil	N/A	N/A

(1) For a description of the Stock Option Plan and the Performance Warrants, see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan” and “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Performance Warrants”, respectively.

(2) The maximum number of Common Shares issuable under Options that are issued and outstanding at any time under the Stock Option Plan shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis. At December 31, 2019, there were 265,935,229 Common Shares issued and outstanding. Accordingly, at December 31, 2019, a maximum of 26,593,522 Common Shares could be issued under the Stock Option Plan, leaving 3,110,154 Common Shares available for issuance under the Stock Option Plan.

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

Plan <sup>(1)</sup>	Year	Weighted-average Common Shares		
		Number of Options Granted (A)	Outstanding <sup>(2)</sup> (B)	Burn Rate (A)/(B) <sup>(3)</sup> (C)
Stock Option Plan	2017	4,867,400	265,182,317	1.84%
	2018	4,734,900	265,911,362	1.78%
	2019	10,107,200	265,935,229	3.80% <sup>(4)</sup>

(1) Performance Warrants are not included in this table as the Corporation has not issued any Performance Warrants since 2005. Accordingly, the burn rate for the past three financial years for the Performance Warrants is zero.

(2) The weighted average number of Common Shares outstanding during the year is the number of Common Shares outstanding at the beginning of the year, adjusted by the number of Common Shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the Common Shares are outstanding as a proportion of the total number of days in the year.

(3) The burn rate is calculated as follows and expressed as a percentage: (i) the number of Stock Options granted under the Stock Option Plan during the applicable financial year, divided by (ii) the weighted average number of Common Shares outstanding for the applicable financial year.

(4) Included in the 2019 year were 5,095,000 stock options granted on December 12, 2019 that relate to the 2020 year. Excluding these amounts, the Corporation’s burn rate for 2019 would have been 1.88%. See “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – The Stock Option Plan – Accelerated 2020 Grant”.

## CORPORATE GOVERNANCE DISCLOSURE

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

### Board of Directors

Birchcliff considers a director to be “independent” if the director is independent within the meaning of Section 1.4 of National Instrument 52-110 – *Audit Committees (“NI 52-110”)*. The Board currently consists of five directors, three of whom are independent. Accordingly, a majority of the directors are independent. The current independent directors are Dennis A. Dawson, Debra A. Gerlach and Stacey E. McDonald. Mr. Tonken is not considered to be an independent director by virtue of his position as the President and Chief Executive Officer of the Corporation. Mr. Surbey is not considered to be an independent director by virtue of his previous position as the Vice-President, Corporate Development of the Corporation and due to the fact that he is an employee of the Corporation. At the

Meeting, shareholders will be asked to elect each of the current directors of the Corporation. See “*Business of the Meeting – Election of Directors*”.

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

Independent Board members conduct *in camera* sessions following regularly scheduled Board meetings unless the directors decide that one is not required. During the year ended December 31, 2019, a total of 11 *in camera* sessions were held by the independent directors of the Corporation. In addition, the Board facilitates open and candid discussion among its independent directors by encouraging the independent directors to meet by themselves whenever they wish to do so and by ensuring that there is the opportunity for the independent directors to meet without any members of management present at meetings of the Audit Committee, the Reserves Evaluation Committee, the Nominating Committee and the Compensation Committee. The independent directors, as members of the Audit Committee and the Reserves Evaluation Committee, also meet privately with the Corporation’s auditors and the Corporation’s independent qualified reserves evaluators for the purposes of planning their activities and thereafter to supervise such activities. These meetings also ensure that the auditors and the independent qualified reserves evaluators have an opportunity to: (i) advise if they received full access to all requested information and received full cooperation of management; and (ii) confirm that they are not subject to any pressure from management, that there are no outstanding disagreements with management, that they are not aware of any evidence of illegal or fraudulent acts and that they are not aware of any other significant matters that should be brought to the attention of the independent directors.

The attendance record of each of the directors for the Board and the Board committee meetings held in 2019 is set forth in the table below:

<b>Director</b>	<b>2019 Board Meetings Attended</b>	<b>2019 Audit Committee Meetings Attended</b>	<b>2019 Compensation Committee Meetings Attended</b>	<b>2019 Reserves Evaluation Committee Meetings Attended</b>	<b>2019 Nominating Committee Meetings Attended</b>
<b>Current Board Members</b>					
Dennis A. Dawson	14 of 14	6 of 6	4 of 4	4 of 4	1 of 1
Debra A. Gerlach	14 of 14	6 of 6	4 of 4	4 of 4	1 of 1
Stacey E. McDonald	14 of 14	6 of 6	4 of 4	4 of 4	1 of 1
James W. Surbey	13 of 14	N/A	N/A	4 of 4	N/A
A. Jeffery Tonken (Chairman)	13 of 14	N/A	N/A	N/A	N/A

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

### **Board Mandate**

The Board does not have a written mandate. The Board delineates its role and responsibilities based on the statutory and common law applicable to the Corporation, as well as through ongoing evaluation and review with management of the current needs of the Corporation. Based on these factors, the Board acts on its mandate to oversee and direct the management of the business and affairs of the Corporation. While day-to-day management of the Corporation has been delegated by the Board to Birchcliff’s executive officers, the Board fulfills its responsibility for the broader stewardship of the Corporation’s business and affairs through its regular meetings at which members of the

Corporation's management report to the Board with respect to the Corporation's business and operations, make proposals to the Board and receive the Board's decisions for implementation.

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

### **Position Descriptions**

The Board has developed and approved written position descriptions for the Chairman of the Board, the President and Chief Executive Officer and the Chair of each committee of the Board, which can be found on the Corporation's website at <http://birchcliffenergy.com/investors/corporate-governance/>.

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

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

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

### **Orientation and Continuing Education**

As new directors join the Board, they are provided with a director's information package, which includes, among other things, copies of the Corporation's Board committee mandates and other corporate governance documents, copies of various corporate policies and copies of the Corporation's constating documents, as well as financial reports, press releases and other continuous disclosure documents of the Corporation. The new director is provided with time to meet with each of the other directors and members of Birchcliff's executive and senior management. These meetings are provided in order for the new director to understand the business, as well as to interact with management and gain an understanding of their respective responsibilities. The Board believes that these procedures are a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation and the experience and expertise of the directors.

The Board supports any relevant educational initiative by any individual director and will reimburse directors for expenses for continuing education programs that relate to their role as a director of Birchcliff, including applicable continuing professional development programs relating to a director's professional designation. In 2019, Birchcliff's directors attended numerous continuing education and professional development programs, including seminars and webcasts relating to current legal, accounting and governance matters affecting directors in Canada today, including diversity, executive compensation matters and insurance. In addition, during 2019 Ms. McDonald began the ICD.D designation program through the Institute of Corporate Directors and Ms. Gerlach attended the Chartered Professional Accountants of Canada's conference for audit committees.

Birchcliff also provides continuing education opportunities with respect to the business and operations. At quarterly meetings, the Board receives an update on Birchcliff's business, operations and performance and a memorandum from management on accounting policy changes and the Corporation's internal controls. In addition, management periodically provides the Board with continuing education materials relating to Birchcliff, the oil and natural gas industry and/or current issues relating to directors in Canada. During 2019, the directors travelled to Birchcliff's field operations in the Peace River Arch of Alberta to tour the Corporation's 100% owned and operated natural gas processing plant in Pouce Coupe and its drilling and completions activities and operating wellsites. The Board is also

able to obtain legal and accounting advice whenever it considers it necessary to keep abreast of current developments relating to the obligations of directors.

### **Ethical Business Conduct**

The Board has adopted a written policy of ethical business conduct (the “**Ethics Policy**”) for the directors, officers and employees of the Corporation. A copy of the Ethics Policy is available on the Corporation’s intranet site and each new employee receives a copy of the Ethics Policy. The Board does not formally monitor compliance with the Ethics Policy; however, all employees agree to comply with all of the Corporation’s policies when they commence employment with the Corporation. Any non-compliance with the Ethics Policy would be addressed by management and could result in discipline up to and including termination. The executive officers of Birchcliff would also report non-compliance that would have a material impact on Birchcliff to the Board.

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

The Audit Committee and the Board have adopted a Whistleblower Policy to provide for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Under the Whistleblower Policy, the Board encourages the submission of all good faith concerns and complaints regarding the Corporation’s accounting, auditing and financial reporting matters and provides that no retaliation of any kind is permitted against any individual for complaints or concerns made in good faith.

### **Nomination of Directors**

The Nominating Committee assists the Board in fulfilling its responsibilities with respect to nominations of directors. The members of the Nominating Committee are Mr. Dennis A. Dawson (Chair), Ms. Debra A. Gerlach and Ms. Stacey E. McDonald, all of whom are independent. As set out in its charter, the Nominating Committee is responsible for, among other things: (i) periodically reviewing the size and composition of the Board and making recommendations to the Board with respect thereto; (ii) periodically evaluating the effectiveness of the Board as a whole, the committees of the Board and the contributions of the individual directors and reporting to the Board thereon; and (iii) making recommendations to the Board regarding the criteria for potential director candidates and identifying and recommending to the Board suitable candidates to be appointed or nominated for election as directors, including at annual meetings of shareholders of the Corporation. In making recommendations to the Board regarding director nominations, the Nominating Committee considers all relevant factors, including: (i) the needs of the Corporation and its stage of development; (ii) the competencies and skills that are considered necessary for the Board, as a whole, to possess; (iii) the competencies and skills that each existing director possesses; (iv) the competencies and skills any new nominee would bring to the Board; and (v) whether or not any new nominee can devote sufficient time and resources to fulfill his or her duties as a member of the Board. Gender diversity is also taken into account as discussed in further detail below.

The Board is ultimately responsible for nominating for appointment any new directors and directors are selected for their integrity and character, sound judgment, breadth of experience, insight into and knowledge of Birchcliff’s business and the industry and overall business acumen. Each director is expected to devote a sufficient amount of time and resources and to apply sound and reasonable business judgment in aiding the Board to make thoughtful and informed decisions.

## Board Committees

The following table sets forth the committees of the Board and the members of each committee as at the date of this Information Circular.

Committee	Members	Independent
Audit Committee	Debra A. Gerlach (Chair) Dennis A. Dawson Stacey E. McDonald	Yes Yes Yes
Compensation Committee	Dennis A. Dawson (Chair) Debra A. Gerlach Stacey E. McDonald	Yes Yes Yes
Nominating Committee	Dennis A. Dawson (Chair) Debra A. Gerlach Stacey E. McDonald	Yes Yes Yes
Reserves Evaluation Committee	James W. Surbey (Chair) Dennis A. Dawson Debra A. Gerlach Stacey E. McDonald	No Yes Yes Yes

Formal charters for each of the committees can be found at <http://birchcliffenergy.com/investors/corporate-governance/>. The following sets forth a brief description of each of the committees.

### **Audit Committee**

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

The Audit Committee has developed and adopted a formal Charter and the text of that Charter, together with other disclosure required by NI 52-110, is contained in the Annual Information Form of the Corporation for the year ended December 31, 2019, under the heading "Audit Committee", which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Compensation Committee**

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

### **The Reserves Evaluation Committee**

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

### **Nominating Committee**

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

### **Assessments**

The Board has established a formal process for the regular evaluation of the effectiveness and contribution of the Board, its committees and individual directors. Each director is required to annually complete a questionnaire to assess the Board’s effectiveness and performance. The questionnaire solicits feedback on various areas such as Board and committee effectiveness, processes for Board and committee meetings, director knowledge and corporate governance. The questionnaire is administered by the Chairman of the Board, who compiles and analyzes the results. In an effort to continuously improve this process, the format, focus and content of the written questionnaire is periodically reviewed by the Chairman.

### **Director Term Limits and Other Mechanisms of Board Renewal**

The Board has not adopted term limits for the directors on the Board, mandatory retirement ages or other mechanisms of board renewal, other than the assessment process described above under the heading “*Corporate Governance Disclosure – Assessments*”. The Nominating Committee and the Board recognize the benefit that new perspectives, ideas and experience can offer and thus are supportive of periodic Board renewal. However, the Nominating Committee and the Board also believe that it is important to have directors who are knowledgeable of and thoroughly understand Birchcliff’s business and the industry in which it operates, which the Board believes comes from time and experience. Accordingly, the Nominating Committee and the Board believe that the imposition of arbitrary director term limits and mandatory retirement ages implicitly discounts the value of experience and continuity amongst board members and runs the risk of excluding experienced and potentially valuable board members as a result of an arbitrary determination.

As noted above, the Nominating Committee and the Board are supportive of periodic Board renewal and the Board has undergone significant renewal in recent years. In the last five years, two directors retired, one director resigned and five new directors joined the Board, all of whom brought valuable skills, knowledge and experience to the Corporation and to the Board. Of the proposed nominees for election as directors at the Meeting, 80% have a tenure of five years or less. The Board believes that the Board’s current tenure profile strikes the appropriate balance between experience and diversity and the need for renewal.

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

### **Gender Diversity**

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

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

Although the Nominating Committee and the Board consider the level of representation of women on the Board in identifying and nominating candidates, the Board has not adopted a written policy relating to the identification and nomination of women directors. The directors of the Corporation have a fiduciary duty to act in the best interests of

the Corporation. As part of that duty, the Board believes that it is required to select and nominate for election or appointment as directors those individuals who will best serve the interests of the Corporation, regardless of gender. The Board believes that implementing such a policy will potentially restrict the Board's ability to select those individuals who will best serve the interests of the Corporation.

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

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

### **Environmental, Social and Governance Responsibility**

Birchcliff recognizes the importance of, and its responsibility for, environmental stewardship and one of the Corporation's primary goals is to create and preserve a safe and environmentally responsible organization. Birchcliff strives to maintain excellence in environmental reporting and to take proactive steps to eliminate or reduce its environmental impact. As an organization that strives for continuous improvement, Birchcliff continues to look for and utilize new technology, systems and processes that will help reduce its environmental footprint and create a safer work environment.

The Board has overall responsibility with respect to Environmental, Social and Governance ("ESG") oversight. Each quarter, the Board receives a detailed report from management on ESG-related matters, including the Corporation's safety performance, total recordable incident frequency, asset retirement and reclamation activities and the Corporation's liability management rating. In addition to the oversight provided by the Board, Birchcliff has established the following committees which are comprised of members of management:

- Greenhouse Gas ("GHG") Regulatory Compliance Committee: The purpose of this committee to help ensure that there is corporate-wide awareness and compliance with the latest provincial and federal GHG legislation requirements which impact Birchcliff's operations.
- ESG Committee: The purpose of this committee is to drive continuous improvement of Birchcliff's ESG-related corporate metrics by: (i) establishing and monitoring ESG-related key performance indicators; (ii) developing and maintaining an effective strategy to communicate ESG-related key performance indicators; and (iii) identifying, prioritizing and directing initiatives to improve ESG key performance indicators within the Corporation.

A copy of the Corporation's 2018 Corporate Responsibility Report, which provides additional information regarding Birchcliff's ESG initiatives and activities, including emissions reductions, is available on the Corporation's website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com).



## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is or has been a director, executive officer or employee of the Corporation at any time since the beginning of the financial year ended December 31, 2019, nor any proposed nominee for election as a director of the Corporation, nor any associate of any such directors, executive officers or proposed nominees, is or was indebted to: (i) the Corporation; or (ii) another entity where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, in either case at any time since the beginning of the financial year ended December 31, 2019.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has or has had at any time since the beginning of the financial year ended December 31, 2019, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

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

## ADVISORIES

### Currency

Unless otherwise indicated, all dollar amounts in this Information circular are expressed in Canadian dollars.

### Boe Conversions

Barrel of oil equivalent (“**boe**”) amounts have been calculated by using the conversion ratio of 6 million cubic feet (“**Mcf**”) of natural gas to 1 barrel of oil. Boe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

### Non-GAAP Measures

This Information Circular uses “adjusted funds flow” and “free funds flow”. These measures do not have standardized meanings prescribed by IFRS (“**GAAP**”) and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. “Adjusted funds flow” denotes cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash operating working capital. “Free funds flow” denotes adjusted funds flow less finding and development capital expenditures. Management believes that these non-GAAP measures assist management and investors in assessing Birchcliff’s profitability, efficiency, liquidity and overall performance. For additional information regarding these non-GAAP measures, including reconciliations to the most directly comparable GAAP measures, see “*Non-GAAP Measures*” in the Corporation’s management’s discussion and analysis (“**MD&A**”) for the year ended December 31, 2019, which is available electronically on Birchcliff’s website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation is provided in the Corporation's financial statements and MD&A for the financial year ended December 31, 2019, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Any securityholder may obtain a paper copy of the Corporation's financial statements and MD&A for the financial year ended December 31, 2019 by contacting the Corporate Secretary of Birchcliff by e-mail, regular mail or telephone as set forth below:

**Birchcliff Energy Ltd.**  
1000, 600 – 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta T2P 0G5  
Phone: 1-844-261-6401  
Email: [info@birchcliffenergy.com](mailto:info@birchcliffenergy.com)

**APPENDIX "A"**  
**STOCK OPTION PLAN**



**BIRCHCLIFF ENERGY LTD.**

**STOCK OPTION PLAN**

**As Amended and Restated December 13, 2018**

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**ARTICLE 1**  
**INTERPRETATION**

**1.1 Purpose of the Plan**

The purpose of this Plan is to develop the interest of Optionees in the growth and development of the Corporation by providing such persons with the opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation and its subsidiaries to attract and retain persons of desired experience and ability.

**1.2 Definitions**

In this Plan, the following terms have the following meanings:

- (a) **"Affiliate"** has the meaning assigned by the Securities Act;
- (b) **"Associate"** has the meaning assigned by the Securities Act;
- (c) **"Black-Out Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
- (d) **"Board of Directors"** means the board of directors of the Corporation;
- (e) **"Change of Control Transaction"** means:
  - (i) the acquisition (including the acquisition through the issuance by the Corporation) of Voting Securities and/or Convertible Securities by a Control Person as a result of which such Control Person holds Voting Securities and/or Convertible Securities in excess of the number that, alone or following conversion of all then outstanding Convertible Securities, would entitle such Control Person to cast more than fifty percent (50%) of the votes attaching to all securities of the Corporation that may be cast to elect directors of the Corporation;
  - (ii) the amalgamation, consolidation, merger or arrangement of the Corporation with any other corporation or entity that is not a subsidiary of the Corporation that results in the Voting Securities and/or Convertible Securities being exchanged for a number of securities ("**Amalco Securities**") of the amalgamated, consolidated, merged or arranged corporation or entity ("**Amalco**") that, either alone or following conversion of all convertible securities of Amalco, would not entitle the holders thereof (after excluding from consideration Amalco Securities that were acquired by such holders other than in exchange for Voting Securities or Convertible Securities) to cast fifty percent (50%) or more of the votes attaching to all Amalco Securities that may be cast to elect directors of Amalco; or
  - (iii) the sale, transfer or lease by the Corporation of all or substantially all of its assets;
- (f) **"Common Share"** means a common share in the capital of the Corporation and, after any adjustments pursuant to Section 6.1 hereof, means the shares or other securities or property which, as a result of such adjustments and all prior adjustments pursuant to Section 6.1 hereof, the holders of Options are then entitled to receive on the exercise thereof;

- (g) **“Control Person”** means, collectively, a person or group of persons, any one or more persons acting jointly or in concert with such person or group of persons, and any one or more Associates or Affiliates of such person or group of persons;
- (h) **“Convertible Securities”** means securities convertible into, exchangeable for or representing the right to acquire Common Shares, including (without limitation) Options;
- (i) **“Corporation”** means Birchcliff Energy Ltd. and any successor or continuing corporation resulting from any form of corporate reorganization;
- (j) **“Exercise Price”** means the price at which a Common Share may be purchased pursuant to the exercise of an Option;
- (k) **“Expiry Date”** means the date upon which an Option expires and is of no further force or effect, as may be adjusted pursuant to Article 6 or Article 7 hereof;
- (l) **“First New Expiry Date”** has the meaning ascribed thereto in Sections 7.2(b) or 7.3(b) hereof, as applicable;
- (m) **“Insider”** means:
  - (i) an insider (as defined in the Securities Act) of the Corporation; and
  - (ii) an Affiliate or Associate of any person who is an insider of the Corporation by virtue of sub-paragraph (i) above;
- (n) **“Notice of Exercise”** means a notice of exercise of an Option delivered by an Optionee, which may be in physical written or electronic form;
- (o) **“Option”** means a right to purchase one Common Share that is granted pursuant to this Plan, including such a right that is deemed to have been granted pursuant to this Plan;
- (p) **“Option Agreement”** means an agreement between the Corporation and an Optionee pursuant to which an Option is granted to such Optionee, which may take the form of a physical or electronic agreement, notice, certificate or other document;
- (q) **“Optionee”** means a Participant to whom an Option has been granted pursuant to this Plan;
- (r) **“Outstanding Issue”** means, at any time, the aggregate number of Common Shares actually issued and outstanding and in determining such number, Common Shares issuable but not yet issued shall not be included;
- (s) **“Participant”** means, at any time, a person who at such time is:
  - (i) a director, officer or employee of the Corporation or one of its subsidiaries; or
  - (ii) a Service Provider;
- (t) **“Plan”** means this stock option plan, as amended or restated from time to time;
- (u) **“Preferred Share”** means a preferred share in the capital of the Corporation;
- (v) **“Second New Expiry Date”** has the meaning ascribed thereto in Section 7.4(b) hereof;



- (w) **“Securities Act”** means the *Securities Act (Alberta)*, as amended;
- (x) **“Security Based Compensation Arrangements”** means: (i) stock option plans for the benefit of employees, Insiders, Service Providers or any one of such groups; (ii) individual stock options granted to employees, Service Providers or Insiders if not granted pursuant to a plan previously approved by the Corporation’s shareholders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever;
- (y) **“Service Provider”** means a person or company engaged by the Corporation or any of its subsidiaries to provide services for an initial, renewable or extended period of twelve months or more; and for greater certainty, shall not include directors, officers or employees of the Corporation or any of its subsidiaries;
- (z) **“Stock Exchange”** means, at any time, The Toronto Stock Exchange if the Common Shares are listed and posted for trading thereon at such time or, otherwise, any other stock exchange upon which the Common Shares are listed and posted for trading at such time;
- (aa) **“Unvested Option”** means, at any time, an Option that is not exercisable at such time;
- (bb) **“Vested Option”** means, at any time, an Option that is exercisable at such time;
- (cc) **“Voting Securities”** means Common Shares and Preferred Shares (to the extent that such shares have voting rights attached thereto); and
- (dd) **“Withholding Taxes”** has the meaning ascribed thereto in Section 8.2 hereof.

### **1.3 Number and Gender**

In this Plan, unless there is something in the subject or context inconsistent therewith, words importing the singular number include the plural, and vice versa, and words importing the masculine gender include the feminine and neuter genders, and vice versa.

### **1.4 No Effect on Employment or Retainer**

Participation in this Plan by a Participant is entirely voluntary and does not affect the Participant’s employment or continued retainer by, or other engagement with, the Corporation or its subsidiaries. Neither this Plan nor the granting to a Participant of an Option hereunder gives such Participant any right to continue to be a director, officer, employee or Service Provider of the Corporation or any of its subsidiaries. None of the terms and conditions governing an Option shall be affected by any change in the terms of an Optionee’s employment by or engagement with the Corporation so long as such Optionee continues to be a Participant.

### **1.5 No Rights as Shareholder**

An Optionee has no rights as a shareholder in respect of a Common Share to which he is entitled upon the valid exercise of a Vested Option unless and until he has validly exercised such Option and has been issued such Common Share.

## **1.6 No Assurance of Value**

The Corporation does not assure a profit or protect against a loss upon the exercise of any Option or the subsequent sale of any Common Share acquired thereby. The Corporation assumes no responsibility relating to any tax liability of the Optionee by reason of any transaction entered into pursuant to this Plan.

## **1.7 No Limitations on Board of Directors**

Nothing contained in this Plan shall or shall be deemed to restrict or in any way limit the rights and powers of the Board of Directors in relation to any allotment and issuance of any securities of the Corporation that are not reserved for issuance hereunder.

## **1.8 No Inconsistencies with Stock Exchange Rules**

This Plan is subject to the rules of the Stock Exchange. To the extent that any provision of this Plan conflicts with any such rule, such rule shall govern and this Plan shall be deemed to be amended to be consistent therewith.

## **ARTICLE 2 ADMINISTRATION OF THE PLAN**

### **2.1 Board of Directors Responsible**

This Plan shall be administered by the Board of Directors. However, the Board of Directors may delegate to a committee thereof or to one or more officers of the Corporation the responsibility for administering this Plan or any portion thereof. Any reference in this Plan to the Board of Directors shall include a reference to such a committee or officer(s), as the case may be. In administering this Plan, the Board of Directors may approve the form and content and may prescribe the use of such forms of Option Agreements and other documents or instruments, either generally or in specific cases, and make all other determinations and interpretations, all as they may deem necessary or advisable for the proper administration and operation of this Plan.

### **2.2 Decisions Final and Binding**

Subject to any required Stock Exchange or shareholder approvals, all decisions and interpretations by the Board of Directors respecting this Plan or Options granted hereunder, including decisions as to adjustments in the number of Common Shares to be received upon the exercise of an Option or the Exercise Price thereof in accordance with Article 6, shall, absent bad faith, be final and binding on the Corporation, all Optionees and Participants.

### **2.3 Regulatory Approvals**

The administration of this Plan, including the grant or exercise of any Options pursuant hereto, is subject to receipt by the Corporation of all approvals, advance rulings, exemptions or registrations required or desired under applicable laws and regulations, including all approvals or registrations required by the Stock Exchange.

### **2.4 Maintenance of Records**

The Corporation will maintain all records relating to the administration of this Plan as may be necessary or advisable. Upon request, the Corporation will furnish an Optionee with a statement indicating the number of Options held on his behalf.

### **2.5 Amendments to and Termination of the Plan**

- (a) The Board of Directors may at any time, but subject always to the receipt of required regulatory approvals, alter, amend or revise the terms and conditions of this Plan or of any outstanding

Options, or suspend, discontinue or terminate this Plan or any portion hereof, all provided that, without the prior written consent of an Optionee, no such action shall adversely affect (except as specifically provided in this Plan or an applicable Option Agreement) any Options previously granted to such Optionee and in respect of which the conditions of Section 4.3 hereof have been satisfied. Upon the suspension, discontinuance or termination of this Plan or any portion hereof, any Option granted prior thereto and in respect of which the conditions in Section 4.3 hereof have been satisfied shall remain exercisable in accordance with its terms as specified herein and in the Option Agreement.

- (b) Any alteration, amendment or revision to be made to this Plan or any outstanding Options (other than any suspension, discontinuance or termination of this Plan or any outstanding Options) is subject to the prior approval of the shareholders of the Corporation.
- (c) Notwithstanding Section 2.5(b) hereof, the Board of Directors shall have the power and authority to approve and effect amendments to this Plan or a specific Option without further approval of the shareholders of the Corporation, to the extent that such amendments relate to:
  - (i) altering, extending or accelerating the terms and conditions of vesting applicable to any Option or group of Options;
  - (ii) changing the termination provisions of an Option, provided that the change does not entail an extension beyond the original Expiry Date of such Option;
  - (iii) accelerating the Expiry Date in respect of an Option;
  - (iv) determining the adjustment provisions pursuant to this Plan;
  - (v) amending the definitions contained within this Plan and other amendments of a “housekeeping” nature; and
  - (vi) amending or modifying the mechanics of exercise of the Options.
- (d) Notwithstanding the provisions of Section 2.5(c) hereof, the Board of Directors may not, without the approval of the shareholders of the Corporation, make any amendments to this Plan or any Option of the following nature:
  - (i) to increase the maximum number or percentage of Common Shares that may be issued pursuant to Options granted under this Plan;
  - (ii) to reduce the exercise price of Options benefiting an Insider;
  - (iii) to alter the limits to Insider participation in this Plan as set out in Sections 3.2 and 3.3 hereof;
  - (iv) to extend the Expiry Date of Options for the benefit of an Insider; and
  - (v) to amend the provisions of this Section 2.5 hereof.
- (e) No alteration, amendment or revision of this Plan or any outstanding Options may contravene the requirements of the Stock Exchange or any securities commission or regulatory body to which this Plan or the Corporation is now or may hereafter be subject.

**ARTICLE 3**  
**COMMON SHARES ISSUABLE AND ISSUED PURSUANT TO THE PLAN**

**3.1 Aggregate Number of Common Shares Issuable Pursuant to the Plan**

- (a) The aggregate number of Common Shares issuable under Options that are issued and outstanding at any time under this Plan shall not exceed 10% of the Outstanding Issue.
- (b) The calculation of the aggregate number of Common Shares that have been issued upon the exercise of Options shall not include Common Shares not issued upon the exercise of Options in respect of which a cash payment has been made pursuant to Sections 5.4, 5.5 or 5.6 hereof.

**3.2 Limitations on Common Shares Issuable Pursuant to the Plan**

- (a) The Corporation shall not grant an Option to a Participant if such proposed grant would result in the number of Common Shares issuable pursuant to the exercise of all Options outstanding to such Participant at the time of the proposed grant exceeding 5% of the Outstanding Issue at such time.
- (b) The Corporation shall not grant an Option to an Insider if such proposed grant would result in the number of Common Shares issuable pursuant to:
  - (i) the exercise of all Options outstanding to Insiders at the time of the proposed grant; and
  - (ii) all other Security Based Compensation Arrangements existing between the Corporation and any one or more Insiders at the time of the proposed grant;exceeding 10% of the Outstanding Issue at the time of the proposed grant.

**3.3 Limitations on Common Shares Issued Pursuant to the Plan**

- (a) The Corporation shall not issue Common Shares upon the exercise of Options granted to an Insider if such proposed issuance would result in the aggregate of the number of Common Shares to be issued pursuant to such proposed issuance and the number of Common Shares issued in the one-year period immediately preceding the proposed issuance pursuant to:
  - (i) the exercise of Options granted to Insiders; and
  - (ii) all other Security Based Compensation Arrangements existing between the Corporation and any one or more Insiders;exceeding 10% of the Outstanding Issue immediately prior to the proposed issuance.
- (b) The Corporation shall not issue Common Shares upon the exercise of Options granted to an Insider if such proposed issuance would result in the aggregate of the number of Common Shares to be issued pursuant to such proposed issuance and the number of Common Shares issued in the one-year period immediately preceding the proposed issuance to such Insider and all of his Associates pursuant to:
  - (i) the exercise of Options granted to such Insider or any of his Associates; and
  - (ii) all other Security Based Compensation Arrangements existing between the Corporation and such Insider or any of his Associates;

exceeding 5% of the Outstanding Issue immediately prior to the proposed issuance.

#### **ARTICLE 4 GRANT OF OPTIONS**

##### **4.1 Discretionary Grants of Options**

The Board of Directors may from time to time and in its discretion grant a specified number of Options to any one or more Participants. At the time of grant, the Board of Directors shall fix the following terms in respect of each grant of Options to each Participant:

- (a) the Exercise Price thereof;
- (b) the vesting date(s) applicable thereto; and
- (c) the Expiry Date thereof.

The Board of Directors may also fix such other terms and conditions of the Option Agreement, not inconsistent with this Plan, as the Board of Directors in its discretion may determine.

##### **4.2 Limitations on Terms of Options**

The terms fixed by the Board of Directors in respect of a grant of Options shall be subject to the following conditions:

- (a) the Expiry Date of an Option shall be no later than ten (10) years from the date of grant of such Option, subject to the rules of the Stock Exchange;
- (b) subject to Section 9.3 hereof, the Option shall not be transferable or assignable; and
- (c) the Exercise Price of an Option shall not be lower than the higher of: (i) the closing price of the Common Shares on the Stock Exchange on the first trading day immediately preceding the date of grant; or (ii) the lowest Exercise Price permitted by such Stock Exchange, provided that if the Common Shares are not listed and posted for trading on a Stock Exchange, the Exercise Price of an Option shall be the value determined by the Board of Directors on the date of grant.

##### **4.3 Conditions Precedent to Effectiveness of Options**

The grant of an Option to a Participant is conditional and is of no force and effect until the following conditions shall have been satisfied:

- (a) all regulatory approvals, including the approval for listing of the Common Shares to be received upon the exercise of such Option on the Stock Exchange, have been obtained; and
- (b) an Option Agreement has been duly executed by the Corporation and the Optionee.

##### **4.4 Option Agreement**

An Option Agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder. In the event of a conflict between the terms of any Option Agreement and this Plan, the terms of this Plan shall govern.

**ARTICLE 5  
EXERCISE OF OPTIONS**

**5.1 Exercise of Vested Options**

- (a) A Vested Option may be exercised by delivery from the Optionee of a Notice of Exercise to the Corporation at its head office that specifies the number of Common Shares with respect to which such Vested Option is being exercised and payment in full by way of cash or cheque of the purchase price of the Common Shares that are being purchased pursuant to such exercise. Notwithstanding the foregoing, the Board of Directors may from time to time, in their sole discretion, vary the aforementioned procedure for exercising an Option and implement systems and procedures to facilitate the exercise of Options pursuant to this Plan.
- (b) An Optionee may elect the exercise of a Vested Option to be conditional upon the successful completion of a Change of Control Transaction on or before a stipulated date by so stating in a Notice of Exercise delivered pursuant to Section 5.1(a) hereof. If such condition is not satisfied, then the Vested Option shall be deemed to not have been exercised and the Corporation shall return to the Optionee the payment made by the Optionee to the Corporation pursuant to Section 5.1(a) hereof.
- (c) Notwithstanding any other provisions contained herein, if the Expiry Date of an Option falls within a Black-Out Period or within two (2) business days thereafter, the Expiry Date of such Option shall be automatically extended for a period of ten (10) business days following the end of the Black-Out Period. The foregoing shall not be considered an extension of the Expiry Date of Options for the purposes of Section 2.5 hereof.

**5.2 Issuance of Common Shares Upon Exercise**

Subject to Sections 5.4, 5.5 or 5.6 hereof, upon the exercise of Vested Options, the Corporation shall cause to be delivered to the Optionee a certificate registered in the name of such Optionee or other evidence of ownership representing the number of Common Shares to which the Optionee is entitled upon such exercise. Common Shares issued upon the exercise of Vested Options shall be validly issued as fully paid and non-assessable. The issuance of such Common Shares shall not require further approval of the Board of Directors.

**5.3 Restrictions on Resale of Common Shares**

Any trade by the Optionee in any Common Shares issued to him pursuant to the exercise of Vested Options, including any sale or disposition for valuable consideration, and any transfer, pledge or encumbrance of such Common Shares, is subject to such regulatory approvals and other restrictions under applicable securities laws as may be required or applicable at the time of such trade. Accordingly, the Corporation makes no representation as to the ability of any Optionee to trade such Common Shares.

**5.4 Prohibition on Exercise of Vested Options**

Notwithstanding any other provision of this Plan or of any Option Agreement, no Common Share shall be issued upon the exercise of a Vested Option where such issuance would result in a violation of Article 3 hereof. Where an Optionee exercises an Option in such circumstances, he may elect to either withdraw his Notice of Exercise (upon which the Option subject to the Notice of Exercise shall be deemed to not have been exercised) or to demand and receive from the Corporation in respect of the exercise of each Vested Option that is subject to such Notice of Exercise payment of a cash amount equal to the amount, if any, by which the closing price of the Common Shares on the Exchange on the first trading day immediately preceding the date of exercise exceeds the Exercise Price of such Vested Option, in lieu of his right to receive a Common Share. Any cash amount paid to an Optionee pursuant to this Section shall be reduced by the amount of all Withholding Taxes.

## **5.5 Conditions Precedent to Issuance of Common Shares**

If at any time the Corporation receives advice from legal counsel that:

- (a) the registration or qualification of the Common Shares that underlie any Options or the consent or approval of any regulatory authority or Stock Exchange;
- (b) evidence (in form and content satisfactory to the Board of Directors) of the investment intent of the Optionee; or
- (c) an undertaking of the Optionee as to the sale or disposition of the Common Shares that would be received upon an exercise of Options to the effect that such Common Shares are not to be traded by the Optionee for a specified period of time;

is necessary or desirable as a condition of the issuance of any Common Shares upon the exercise of Vested Options, then the Corporation may elect to not issue such Common Shares unless and until such registration, qualification, consent, approval, evidence or undertaking has been effected or obtained free of any condition not acceptable to the Corporation. Where an Optionee exercises an Option in such circumstances, he may elect to either withdraw his Notice of Exercise (upon which the Option subject to the Notice of Exercise shall be deemed to not have been exercised) or to demand and receive from the Corporation in respect of the exercise of each Vested Option that is subject to such Notice of Exercise payment of a cash amount equal to the amount, if any, by which the closing price of the Common Shares on the Exchange on the first trading day immediately preceding the date of exercise exceeds the Exercise Price of such Vested Option, in lieu of his right to receive a Common Share. Any cash amount paid to an Optionee pursuant to this Section shall be reduced by the amount of all Withholding Taxes.

## **5.6 Cash Payment in Lieu of Common Shares on a Change of Control Transaction**

If a Notice of Exercise pursuant to Section 5.1 hereof is received by the Corporation from an Optionee subsequent to the earlier occurrence of:

- (a) the formal proposal to the shareholders of the Corporation (through the mailing of a circular or otherwise) of a transaction that if successfully completed would constitute a Change of Control Transaction; or
- (b) the successful completion of a Change of Control Transaction;

then the Board of Directors may in its discretion permit the Optionee to demand and receive from the Corporation in respect of the exercise of each Vested Option that is subject to such Notice of Exercise payment of a cash amount equal to the amount, if any, by which the price attributed to the Common Shares for the purposes of the Change of Control Transaction exceeds the Exercise Price of such Vested Option, all in lieu of his right to receive a Common Share. The cash amount paid to an Optionee pursuant to this Section will be reduced by the amount of all Withholding Taxes and any applicable fees and expenses associated with such exercise.

## **ARTICLE 6 ADJUSTMENTS TO TERMS OF OPTION AGREEMENTS**

### **6.1 Subdivision, Consolidation and Other Changes in Value**

In the event:

- (a) of any change or proposed change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;

- (b) of any issuance, dividend or distribution to all or substantially all the holders of Common Shares of any shares, securities, property or assets of the Corporation other than in the ordinary course;
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares at prices materially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares or securities;

then in any such case:

- (e) the Board of Directors will proportionately adjust the number of Common Shares that underlie each Option, the number of Common Shares that are available for issuance pursuant to the exercise of all outstanding Options, the securities or other property that may be acquired upon the exercise of an Option and the Exercise Price of such Option, or one or more of the foregoing, to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees; and
- (f) the Board of Directors may amend to an earlier date the date on which any or all Unvested Options shall become Vested Options and may decide whether such Options will remain as Vested Options for a limited period of time only;

and, any such determination is deemed to be incorporated into the applicable Option Agreement(s).

## **6.2 Change of Control Transactions**

- (a) If a transaction that:
  - (i) if successfully completed would constitute a Change of Control transaction within the meaning of Section 1.2(e)(ii) hereof;
  - (ii) has been approved by the Board of Directors; and
  - (iii) contemplates that, upon the successful completion thereof, a majority of the members of the board of directors of Amalco will be comprised of then current members of the Board of Directors;

has been formally proposed (through the mailing of a circular or otherwise) to the shareholders of the Corporation, then the Board of Directors may determine that any or all Unvested Options shall become Vested Options on a date prior to that on which they would otherwise have become Vested Options and whether such Options will remain as Vested Options for a limited period of time only, and any such determination is deemed to be incorporated into the applicable Option Agreements.

- (b) If a transaction that:
  - (i) if successfully completed would constitute a Change of Control Transaction other than one to which Section 6.2(a) hereof applies;
  - (ii) has been either: (A) formally proposed to the shareholders of the Corporation (through the mailing of a circular or otherwise); or (B) successfully completed;



then immediately upon the earlier occurrence of either of the events described in Section 6.2(b)(ii), hereof all Unvested Options shall become Vested Options, provided that:

- (iii) any previously Unvested Options that remain unexercised on the tenth day following the successful completion of the Change of Control Transaction; and
- (iv) all previously Unvested Options (whether or not conditionally exercised pursuant to Section 5.1 hereof) on the tenth day following the termination of the Change of Control Transaction;

will revert to be Unvested Options and be subject to the original terms of their Option Agreements as if the Change of Control Transaction had not been proposed, and such amendment is deemed to be incorporated into the applicable Option Agreements.

(c) If either:

- (i) a formal proposal to the shareholders of the Corporation (through the mailing of a circular or otherwise) of a transaction that if successfully completed would constitute a Change of Control Transaction is made; or
- (ii) a Change of Control Transaction is successfully completed;

and Optionees have delivered Notices of Exercise pursuant to Section 5.1 hereof that in the aggregate represent not less than 66% of the then outstanding Vested Options, then on the date of closing of the Change of Control Transaction, all Options that are not subject to a Notice of Exercise pursuant to Section 5.1 hereof shall expire, automatically terminate and be of no further force and effect. In such circumstances, the Corporation shall make a cash payment to the former holders of such expired Options equal to the amount, if any, by which (iii) the price attributed to the Common Shares for the purposes of the Change of Control Transaction exceeds (iv) the Exercise Price of such expired Options. The cash amount paid to a former Optionee pursuant to this Section will be reduced by the amount of all Withholding Taxes.

## **ARTICLE 7 CESSATION OF PARTICIPATION**

### **7.1 No Further Grants and Expiry of Unvested Options Upon Cessation**

- (a) If an Optionee ceases to be a Participant for any reason, such Optionee shall thereafter not receive any further grants of Options.
- (b) Immediately upon an Optionee ceasing to be a Participant, all of such Optionee's Unvested Options shall expire, automatically terminate, and be of no further force or effect.

### **7.2 Cessation Due to Death**

If an Optionee ceases to be a Participant by reason of his death, then at any time on or before 5:00 p.m. (Calgary time) on the earliest of:

- (a) the Expiry Date of a particular Option;
- (b) the date that is three years after the date on which he died (the "First New Expiry Date"); and
- (c) the latest date permitted by the Stock Exchange, if any;

the Optionee's legal representatives may, for the benefit of the Optionee's estate, exercise any Option that was a Vested Option at the time the Optionee died. Immediately after such time, all of such Optionee's Vested Options shall expire, automatically terminate, and be of no further force and effect.

### **7.3 Cessation Due to Disability**

If an Optionee ceases to be a Participant by reason of his permanent physical or mental disability, then at any time on or before 5:00 p.m. (Calgary time) on the earliest of:

- (a) the Expiry Date of a particular Option;
- (b) the date that is one year after the date on which he became permanently disabled (the "**First New Expiry Date**"); and
- (c) the latest date permitted by the Stock Exchange, if any;

the Optionee (or his legal representatives) may exercise any Option that was a Vested Option at the time of the Optionee's disablement. Immediately after such time, all of such Optionee's Vested Options shall expire, automatically terminate, and be of no further force and effect.

For greater certainty but without limiting the generality of the foregoing, if an Optionee is deemed to be an employee of the Corporation pursuant to a medical or disability plan of the Corporation or a subsidiary thereof, such Optionee is deemed to be an employee for the purpose of this Plan and all Options granted hereunder.

### **7.4 Cessation For Any Other Reason**

If an Optionee ceases to be a Participant for any reason other than one of those enumerated in Sections 7.2 or 7.3 hereof, then at any time on or before 5:00 p.m. (Calgary time) on the earlier of:

- (a) the Expiry Date of each of such Optionee's Vested Options; or
- (b) the date that is: (i) in the case of a Participant who was a director or the Corporation, one year; and (ii) in any other case, 30 days, after the date on which the Optionee ceases to be a Participant pursuant to this Section (the "**Second New Expiry Date**");

the Optionee may exercise any Option that was a Vested Option at the time the Optionee ceased to be a Participant. Immediately after such time, all of such Optionee's Vested Options shall expire, automatically terminate, and be of no further force and effect.

### **7.5 Discretion of Board of Directors to Vest or Extend Expiry Date**

Notwithstanding the foregoing provisions of this Article 7, at any time in its discretion and with deemed effect immediately prior to an Optionee ceasing to be a Participant, the Board of Directors may:

- (a) deem Unvested Options of an Optionee that has ceased to be a Participant to be Vested Options; and/or
- (b) extend the First New Expiry Date or Second New Expiry Date, as the case may be, in respect of any or all of such Optionee's Unvested Options or Vested Options, provided that such extended First New Expiry Date or Second New Expiry Date, as the case may be, shall not be later than the earlier of the Expiry Date of the applicable Options and the third anniversary of the date on which such Optionee ceased to be a Participant;

and any such amendments are deemed to be incorporated into the applicable Option Agreements.

## **ARTICLE 8 WITHHOLDING TAXES**

### **8.1 Withholding Taxes**

The Participant shall be responsible for all taxes in respect of the Option, whether arising as a result of the grant or exercise of the Option or otherwise, and whether arising under the laws of Canada or any other jurisdiction. The Corporation makes no guarantees to any person regarding the tax treatment of any Option or any payment made in respect thereof, and neither the Corporation nor any of its directors, officers, employees or other representatives shall have any liability to the Participant with respect thereto.

### **8.2 Deductions or Withholdings**

The Corporation may deduct or withhold from any amount payable to the Participant, whether under this Plan or otherwise, such amounts as are permitted or required by law to be deducted or withheld as a consequence of the Participant's exercise of Options, or other participation in this Plan ("**Withholding Taxes**"). As a condition to the exercise of the Option, the Participant must first make arrangements satisfactory to the Corporation to enable the Corporation to satisfy all Withholding Taxes. Without limiting the generality of the foregoing:

- (a) the Corporation and any entity in which the Corporation owns an interest shall be entitled to deduct or withhold any Withholding Taxes from any payment of any kind due to the Participant, whether hereunder or otherwise;
- (b) the Corporation may require the Participant to pay to the Corporation, or an entity in which the Corporation owns an interest, an amount equal to any Withholding Taxes, such payment to be made in a manner and at a time satisfactory to the Corporation;
- (c) the Corporation may require that some of the Common Shares acquired by the Participant upon the exercise of an Option be delivered to a broker with instructions to: (i) sell a sufficient number of such Common Shares on the Participant's behalf in the market to raise proceeds at least equal to the amount of the Withholding Taxes; and (ii) pay an amount from such proceeds equal to the Withholding Taxes to the Corporation; or
- (d) the Corporation may make such other arrangements as may reasonably be required in order to remit all Withholding Taxes to the applicable governmental authorities.

The Participant consents to the sale of Common Shares by the Corporation under Section 8.2(c) hereof and grants the Corporation an irrevocable power of attorney to effect the sale of such Common Shares on his or her behalf, and the Participant acknowledges and agrees that: (a) in effecting the sale of any such Common Shares, the Corporation and/or broker will exercise its sole judgment as to the timing and the manner of sale, and will not be obligated to seek or obtain a minimum price; and (b) the Corporation will not be liable for any loss arising out of any sale of such Common Shares, including any loss relating to the pricing, manner or timing of such sales or any delay in transferring any Common Shares to the Participant or otherwise.

### **8.3 Professional Advice**

The Participant acknowledges that the acceptance of the Option Agreement, the exercise of the Options and the sale of the Common Shares received upon the exercise of the Options may have consequences under Federal and Provincial tax and securities laws, which may vary depending on the individual circumstances of the Participant. The Participant further acknowledges being advised to obtain independent legal and tax advice in connection with the Option Agreement, and the execution of the Option Agreement by the Participant will be conclusive

acknowledgment by the Participant that the Participant has, before executing the Option Agreement, obtained all the legal and tax advice that the Participant considered necessary.

## **ARTICLE 9 GENERAL**

### **9.1 Waiver**

No waiver by the Corporation of any term of this Plan or any breach thereof by an Optionee is effective or binding on the Corporation unless it is expressed in writing and any waiver so expressed does not limit or affect its rights with respect to any other or future breach.

### **9.2 Governing Law**

This Plan and each Option granted under this Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and any Option Agreement entered into pursuant to this Plan shall be treated in all respects as an Alberta contract.

### **9.3 Enurement**

This Plan and any Option Agreement entered into pursuant hereto shall enure to the benefit of and be binding upon the Corporation, its successors and assigns. The interest of any Optionee hereunder or under any Option Agreement is not transferable or alienable by the Optionee either by assignment or in any other manner and, during his lifetime, is vested only in him, but, subject to the terms hereof and of the Option Agreement, shall enure to the benefit of and be binding upon his legal personal representatives.

### **9.4 Conflict**

In the event of a conflict between the terms of this Plan and an Option Agreement, the terms of this Plan shall prevail.

### **9.5 Effective Time**

This Plan shall be effective as of December 13, 2018.

